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HUMAN RESOURCE DEVELOPMENT IN THE PUBLIC SERVICE: WHEN STRATEGY AND METHODOLOGY MEET

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1. Introduction

This paper presents a strategic-cum-methodological approach to human resource development in the public service. It draws upon the experience gained in a technical assistance project on Civil Service Reform, currently under way in a South American country.

In very operational terms, human resource development (HRD) will be understood, in this context, as a strategy designed to upgrade the quality, increase the potential, and make the best possible use of human resources that are, or may be, available for public sector management. Needless to say, the concept also involves the process and not strictly the strategy of HRD, but for the purposes of this study, the focus will be placed upon the strategic and methodological aspects that should be considered before launching an initiative or programme of this sort.

The setting taken as an empirical referent of the strategy and methodology discussed, is a country undergoing a structural adjustment process which includes reducing the size of the public sector and improving the quality of its personnel. Nowadays, lower numbers of civil servants, and consequent reductions in current personnel expenses, may allow governments to create new employee and management incentives systems, while introducing new rules of the game regarding recruitment, promotion, evaluation, training, stability, and accountability.[1]

At least four different systems are being tried by developing countries to upgrade the quality of their civil services. They either (1) identify a relatively small number of **key positions** to be staffed with the best available personnel; (2) create an **élite corps** in the French ENA tradition; (3) establish an internationally funded, **parallel consultants' network**, usually working on a project oriented basis; or (4) design a **service wide career system**, to be implemented on a gradual basis.[2]

Each of these systems has its own strategic and operational requirements, holding different views of HRD. They all serve the purpose of making skillful and talented human resources available to state institutions, but in terms of numbers involved, professional profiles, functions assigned and degrees of integration into the service, they differ widely.

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[1] See, in this respect, Gary J. Reid, "Civil Service Reform in Latin America: Lessons from Experience", UNDP, Doc. No. 4, prepared for UNDP Regional Workshop on Public Sector Management Development in Latin America and the Caribbean, Santiago, Chile, 23-25 March, 1992; and Oscar Oszlak, "Senior Civil Service in Argentina: Creating an Elite Managerial Corps," World Bank Conference on "Civil Service Reform in Latin America and the Caribbean," Washington, D.C., May 20-21, 1993.

[2] These options are further discussed in Oszlak, 1993.

The present paper will examine the fourth strategy, namely, the design of a new civil service system, which gradually extends throughout a given institutional network. In the case under consideration, the network comprises most of the ministries and some decentralized agencies of the country's Central Administration.

Undoubtedly, this fourth strategy is the most difficult to design and operationalize. The "key positions" option creates a career path where usually no merit system exists, but since only a small number of positions are involved (i.e. several hundreds), resistances and conflicts are manageable, whereas the system itself is easier to administer. The "élite corps" and the "parallel consultants' network" options are even more manageable, but they may create adverse consequences of a different nature (i.e. isolation, inequity, frustration).

Contrarily, the "service wide career system", no matter how gradual its implementation, must face and overcome all sorts of obstacles, ranging from opposition by would be retrenched personnel to financial constraints, from deeply rooted cultural biases to a backward technological infrastructure.

2. **A strategic approach to HRD**

HRD is not an end in itself. It is a means for tackling a basic organizational dilemma, namely to make the goals of the individual and the organization as fully compatible as possible. If the performance of the public administration is poor and its human resources are frustrated, neither of those goals are being achieved. Therefore, HRD should be designed so as to make a much better use of human resources and improve, at the same time, the well being and opportunities of professional advancement of its personnel.

No matter which system is chosen, a strategic approach to HRD should consider a wide variety of policy and methodological aspects. They may be examined under four basic questions:

(1) How does the present system look like?
(2) How should the future system look like and operate?
(3) What should be the dynamics of the process of change?
(4) Is the future system viable?

Before embarking in any sort of reform, one should know whether changes are needed at all. Hence, the first question poses some crucial information requirements. Where do we stand now? Accurate data on the number, composition and features of public sector personnel is basic. But information on at least certain technical relationships within and between organizational structures, human resources and material compensations, is also needed. Our case study will illustrate how knowledge on these key aspects were obtained (i.e. data base, computer support and methodology employed).

Where do we go from here? Designing a future institutional scenario is the answer implicit in our second question. But in turn, this task involves other related issues: What should be the scope and time horizon of the future system? How many and which institutions should be included? What professional profiles are required and how do they compare with the present ones? In what respect will they improve the existing situation? Are any changes in the existing rules of the game needed?

The third question links the first and second ones. How do we get there? It refers to the process whereby certain decisions and activities will lead to the system envisioned. This process involves methods of personnel recruitment into the new system; mechanisms for the termination of the old system; pace of personnel turnover, and so on.

Is it worth wile? Will it be too costly? Will the government manage to obtain the additional resources needed? Can the unavoidable cultural and political obstacles be overcome? These are crucial points in assessing the viability of the HRD strategy.

Let us now consider these various issues separately.

3. Diagnosis of the existing system

3.1 The public sector "production function"

Like any other organization, the public sector requires an adequate production function, that is, a proper combination and processing of resources for turning out its various outputs. The implementation of most public policies depends upon adequate mixes of personnel, physical infraestructure, financial and technological resources. Prejudice and commonplace have led us to believe that the main problem facing public bureaucracies is oversize, especially a number of human resources larger than that technically required for an efficient performance of state functions.

True, in many developing countries, bureaucracies have grown beyond what is technically desirable and economically feasible. But it is much less obvious that they are unable to carry out a great number of tasks due to lack of trained personnel. Or that certain units in the public service are subject to heavy workloads while others, even within the same organization, maintain their human resources idle. While the popular vision on oversize is well taken, there is not sufficient recognition of the fact that the public sector in most developing countries suffers from an "excess-shortage syndrome",[3] being heavily staffed in certain areas and notoriously understaffed in others.

In addition, budgetary reductions over the past years have especially affected public investment and operation expenses. Hence, state civil servants have access to a smaller or more deteriorated physical infrastructure (buildings, vehicles, machinery, equipment) and to fewer resources (office supplies, parts, training, communications, maintenance, transportation) for fulfilling the most basic daily functions.

Consequently, while important, **hypertrophy** appears to be less critical than **deformity**--i.e. the extraordinary distortion created over time in the technical relationship between the goals of state agencies and the combination of resources needed to achieve those goals.

