

# Making Civil Services Work in Developing Countries

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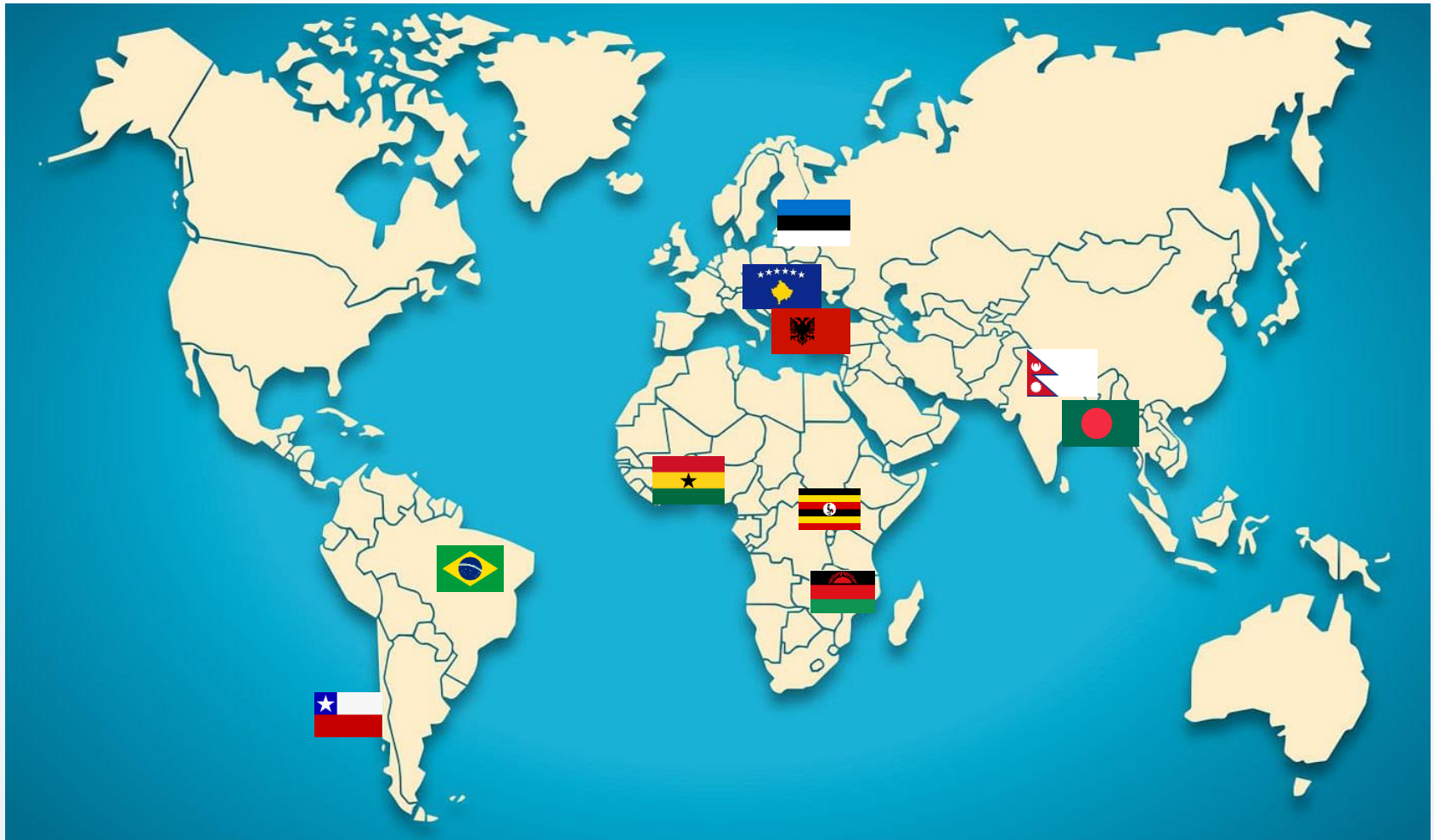
# Civil Service Reform in Developing Countries = Waiting for Godot?