Personnel lay off, voluntary retirements, freezing of vacancies, restrictions on public investment, expense reduction measures -typical in most structural adjustment processes- have contributed to

[3] See Oscar Oszlak, "Diagnóstico de la Administración Pública Uruguaya, United Nations, Technical Report Nº DP/SF/UN/75, Nueva York, 1972.

shrink the state apparatus, at the cost of increasing its deformity. As expenses have often been cut indiscriminately and the most able personnel -better prepared to find a new job in a competitive labor market- has quitted the service, the chances of maintaining a certain degree of rationality in the production function of government have decreased dramatically. As a result, non-qualified, unmotivated and mostly idle personnel populate run down offices in which routine seems to have displaced innovation, while truly relevant (and sometimes, critical) functions cannot be performed due to shortage of qualified human resources or indispensable material goods and services.

Governments and international organizations are thus realizing that state shrinking is not enough; that a parallel effort should be made at reshaping the state apparatus that remains after the adjustment process; that retrenchment should be carefully designed and implemented in order to really improve performance in the public sector.

Reshaping the professional profile of the public sector requires at least three things: (1) basic **information** on the main features of the existing posts and their occupants, especially their distribution according to professional groups, hierarchical levels, and occupational roles; (2) appropriate **standards** about the technical relationships that should be expected among the existing organization, human resources and salary structures; and (3) adequate **tools** for measuring and assessing the gap between technical standards and empirical findings. In our case study, these technical conditions were met with the help of **OHR** (Organization - Human Resources)--a management information system developed by our consulting team.

3.2 **The OHR System**

To understand how the required information, standards and tools were obtained, a technical disgression seems in order. The OHR is probably one of the few systems that allows a full integration of HR administration with other equally important aspects of management: the administration of the organization structure and the budgeting of personnel expenses.

This approach entails a particular way of conceiving the dynamics of an organization. The basic idea is quite simple. To carry out its activities, any organization **demands** a given number of work posts that should somehow be arranged. Hence, it designs an organizational structure, composed of various units (ministries, undersecretariats, divisions, departments) which are assigned with different responsibilities and a varying number of posts according to the nature and extent of the tasks each unit must perform. The macro (major divisions) and micro (posts) levels compose a unique organizational structure.

Work posts can be conceived of as chairs that the organization creates in order to meet the workload of each unit, whereas the persons employed are the occupants of those chairs, the **supply** of human resources satisfying the demand. Several situations can thus be found: empty chairs, persons without a chair, occupants of more than one chair, but never chairs occupied by more than one person. This simple relationship between "chairs" and people would justify an integrated treatment of organization structures and human resources.

But the assignment of a person to a given post (or chair) does not end here. Besides placing the person within a functional structure, the organization assigns him/her with a category or grade within a personnel system (i.e. statute, HR regime) and a remuneration placed at a given level

within a salary structure. Hence, when a person enters an organization, he/she is simultaneously incorporated into **three structures**: a **functional**, a **hierarchical**, and a **budgetary** structure. A major problem in any organization is to maintain the highest possible degree of congruence between the position a person occupies, the grade or category assigned to this person and the material compensation he/she receives for the services rendered.

The OHR System facilitates this integrative effort by furnishing technical instruments for the interactive management of various aspects of those three structures. In this sense, the system can be conceived of as an integrated and flexible set of computer based technologies designed to optimize and maintain under control the organizational structure of an institution, the management of its human resources and the costs and investments in personnel.

It is composed of five sub-systems: **information**, **organization**, **payroll**, **human resources**, and **evaluation**. In turn, the sub-systems are composed of modules that may be applied autonomously in response to specific needs. Among other things, the OHR System serves:

* To determine whether the design, size and personnel costs of the organization are suited to its goals and needs.

* To control and evaluate, on a permanent basis, the evolution of the organization, its members and its costs.

* To set institutional policies and define (or redefine) the organizational structures.

* To strategically plan, decide and budget personnel requirements, thus avoiding excesses in low priority functions and shortages in more important ones. In other words, to staff each position with the most adequate person.

* To optimize salary policies vis-a-vis the need to obtain, retain, develop and motivate employees according to the responsibilities assigned, the existing financial constraints, and the levels of salaries payed in the labor market.

* To improve the organizational climate and labor relations through more transparent, equitable and technically coherent rules of the game.

* To efficiently and rationally administer the evolution of organizational structures and human resources.

The system operates on the basis of an interactive data base generated out of a specially organized survey or of available computer supported files, and it is maintained and updated on a routine basis. The organization subsystem contains data on the organization structure, mission, competencies of each unit, posts, tasks and positions profiles, lines of dependency, values for each position, etc. The salary subsystem deals with information on the pay structure, composition, present and future payroll costs. In turn, the human resources subsystem contains personal data on each employee, work histories, entry and performance evaluations, potential candidates for recruitment, potential trainers, outside training facilities, etc.

The system can be applied (1) as a **management information** tool on the organization, the employees, or the personnel salaries and costs, as well as for specific consultations thereof; and (2) as an **organization and human resource management** technology, particularly for structure administration and design; salary administration; personnel budgeting, selection, and evaluation; training and career development; organization evaluation and control; personnel planning and management.

3.3 The Central Administration data base

The generation of a data base to be used for the diagnosis of a given institutional network usually confronts a chicken-or-egg problem: should one first obtain information on all institutions, diagnose their main problems and proceed to select a subset for HRD reforms; or rather preselect a number of institutions on the basis of various criteria (i.e. relative priority, size, budget, common boundaries, institutional capacity deficit), and only then obtain the information needed for diagnosis and decision making.

The first option fits the logical sequence implicit in our analysis. But the second one, actually adopted in our case study, reveals the true iterative nature of the process. As we shall see, a group of 14 institutions were initially chosen for inclusion into the new civil service, long before the exact nature of their HRD problems was really known. The rationale behind the selection of this particular group of institutions will be analyzed below (see section 4.1).

In generating the data base of these targeted institutions (all belonging to the Central Administration), no census or survey was employed. Basic data were directly obtained from information available in the payroll files.[4] These raw inputs of the data base were later supplemented by information on tasks performed at each work post, current budget data and appropriate codes.

New knowledge was gained on the number of posts; shape of the organization structure; distribution of personnel by agency, occupation, hierarchical level, and geographical location; lines of dependency and span of control; salary structure and composition by organization unit, and many other useful pieces of information, required to get a better picture of the present status of the Central Administration.

A total of about 12,000 posts were identified in the data base. Since the number of vacancies was almost nil, a 100% correspondence between posts and occupants was assumed.

To assess the rationality of the existing allocation of human resources, posts were classified according to professional groups, hierarchical levels, and occupational roles. A 1-10 scale was

[4] Despite their usefulness, censuses of public employees are an exceptional source of information. Their planning, processing, and analysis are highly costly and time consuming. The information obtained is bound to become useless or rapidly outdated. The administration of the census does not always coincide with the decision to carry out a sizable administrative reform. Hence, there have often been efforts to turn censuses into permanent personnel registries. The main difficulty lies in the great diversity of personnel regimes existing in the public sector, the high degree of autonomy and dispersion of the organization units, and the apparently intrinsic weakness of central personnel or administrative reform agencies in charge of keeping those registries up to date.

used for distributing personnel by **level**.[5] Occupational **groups** were classified as follows:

* Administrative and base level support staff (ABS).
* Administrative and higher level support staff (AHS).
* Technical and operational base level staff (TOB).
* Technical and operational higher level staff (TOH).
* Middle management and staff personnel (MMS).
* Higher management personnel (HMP).

In turn, these groups were classified by level, as follows:

ABS	-Levels 1, 2 or 3	AHS	-Levels 4, 5 or 6
TOB	-Levels 1, 2 or 3	TOH	-Levels 4, 5 or 6
MMS	-Level 7	HMP	-Levels 8 and 10

Listings of the data base provided information on the quantity of personnel by group and level.

The **functional areas** considered were the following:

* Production
* Administration
* Information Management
* General Coordination
* Organization and Human Resources
* Logistics
* Maintenance
* Institutional Development
* Dissemination and Promotion

The distribution by functional area indicated the kind of tasks performed at any given post. A cross tabulation of posts by function and hierarchical level provided some indications on the way the institutions reached by the future Civil Service System (CSS) were employing their human resources for achieving their goals.[6] The aggregate data is shown in the following matrix. Percentages indicate the proportion of posts by function and level found in 14 institutions and 12,000 posts of the Central Administration.

[5] Level 1 comprised personnel placed in the lowest category while levels 10 and 8 were assigned to Ministers and Undersecretaries. Directors (level 7) and the rest, followed in descending order.

[6] Levels 8 and 10 (i.e. Ministers and Undersecretaries of State), applying exclusively to political appointees, were excluded from the analysis.

NUMBER OF POSTS BY FUNCTIONAL AREAS AND LEVELS - YEAR 0
(in percentages)

FUNCTIONAL AREA	LEVEL							TOTAL
	1	2	3	4	5	6	7	
PRODUCTION	8.32	9.63	8.54	10.20	2.03	2.18	1.60	42.48
ADMINISTR.	14.90	9.51	11.01	3.99	0.39	0.52	0.18	40.50
INFORMATION	0.06	1.82	1.86	1.11	0.15	0.24	0.07	5.30
COORDINAT.	0.02	0.18	0.73	1.82	0.25	0.39	0.44	3.83
OTHER	0.99	0.47	0.72	0.34	0.34	0.04	0.26	3.18
ORG.& HHRR.	0.13	0.36	0.74	0.89	0.13	0.18	0.03	2.46
LOGISTICS	0.10	0.11	0.69	0.13	0.05	0.05	-	1.13
DISS.& PROM	-	0.01	-	0.01	-	0.01	-	0.03
MAINTENANCE	-	0.57	0.31	0.08	0.05	0.01	-	1.02
INSTIT.DEV.	-	-	-	0.06	-	-	-	0.06
Totals	24.52	22.67	24.59	18.62	3.40	3.62	2.58	100.00

At first glance, it could be observed that the lower three levels concentrated over 71% of total personnel, whereas less than 10% of all employees were placed at the highest three levels. From a functional point of view, the small number of posts assigned to dissemination, promotion, maintenance and institutional development was quite evident, whereas other critical areas -such as coordination, organization and human resources- also showed very low percentages. On the other hand, purely administrative posts accounted to about 40% of the organizational roster--a figure not unusual in the public service but quite above a technically rational allocation of human resources.

On the basis of these initial findings, the government decided to apply the "Institutional Audit" module (OHR System) to the data base, in order to obtain a technical assessment of the existing organizational design and implicit human resource policies.

3.4 **Institutional Audit**

This module of the OHR System is used to produce a discrete evaluation of an organization, based on quantitative and objective information contained in the OHR Data Base. It provides a current assessment of the organization regarding its structural design and its articulation with HR management.

The audit considers seven variables, four of which deal with the organization design and three with the articulation with HR management. When applied to the data base, the module produces an automatic measurement of the value of each variable and compares them with their respective "evaluation standards"--i.e. the values of technical relationships which are deemed desirable and have been previously introduced into the system. Hence, a measure of "institutional health" can be objectively obtained, much in the way a laboratory clinical test provides objective indicators for diagnosis and treatment.

The seven variables are classified under two factors: **organization** and **HR management**. The first one is designed to find out whether the organization structure is an adequate instrument to achieve the institutional goals. The following variables are considered for this purpose:

* External management

  It refers to the proportion of work posts assigned to the production of goods, services or regulations delivered to external clients and the extent to which the implicit task orientations coincide with the goals and policies of the organization.

* Internal management

  It indicates the proportion of posts assigned to self-maintenance of the organization and the degree of "bureaucratization" implicit in the orientation of these posts.

* Span of control

  It measures whether the organizational design is balanced and whether bottlenecks and failures in steering and supervisory functions are relevant.

* Instrumental quality of the structure

  It measures, on the one hand, whether the conception and design of the organizational structure are balanced and, on the other, whether it is duly administered and controlled.

The HR management factor determines if human resources are effectively managed and adequately articulated for achieving institutional goals. It deals with the following variables:

* Congruence between organization and human resources

  It indicates the extent to which the hierarchical or salary grades assigned to persons are congruent with the importance of the functions performed.

* Incongruence between organization and human resources

  It measures whether the previously assessed incongruence falls within acceptable (quantitative and qualitative) limits.

* Salary structure

  It measures the internal equilibrium and equity of the salary structure and compares it with market values or some other desirable standard.

The values obtained in each of these variables can be compared with alternative scenarios, policies or institutional systems, as well as with theoretical criteria of "organizational health." The results obtained through the institutional audit conducted in our case study, disclosed a highly unsatisfactory situation which confirmed and reinforced the government's decision to introduce

deep changes in the CSS.[7]

Very succintly, institutional capacity deficit were found both in the structural and HR management factors. It turned out that the proportion of posts assigned to self-administration was higher than that allocated to external production. Adequacy between the hierarchy of the employees and the importance of their function was found to be very poor. Span of control revealed an oversized bureaucracy in the lower level positions. The salary structure did not respond to criteria of technical rationality: the internal desequilibrium of salaries that would correspond at each level according to the policy used as a reference was high, whereas salaries payed constituted a small proportion of the average market ones.

In sum, the institutional audit module not only provided sufficient evidence to justify the need of changing the number and composition of personnel, but also furnished clear indications about the kind of HRD required.

4. **The future institutional scenario**

4.1 **Scope of the new system**

As we recall, and for the purposes of this paper, it has been assumed that HRD adopts a "service wide career" approach. This means that an old system governing the relationships between certain public institutions and their personnel, will gradually be replaced by new rules of the game. Such an approach immediately poses a question of scope: as most public institutions face severe HRD problems and financial constraints, what agencies should be included under the new system?