- Widespread civil service reform *attempts*  
Latin America since 1930s (Spink, 1997)
  - UN, USAID and other donors have funded  
civil service reform projects since 1960s
- ⇒ 100+ reform announcements and civil service reform  
laws and regulations
- ⇒ But: reform seldom changed civil service *practice*
- Example: World Bank's annual \$422m civil service reform  
lending had no measurable impact in 2000-2006 (World Bank, 2008)



# What works in civil service management?

## Ten-country survey of 20,000+ civil servants



# Agenda

## **I. Core civil service management challenges in developing countries**

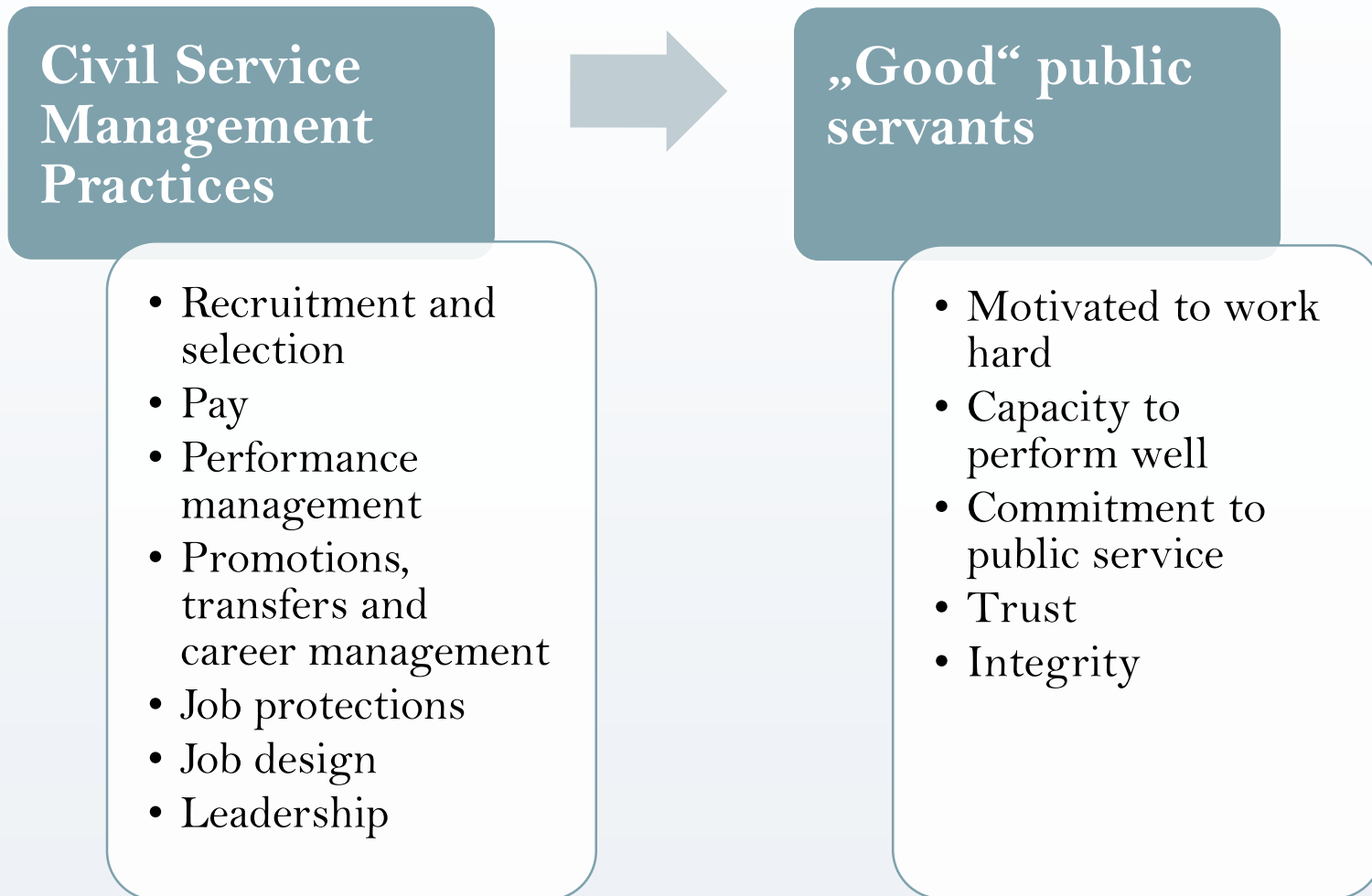
- Politicization
- Lack of performance incentives
- Prevalence of public service demotivators