The answer depends on (a) how serious are, in relative terms, the HRD problems in individual sectors or organizations of the public sector; (b) what is the strategic role that different agencies can play, provided a professional career system is adopted; and (c) what are the financial needs arising from the introduction of the new system in different subsets of public institutions. As observed before, these variables should be considered iteratively.

In the case study under consideration, the government chose the Central Administration (basically ministries) as the target institutional setting for a new career civil service. Size was a major consideration: leaving aside certain specialized and heavily staffed technical cadres (such as teachers, policemen, physicians and paramedics), the number of public employees involved was rather small.

Besides, the Central Administration was seen as the critical head of an extended bureaucracy--the privileged setting where overall planning and control functions appeared as highly strategic, inasmuch as privatization, deregulation and decentralization trends were starting to redefine the boundaries between state and society. These criteria were reinforced by the institutional audit of the Central Administration, which provided hard evidence about the extent of HRD and other managerial problems affecting this area of the public sector.

[7] A detailed account of the data processed, matrices used and results obtained in the institutional audit would take us beyond the strategic and methodological boundaries of this paper.

However, even within the limited scope of these central government agencies -which altogether accounted to about 10% of the total public bureaucracy- a consideration of the financial requirements of the new system quickly led to two conclusions: (1) that aside from other technical requisites, the sheer payment of near market level salaries under a career civil service would be financially unfeasible, so that (2) either the number of institutions, the size of personnel involved, or both, would have to be reconsidered.

Finally, it was decided that only eleven ministries and three decentralized agencies, employing nearly 12,000 persons and comprising about two-thirds of total Central Administration (teachers, policemen, physicians and paramedics excluded), would be reached by the civil service system. Furthermore, a personnel reduction of around 40% was simulated in order to find out whether the financial needs would be met under this hypothesis.

To this effect, a viable time horizon was needed in order to project personnel layoffs and salary increases over a given number of years. Financing a larger personnel expense bill depended on (a) the types and numbers of personnel, in terms of professional profiles, which would either have to be hired or dismissed; (b) the pace of system implementation; (c) the donor agencies' disposition to finance the personnel budgetary deficit during the intervening period; and (d) the availability of genuine funding of all personnel expenses beyond the envisioned time horizon. It was found that a ten year period and a given pattern of personnel replacement would meet the required financial equation.

4.2 **Size and professional profile of the future personnel**

Ideally, planning and organization of HRD in the public service should be based upon precise definitions of the future role of the state in social and economic development. These definitions should provide clues for determining the scope and volume of the "external products" of its institutions. Hence, it would be possible to apply technical criteria for improving and possibly optimizing the existing relationships among work posts, according to levels and functional areas.

Lacking such information, the project being examined adopted a "minimax" approach, whereby the rationalization of the total personnel size and composition was regarded as a gradual process of improving those technical relations, without regard to the possible workload demanded by changes in state roles. Incremental and viable targets approved took into consideration the institutional scenario foreseen, the existing technical relations among posts, the comparative international experience, the managerial technologies that presumably will be adopted by the targeted institutions, and the reallocation of posts by levels and functions which appeared as most obviously required for improving performance. Therefore, reforms were not aimed at optimizing resource allocation by functional areas but at introducing a modicum of changes which, considering the resources available, would reasonably improve management and bring about higher levels of output.

Adjustments required in the relationship among posts, in different functional areas, were first estimated in percentage terms, in order to make separate "technical" and "quantitative" assessments. In addition, correcting the present production function also required changes in the

proportion of posts by hierarchical level. The future distribution of posts looked as follows:[8]

NUMBER OF POSTS BY FUNCTIONAL AREAS AND LEVELS - YEAR 10
(in percentages)

FUNCTIONAL AREA	LEVEL							TOTAL
	1	2	3	4	5	6	7	
PRODUCTION	8.33	6.95	4.86	16.67	6.94	3.47	2.75	49.97
ADMINISTR.	9.72	6.94	5.67	4.16	0.69	0.83	0.19	28.22
INFORMATION	-	2.22	2.08	1.47	0.58	0.39	0.19	6.94
COORDINAT.	-	0.28	1.39	2.78	0.56	0.69	0.83	6.53
ORG.& HHRR.	0.19	0.56	1.11	1.67	0.25	0.39	0.19	4.36
LOGISTICS	0.14	0.19	1.17	0.19	0.07	0.06	-	1.82
DISS.& PROM	-	-	-	0.19	-	-	-	0.19
MAINTENANCE	-	0.58	0.39	0.19	-	-	-	1.17
INSTIT.DEV.	-	-	-	0.56	0.24	-	-	0.79
Totals	18.39	17.72	16.67	27.89	9.33	5.83	4.17	100.00

When comparing these figures with those shown in the table that describes the present situation (see section 3.3), some relevant observations emerge:

* "Production" posts would increase their relative importance by 7.5%, totalling one-half of the total number of posts. In turn, higher level posts would grow more than proportionately. Por example, the top four levels (4 through 7) would represent almost 30% of the total number of posts assigned to "production," whereas at present, those same levels only account for 16% of the total.

* "Administration" posts would decrease from just above 40% to 28% of the total organizational roster. Consider, however, that the reduction would be considerably higher in the lowest levels. This means that the "administration" function in the future scenario would acquire a different character. Instead of a bureaucratic drag, it would become a much more professionalized activity. It would imply recruiting personnel with very different labor profiles, including more executive secretaries, computer assistants, accounting personnel, financial and budget analysts, legal advisers, planning and control personnel, and less messengers, porters or lower qualified bureaucratic agents.

* Taken together, the future number of "administration" and "production" posts would represent 78% of the total, vis-a-vis the present 86%. A higher percentage of posts could thus be distributed among the remaining functional areas, on the basis of their relative importance and hierarchy. All functional areas would increase their relative weight at the

[8] In view of the number of topics that are being discussed in this paper, the criteria used for modifying the values of each functional area and level will not be elaborated here.

expense of the "administration" posts.

* It should be pointed out that the posts being compared may not be of a similar nature. In fact, it is assumed that the relative productivity of future performance may vary widely in view of the new rules of the game imposed by the CSS. From this vantage point, productivity should not only be measured by the proportion of posts assigned to "production": all other posts, including the "administration" ones, may be important in the future production function. It is not just a question of increasing "production" and/or decreasing "administration" posts. Quality may become more important than quantity.

By rearranging the figures in terms of a smaller number of levels and functional areas, the present and future situations may also be compared, as follows:

INSTITUTIONAL ROLE ORIENTATION	% BY LEVELS - YEAR 0				% BY LEVELS - YEAR 10			
	Low	Mid	High	TOTAL	Low	Mid	High	TOTAL
Ext.Product.	26.49	12.23	3.78	42.48	20.14	23.61	6.22	49.97
Int.Product.	45.29	9.79	2.43	57.52	30.63	13.60	3.76	50.03
. Administr.	35.42	4.38	0.70	40.50	22.34	4.86	1.02	28.22
. Maintenance	3.96	0.99	0.37	5.33	2.47	0.45	0.06	2.99
. Instit.Dev.	5.91	4.42	1.36	11.68	7.83	8.30	2.68	18.81
TOTALS	71.78	22.02	6.21	100.00	52.78	37.22	9.99	100.00
CONTROL SPAN	-	3.2	3.5	-	-	1.4	3.7	-

The proportion of lower level posts projected for the future scenario is slightly over 50%, a figure well below the present 70%. Compared to the base year, the weight of professional, middle and higher level managerial posts is also considerably higher.

While the growth of "production" posts is moderate, their average hierarchical level increases sharply, in line with a more professionalized management. Another important increase can be observed in the "institutional development" posts. In turn, reductions are noticeable in the "administration" and "maintenance" posts.

As an indicator of span of control, the relation between lower and middle level posts shows an appreciable reduction--a reasonable outcome in a less bureaucratic organization. The ratio between the higher and middle level positions raises the span of control very slightly (from 3.5 to 3.7).

The resulting distribution of posts tends to adopt a "romboid" shape, clearly widened at the intermediate strata as it is typical in a professionalized organization structure, instead of the "pyramidal" shape generally observed in the more bureaucratized structures.

4.3 **New rules of the game**

So far, we have reviewed the main features of the present and future institutional scenarios. But the implementation of an HRD strategy is not limited to personnel retrenchment or changes in professional profiles. It also requires the design of new rules of the game governing the interface between the government and its employees.

In our case study, these new rules are embodied in a new philosophy of public sector management, the so-called Civil Service System (CSS). It is conceived of as an integrated system based on certain norms, institutions and technologies for managing administrative structures, human resources and personnel expenses in an articulated fashion. It is not an organization, although it requires an institutional mechanism to manage the system. It is not a professional elite corps (for the system reaches a wide spectrum of the total Central Administration), but it seeks a gradual professionalization of all civil servants. It is not a personnel statute or grading system (i.e. escalafón), although it includes norms and guidelines for career development.

The CSS involves a joint consideration of management problems related to the number and relative value of work posts assigned to public organizational structures, the ways human resources fit in those structures and the money compensations required to retribute employment.

From a technical viewpoint, the system is based on a set of methods and procedures allowing management to institute various incentives and sanctions which, if adequately applied, may improve the prospects of having administrative structures adjusted to actual needs, a professional career civil service, and a rational salary system. With the help of computerized technologies (i.e. the OHR System), the CSS may keep its data bases updated by registering changes and movements in the organization structure, in the number and characteristics of the human resources and in the formulation and execution of the personnel budget.

The gradual institutionalization of the CSS is regarded by the government as a fundamental companion instrument of the adjustment process being experienced by the state apparatus. The basic goal is to develop a set of norms, procedures and management tools conceived of in a compatible and integrated manner.

In addition, the CSS is seen as a final solution to the permanent expansion of a professional corps of consultants financed by bilateral and multilateral agencies, whose ambiguous institutional status, low identification and weak integration within the formal structures of the public service, have originated all sorts of operational difficulties both, to the donor agencies and to the state institutions themselves.

With the progressive implementation of the new system, the following results are expected:

4.3.1 **Downsizing of the state apparatus**

One of the major difficulties that confront countries presently embarked in the implementation of structural adjustment policies is to determine what should be the optimum size of their organizational structures and personnel, in view of the changing role of the state. Some have resorted to a personnel census; other have hired consulting firms to produce detailed institutional

diagnoses. But in general, they failed to solve this equation.

To come up with adequate estimates requires a much better and precise knowledge about the new responsibilities that will be assumed by the different state institutions; the expected results and the indicators that will be used for evaluation; and, finally, the position profiles, the workload measured in terms of number of posts, and the composition of the required staff.

This is not a once-and-for-all task. It rather is a permanent activity which requires norms, procedures, information, technologies and computerized support for planning, monitoring and evaluating processes that are dynamic and changing in nature.

The CSS has been designed to develop and implement this technical repertoire in its normative, operational, and institutional aspects, aiming at a reconstruction of the state apparatus.

Moreover, as the system begins to provide technical information on a regular basis, the government will be able to adopt informed decisions on recruitment, layoff and reconversion of human resources, suited to the new role assigned to the state.

4.3.2 **Modernization of public management**

A second central goal of the CSS is the institutionalization of a new public management culture, grounded on the transparency of procedures, accountability for results and permanent evaluation of performance.

It is obviously a long term task, that cannot be restricted to reform activities carried out within the public sector, but should comprise the whole society. To the extent the demand of transparency and accountability of public officials originates in society, these values should eventually permeate both the bureaucratic and the overall societal culture as well.

In addition to the acceptance of new values and the dissemination of new behavioral patterns at the state and society levels, the modernization of public management implies the introduction of new technologies. In the first place, of legal norms that should regulate with great precision the application of management techniques.

In the second place, of methods, procedures and computerized systems conceived of as integrated aspects of a global administration system rather than as instruments designed on the basis of ad-hoc needs.

The real prospects of modernizing public management and, hence, improving the quality and the volume of state services, depend heavily upon the congruence and mutual reinforcement among the above mentioned normative, technological, and cultural aspects of the CSS.

4.3.3 **Hierarchization of the civil service**

The third goal of the CSS is to create a more professional and hierarchized civil service. This goal can only be achieved if public employement is regarded as a socially legitimate and valued activity. It is highly unlikely that this could happen under conditions where performance incentives, training, guidelines for career advancement, recruitment and promotion based on merit, and adequate

salaries are inexistent.

The hierarchization of the civil service requires the elimination of the "excess-shortage syndrome" that affects most public administrations in Latin America. A task that implies (a) reducing the dead weight of redundant posts, idle resources and ghost workers; (b) identifying and filling those work posts needed to perform functions which are deemed critical vis-a-vis the new role of the state, such as strategic planning, regulatory activities of privatized public utilities, management control, operation of information systems, design of public policies, formulation of investment programmes, management of decentralized organizations, and so on.

On the other hand, the hierarchization of the civil service seeks to eliminate discretionary criteria in the process of recruitment to public employment, subjectivity in promotion and arbitrariness in salary decisions. A fully established civil service implies a better balance between rights and duties of public employees, between the assignment of responsibilities and the allocation of authority, between the demand of performance and the supply of adequate compensation. In sum, to hierarchize the civil service is (a) to accept that employment in the public sector may lead to the development of professional careers that could confer prestige and open opportunities of personal realization to their incumbents; and (b) to make sure that the new rules will continuously be monitored, promoted and observed, at every interface between the employee and the administration.