## **II. Challenges to addressing these reform challenges**

- Informality
- Political disincentives to reform

## **III. So how to make civil services work?**

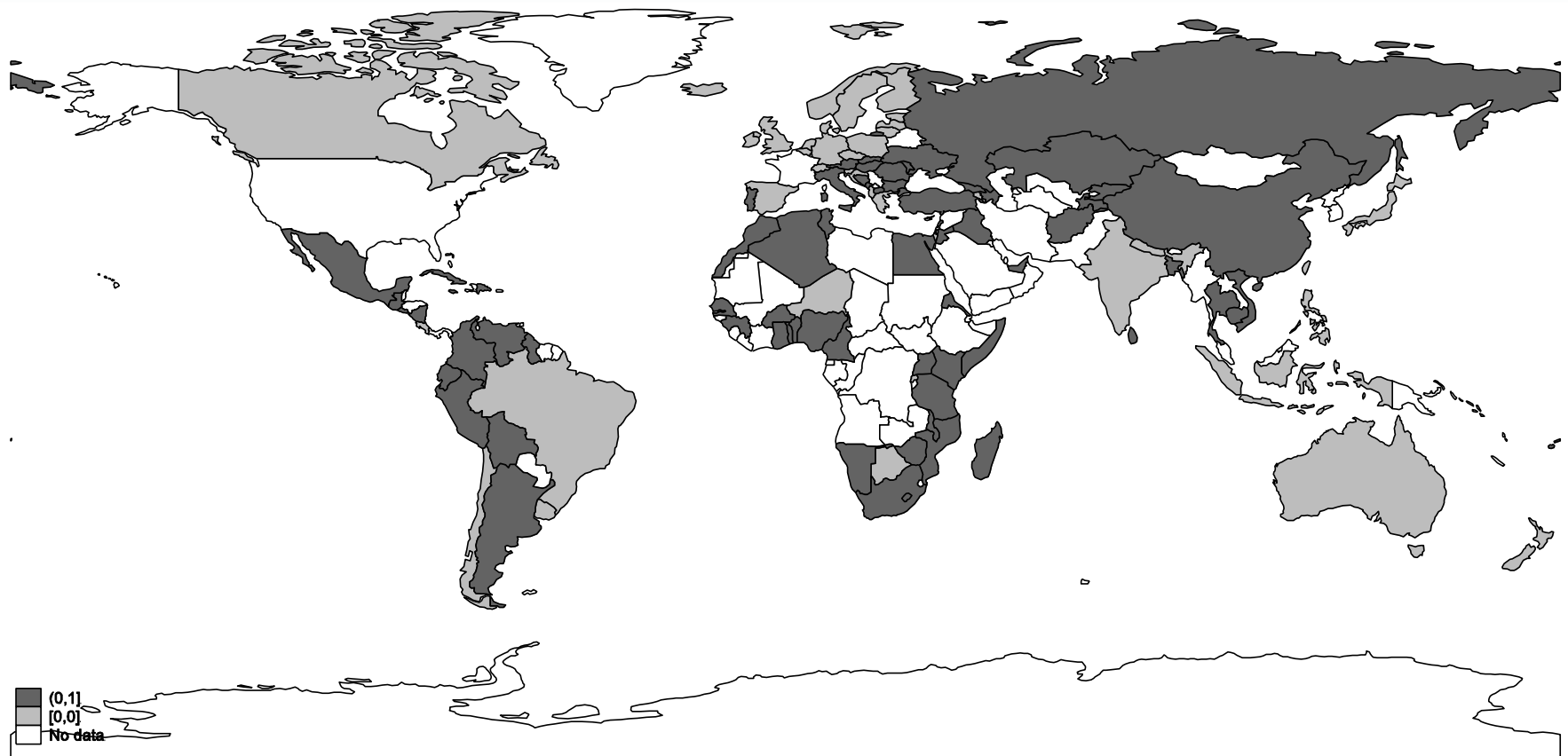
# Civil service management practices and the model of a “good” public servant



## The effect of politicized civil service management practices on “good” public servants

- Politicization = political criteria influence civil service management decisions (e.g. who gets recruited)
- Politicization at top levels of administrative hierarchy: legitimate to safeguard responsiveness of bureaucracy to elected political leaders
- But: politicization in many developing countries prevalent across *all* levels of the administrative hierarchy