5. **Planning the process of HRD**

To bridge the present and future scenarios it is necessary to anticipate and estimate the changes in the size and composition of personnel that will take place during the intervening period. Some of these changes are due to regular turnover (i.e. resignations, deaths, retirements) or normal administrative decisions (i.e. dismissals, transfers, leaves of absence). Other may be the result of deliberate decisions aimed at modifying the number of employees or the professional profile of the public sector. The freezing of vacancies, the compensation of early or voluntary retirement, the discretionary elimination of posts or termination of contracts, the reduction of real salaries, the selective hiring of personnel -among other measures-, fall within the latter category.

Hence, to successfully reach the envisioned scenario in a gradual and planned fashion, this dynamic process should be kept under control. However, while the anticipation of normal future turnover simply requires careful estimates based upon past experience, the introduction of deliberate changes may follow quite different strategies. One basic decision is to determine whether the existing system will be changed from within or a parallel CSS system will be created, allowing for transfers from the old to the new system, provided certain conditions are met. But this alternative does not exhaust the possible range of options.

Other aspects requiring decision are, for instance, the pace of downsizing, the speed of technological innovation that may or may not allow the incorporation of certain agencies into the new system, the new levels of salary to be payed under the CSS, the reallocation of budget funds in order to meet higher personnel costs or the political costs that the government is willing to assume in implementing the system sooner or later.

In the planning phase examined here, these various aspects can only be considered in terms of

assumptions. To control the pace of change, estimates of personnel size and composition at the end of each year, and hypotheses about turnover and deliberate movements of employees, may prove very helpful. Put another way, we need both (a) "pictures" that would freeze the distribution of posts at each year, thus providing the necessary targets to control that the transition from one system to another observes the established assumptions; and (b) "movies" showing the dynamic process that would take us from one "picture" to the next, which amounts to the ups and downs in personnel caused by retirements, dismissals, transfers, promotions, recruitments, and other movements.

In quantitative terms, each of these movements should be expressed in numbers of employees by level, group and functional area.

5.1 **Dynamics of the transition**

In the experience under consideration, it was decided that the CSS would be a totally new system. Positions would be filled over the 10 year period of implementation, but the higher level posts would be fully filled by the fifth year. It was further assumed that by Year 10, the organizational roster would decrease from 12,000 to 7,200 agents and all of them would be reached by the new rules of the CSS.

In turn, the old system would be totally terminated at the end of the tenth year. Normal attrition and deliberate dismissals or termination of contracts would be required. To construe the detailed dynamics of this process, separate estimates were made for each variable. The impact of normal turnover was estimated for each source and period (i.e. deaths, retirements, dismissals) as well as for the old and new systems. Promotions were also found to have an important effect on the composition of personnel in each system at the end of each year.[9] After detracting the estimated turnover and promotions from the total number of personnel at the beginning of each year and comparing the resulting figures with the total personnel projected at the end of that same year, the difference obtained amounted to the number of employees that would have to be either added or detracted every year through the compensatory effects of transfers between systems, deliberate dismissals and hirings from outside the Central Administration.

5.2 **Inflow and outflow of personnel**

As it was expected, the results of the estimates showed surpluses of personnel in the old system and shortages in the new one, which varied according to the group, level, and functional area considered. It was assumed that only 50% of the new demand of human resources would be filled by former employees under the old system. Some positions would be filled by internal promotions. And the remainder, by hiring personnel externally. A very small number of employees would be incorporated into the old system -especially during the first five years- to replace some critical

[9] The impact of these personnel movements should be considered before estimating the transfers from the old to the new CSS or the number of employees to be hired from outside the public service. Even though they do not affect the total number of personnel at the end of each year, they do alter its composition. To determine the impact of promotions, it should be estimated the percentage of personnel -in each group and system- which on the average would be promoted each year to the immediate higher level. This requires validating a table of promotion movements that should contain all restrictions on promotion among groups or categories of personnel.

vacant positions.

The following table summarizes the results obtained:

INFLOW AND OUTFLOW OF PERSONNEL
SUMMARY BY FUNCTIONAL AREAS - 10-YEAR PERIOD

GROUP / FUNCTIONAL AREA	NUMBER OF PERSONS		
	To be hired ext.	To be dismissed	To be transferred
ABS-ADMINISTRATION	1,524	2,240	804
AHS-ADMINISTRATION	388	377	198
TOB-PRODUCTION	1,374	1.403	723
TOB-INFORMATION	294	211	155
TOB-COORDINATION	114	52	60
TOB-OTHER AREAS	-	112	-
TOB-ORG.& HUMAN RESOURCES	127	69	67
TOB-LOGISTICS	102	48	54
TOB-DISSEMINATION & PROMOTION	-	1	-
TOB-MAINTENANCE	66	50	35
TOH-PRODUCTION	1,847	602	815
TOH-INFORMATION	167	59	74
TOH-COORDINATION	275	101	125
TOH-OTHER AREAS	-	39	-
TOH-ORG.& HUMAN RESOURCES	157	48	73
TOH-LOGISTICS	22	11	10
TOH-MAINTENANCE	13	7	6
TOH-INSTITUTIONAL DEVELOPMENT	54	2	24
TOH-DISSEMINATION & PROMOTION	-	-	6
MMS-PRODUCTION	188	83	99
MMS-ADMINISTRATION	13	10	7
MMS-INFORMATION	13	4	7
MMS-COORDINATION	57	23	30
MMS-OTHER AREAS	-	14	-
MMS-ORG.& HUMAN RESOURCES	13	1	7
TOTAL	6,821	5,568	3,379

Notice that when adding the new recruits to be hired externally to the number of employees that would come from the old system, the total sum (10,200) turns out to be much higher than the total number of employees projected for the 10th year. This is due to the impact of normal turnover, which along the decade requires staff replacements amounting to over 40% of the target number of civil servants. These additional staff should be considered at the time of projecting training requirements, numbers of competitive examinations to be administered and related costs.

5.3 **Pace of system implementation**

The final aspect of our third basic question -what should be the dynamics of the process of change- may either imply accelerating or retarding the pace of system implementation along the transition from the base through the target scenario. This can be done in several ways, be it by giving priority to the recruitment of the upper level personnel, by speeding up dismissals of certain categories of personnel, by varying the percentage distribution of new recruits over time, and so on.

In our case study, personnel movements projected over the 10-year period showed the following rhythm:

CENTRAL ADMINISTRATION: HYPOTHESES ON PERSONNEL RECRUITMENT AND DISMISSAL
OLD AND NEW (CSS) SYSTEMS
PROGRESSION OF THE ORGANIZATIONAL ROSTER IN PERCENTAGES

PERSONNEL GROUPS	ROSTER YEAR 0	YEARS									ROSTER YEAR 10
		1	2	3	4	5	6	7	8	9	
OLD - STEERING	100	80	60	40	20	10	0	0	0	0	0
OLD - TECH-PROFESS.	100	90	80	70	60	50	40	30	20	10	0
OLD - ADM. & SUPPORT	100	90	80	70	60	50	40	30	20	10	0
NEW - STEERING	0	20	40	60	80	100	100	100	100	100	100
NEW - TECH-PROFESS.	0	10	20	30	40	50	60	70	80	90	100
NEW - ADM. & SUPPORT	0	10	20	30	40	50	60	70	80	90	100

A major consideration in deciding this distribution was financial viability, a point to which we now turn.

6. **Viability of the future system**

The entire edifice of a new civil service system rests upon two basic grounds: financial viability and contextual feasibility. Both aspects were considered in a cost-benefit analysis conducted in our case study.

Cost-benefit analysis has a deeply rooted tradition as a project evaluation tool, especially in the field of investment projects. An essential requisite for employing this type of analysis is the possibility of quantifying the various components of costs and benefits of the project, of fixing time horizons for each of them, and of applying discount rates for estimating the present value of the respective costs and benefits.

The CSS shares some characteristics of an investment project, insofar as highly qualified human

resources are conceived of as assets, so that HR planning becomes a strategy for developing, acquiring, employing, improving and retaining such assets.[10]
However, the cost-benefit analysis conducted in our case study, followed a rather heterodoxical approach. Partly, because of the technical difficulties involved in quantifiying some of the factors and variables considered. And partly, because it was found that introducing the CSS did not depend only upon a cost-benefit equation but also upon the opportunity cost of just not doing anything.

Even though the CSS was regarded both as a central component of a deep transformation that would take place in the organization and practices of the Central Administration, and as a key element of the strategy to bring it about, it was not seen as the sole instrument of change. Other crucial decisions were also needed. Among them, (a) new legal norms and regulations; (b) modern management technologies and computerized systems; and (c) less personnel and a more rational organizational roster.

The feasibility of these changes was understood in very broad terms, including economic, financial, legal, political, cultural, and institutional conditions. As it is usually the case, economic and financial constraints put a ceiling on the scope of the future system. The level of technological development that would be required in the future scenario was also considered. In turn, this aspect was viewed as closely related with the chances of transforming the culture and administrative styles that presently permeate public service practices.

As it can be observed, the strategy and criteria for reforming the present system were based on a gradualist and possibilistic conception. It neither pursued an "ideal" situation (in a substantive rational sense) nor a "maximalist" model, which might create strong resistances affecting its viability. It rather fell within the "incrementalist" tradition: it attempted to bring about gradual changes not implying a radical departure from existing patterns; modest, visible and feasible improvements, which may open up opportunities for further, deeper transformations.

6.1 **Quantifiable costs and benefits**

Future costs were estimated by considering the size and composition of staff over the period considered, the levels of salaries paid, and the added recruitment, induction, training, and personnel evaluation costs. Furthermore, estimates were made for costs associated to the introduction of new technologies. Implantation and operational costs were calculated separately.

Increases of the payroll budget were estimated with the help of the HR Planning module of the OHR System, which simulates the dynamics of personnel changes over time and the costs associated with the strategies, assumptions, decisions, or other variables explaining such changes (i.e. regular turnover, pace of recruitment into the new system, dismissals, forecasted rates of inflation).

[10] See the Aide Memoire of the UN Department for Social and Economic Development (Transnational Corporations & Management Division, Public Administration Branch) on "Planning and Organisation of Human Resource Development in Public Service", prepared for this meeting.

Estimates of the additional costs involved in regular and systematic training, were based upon the number of hours required to train the new CSS personnel according to professional and occupational group, duration and unit costs of this activity. In turn, the costs of personnel selection, recruitment and induction were estimated by developing standard costs for the various activities involved in these processes and multiplying them by the expected number of people to be recruited over the 10-year period considered for implementing the CSS. Finally, the costs of developing and establishing modern information and management technologies, including computerized support systems and training of technical staff, were estimated on an itemized basis.

On the benefit side, the reduction of almost 5,000 employees would produce a decrease in the costs of certain assets (such as buildings, automobiles, and equipment) and non-personal goods and services (basically maintenance and operational expenses), due to lesser numbers of users or spenders and better management of the budget by a more professional staff.

6.2 **Minimum economic benefits required**

In strictly quantitative terms, the results of comparing costs and benefits of the CSS were clearly negative. Among the factors that could balance this equation, the study considered, first of all, the minimum economic benefits that would have to be generated in order to compensate for the higher costs. In the short and medium run, the deficit could be met by resorting to donations and loans from foreign donors and financial institutions. But in the long run, only the capacity of the government to capture and allocate those resources for offseting the deficit would be the final test of a viable civil service.

Increases in revenue originated in growth of GNP rates, a broader tax base, higher fiscal pressure, improvements in tax and social security collection and a reduction of evasion due to better voluntary compliance and higher ethical standards of the revenue agents, were found to be the main sources of income that could offset the structural, long run deficit derived from the full implementation of the CSS.

But the consequences of a more professionalized public management are not limited to the realm of the state institutions. Its impacts spill over the entire economic system. In the highly advanced countries, guidance and promotion of private business, in addition to the regulatory activity exerted over the privatized and decentralized sectors of the economy, have become the predominant modes of state intervention. For example, in Japan and the South East Asian "tigers," these forms of state activity have had decisive consequences upon the channeling of investment, the search of new markets and the incorporation of innovative technologies in the industrial production process. Some authors are referring to a new, "catalyst state," to conceptualize this novel role of the state.

Such a catalyst role would be unthinkable without a critical mass of able proffesionals, capable of designing strategic plans, formulating policies, elaborating instruments, transmitting information, monitoring the behavior of the main macroeconomic variables and correcting distortions in a timely fashion. In turn, none of these would be achieved without systematic and specialized training, career incentives and adequate pay.

These impacts are not simply measurable in terms of marginal increases in the productivity of state performance, but also in terms of more encompassing consequences upon the main economic

indicators: employment, income, investment, exports, growth. Insofar as these macroeconomic effects broaden the fiscal base (due to impacts on transactions, capitalization, imports, salaries, and so on), the state would obtain additional resources to meet the budgetary deficit arising from the operation of the CSS.

The cost-benefit equation and the financial feasibility of the CSS was further improved by considering other, qualitative benefits. We now turn to this point.

6.3 **Qualitative evaluation of costs and benefits**

A series of positive consequences, unlikely to be measured in any rigorous sense, were also found to be associated with the introduction of the civil service. They were classified according to their impacts upon the state administration, the society at large, the economy and the political system.

6.3.1 **Impacts on state administration**

Beyond the ethical and philosophical considerations underlying a civil service system, its adoption recognizes a overriding goal: to improve the global performance and delivery of the state apparatus. Because of its smaller relative size, its key planning and regulatory role, and its generalized impact on the overall public service, the Central Administration was chosen as the strategic core in which it was expected that those effects would be maximized and potentiated.

The multiplicity of qualitative consequences derived from the CSS was attributed to different causes. One of them was the sheer improvement of the public service production function due, especially, to the decisions required on excesses and shortages of personnel, rationalization of assets and reallocation of operating and maintenance expenses. This kind of decisions tend to make the functioning of the administration more fluid, as they attempt to solve, at once, the deformity and the hipertrophy of the state apparatus, to the extent required by the performance of its new roles.

Morever, the introduction of new incentives and rules of the game -like competitive selection; periodic performance evaluation; training opportunities; near market level salaries; accountability; service, rather than rule orientation- tends to create a more professional civil service and to improve performance. These new rules, in turn, promote a higher level of dedication and commitment with the service, reduce the dead weight of needless bureaucratism, introduce creative practices and help overcoming the serious bottlenecks which so often affect the achievement of results and objectives.

Performance was also deemed to be affected by the gradual diffusion of a new ethics of the public service and the recovery of its sense of mission--another aspect intimately related with the previous point. This new ethics permeates the predominant bureaucratic culture, generates new attitudes on the part of employees, increase the degree of satisfaction and reduce the predisposition to committing acts of corruption, both for moral reasons and because of the very changes experienced in the prevailing value system. The effects of these transformations upon the global cultural framework of the society should not be minimized.

From a different perspective, the new roles that are being presently assigned to the state give

special priority to strategic planning, regulation and management control of non-privatized state entrepreneurial activity. Given the significance of this sector in the gross national product, a small increase in the productivity of the public enterprises, derived from a better performance of the tutoring role reserved to the Central Administration, would probably produce benefits several times higher than the additional costs occasioned by the CSS.

6.3.2 **Impacts upon the economy**

The expected increase in fiscal revenue, resulting both from improvements in the efficiency of tax administration and the broadening of the tax base due to higher levels of economic activity, was singled out as one of the quantifiable benefits derived from the CSS. However, the direct macroeconomic impact of a more professional public management, guided by redefined state roles, may have not been sufficiently stressed in that observation.
Beyond the capacity of the state to appropriate a greater share of economic surplus, it should be pointed out that insofar as the modernization of the public service tends to close the existing "management gap," the different economic agentes (manufacturers, exporters, consumers, workers) will begin to experience the effects of a more stragtegic, indirect, and effective state intervention.

Only on the basis of a redefined mission, a rationalized institutional apparatus, and a new occupational profile, can the Central Administration promote productive investment, employment, foreign trade and economic development in the private sector. This may or may no occur, depending on manifold circumstances, but it is unlikely that it could occur without the state acquiring that higher institutional capacity to promote and sustain the economic transformation of the country.

6.3.3 **Impacts upon society**

A professional civil service was found to have direct consequences upon society in at least two levels: (1) a higher technical quality of the "products" resulting from the activity of the Central Administration; and (2) a better access of clients and users to state services.

The first aspect is related to improvements in the technical standards of goods, services and regulations turned out by the state institutions. For instance, non-bureaucratic custom services, adequately supported by computerized technology; reliable and timely official statistics; innovating programmes for the promotion of non-traditional exports; stricter health quality controls of foodstuffs; more effective sanctions in cases of non-compliance with rules or regulations; more effective defense of the state in the courts of justice, and a correlative reduction of costs derived from legal suits, etc.

Even if these results do not mean **more** but **better** goods, services, or regulations, it is obvious that their economic and financial effects may be considerable: higher voluntary compliance of all sorts of obligations; better health for the population; greater capacity to anticipate critical situations; conquest of foreign commercial markets; reduction of litigation costs for the state, and so forth.

The second aspect, that is, better access by and help to customers and users, has a different

meaning. A civil servant imbued of his new role will probably adopt different attitudes towards institutional "clients," be they taxpayers, users of services, subjects of regulation, other civil servants, or plain citizens. Such attitudes will give way to greater transparency, a more corteous service, a reduction of deadlines and speedier resolution of pending matters, the eradication of mistreatment and abuse.

In turn, both aspects will have an indirect effect upon the prevailing cultural patterns. The quality of what the state does -and above all, the way it does it- will serve as a model of behavior for the entire society, as a mirror in which, for good or for evil, citizens and private economic agentes will continue (as always) to reflect themselves.

6.3.4 **Impacts upon the political system**

The institutionalization of the civil service may also contribute to consolidate the political system. In the first place, a career administration based on merit, tends to eradicate political clientelism and nepotistic practices in the access to, or permanence in, public employment. This, in turn, ensures the normal continuity of the administration, thus avoiding the institutional void that occurs in times of government shift.

On the other hand, the legitimacy of the system is strengthened. Party loyalties tend to take into account and be reconciled with considerations of technical rationality. The public service acquires a more professional meaning, instead of constituting the bounty of an electoral victory.

Accountability, the natural counterpart of a professional service, introduces better guarantees of honesty, transparency, and reliability of the institutional system, while the roles of the politican and the administrator become more neatly separated. These circumstances tend to consolidate governance under democratic political rules.

6.3.5 **Summary of the qualitative evaluation**

As compared with the alternative of maintaining the status quo, the cost-benefit analysis of implementing a civil service system was found to produce highly positive results.

Even though its higher costs are compensated rather modestly by some savings in physical infrastructure and non-personal goods and services, the minimum economic benefits that would be required to meet the resulting current deficit (especially increases in tax revenues) fell easily within the fiscal projections of the Government. This finding was highly reassuring regarding the financial feasibility of the reform, even though the reallocation of additional tax revenue to finance the CSS would obviously require a political decision at the highest level.

The cost-benefit equation was strongly improved by considering the qualitative benefits which would surely derive from implementing the civil service--a consideration that only reinforced the arguments in favor of this system.

7. **Concluding remarks**

This story does not end here. We have examined an experience which is still in the beginnings,

although the period of inception and strategic design is several years old. Actual implementation of the CSS has gone no farther than launching of a few pilot cases, with the financial assistance of foreign donors. Obtaining the loans and donations needed to close the financial gap that will arise from the future higher costs of the civil service, is still a vexing and time consuming process.

However, progress in strategic design and methodological support -including norms, manuals and computerized information systems-, has increased the confidence of foreign donors and international banks upon the civil service. They now view this system as one of the key instruments for upgrading the quality and increasing the level of delivery of the public sector.

This paper has highlighted the importance of strategy as a blueprint for reform, but also the indispensability of methodology as its inevitable companion. Strategy without methodology is helpless; methodology without strategy is meaningless. Both are essential preconditions of HRD.