# Most civil services in the developing world are politicized



Data source: Quality of Government Institute (2015)

## Why civil service politicization can be pernicious

- Selection and promotion of public servants prioritizes political loyalty over competence
- Changes in role identities: *public* servants become *political* servants
  - ⇒ Sense of obligation towards political superiors rather than impartial and lawful exercise of duties
- Changes in work incentives: responding to demands of political superiors trumps impartial service to society





## Negative effects of politicization: statistical evidence

- Chile
  - Negative effects on work performance and commitment to public service, among others  
(Schuster, Meyer-Sahling, Mikkelsen and Gonzalez, 2017)
- Dominican Republic
  - Negative effects on corruption, clientelism and work motivation  
(Oliveros and Schuster, 2017)
- Similar findings in other regions and studies

# Making Civil Services Work

## #1: Depoliticize civil service management

- Recruit public servants through public examinations, not via political appointments
- Ensure job protections safeguard public servants from politically-motivated dismissals
- Protect career advancement from political interference

# Bureaucratic autonomy vs. performance incentives

## Weberian bureaucracy view

- Public servants work hard because of public service *ethos* (Weber, 1922)
- Autonomy and life-long careers as foundations of performance

## New Public Management view

- Public servants work hard if they face incentives to reach performance goals – i.e. if performance benefits them materially
  - Better career prospects
  - Better pay prospects
  - Greater job security

# Incentives and public service performance

## Pitfalls of excessive performance incentives

- Excessive performance incentives often have negative effects: gaming, cheating, crowding out intrinsic motivation, ...
  - Example: Colombian ‘false positives’  
(Acemoglu et al. 2017)



## Incentives and public service performance

### Pitfalls of excessive bureaucratic autonomy

- The absence of *any* incentives to work hard can undermine work motivation and performance  
⇒ Public servants disengage

**Effects of lacking performance incentives:  
*suggestive* evidence from civil service survey in  
Brazil** (Schuster, Correa, Meyer-Sahling and Mikkelsen, 2017)

1. 50% (partially or totally) agree that no matter what they do, their pay will only increase with time  
⇒ “Salary fatalism” has statistically significant negative effect on work motivation

**Effects of distorted performance incentives:  
*suggestive* evidence from civil service survey in  
Brazil** (Schuster, Correa, Meyer-Sahling and Mikkelsen, 2017)

2. 71% think their salary is lower or much lower than the salary in other careers with similar responsibilities
  - ⇒ Incentive to study for entry into higher-paid career – rather than work hard in current career
  - ⇒ “Salary inequity” has statistically significant negative effect on public service motivation and job satisfaction

# Making Civil Services Work

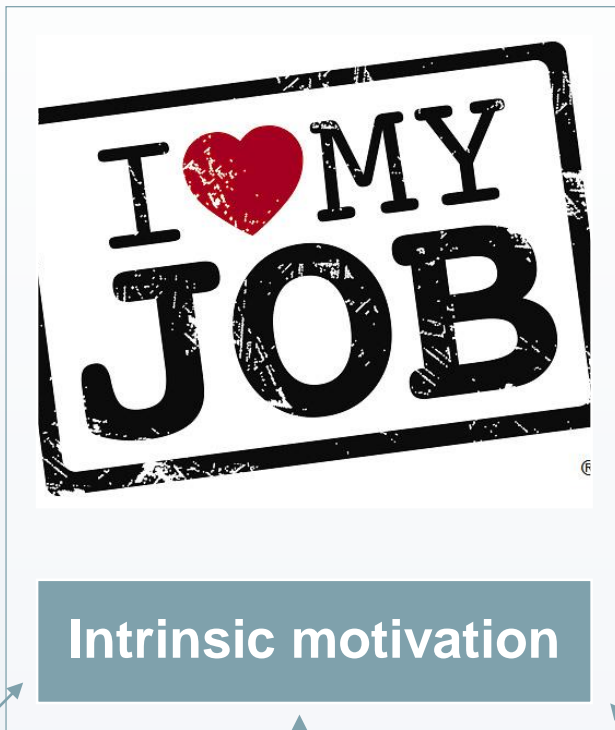
#1: Depoliticize civil service management

**#2: Ensure some incentives for hard work**

- Ensure *some* link between hard work and career or pay prospects (striking a balance between excessive incentives and excessive bureaucratic autonomy)



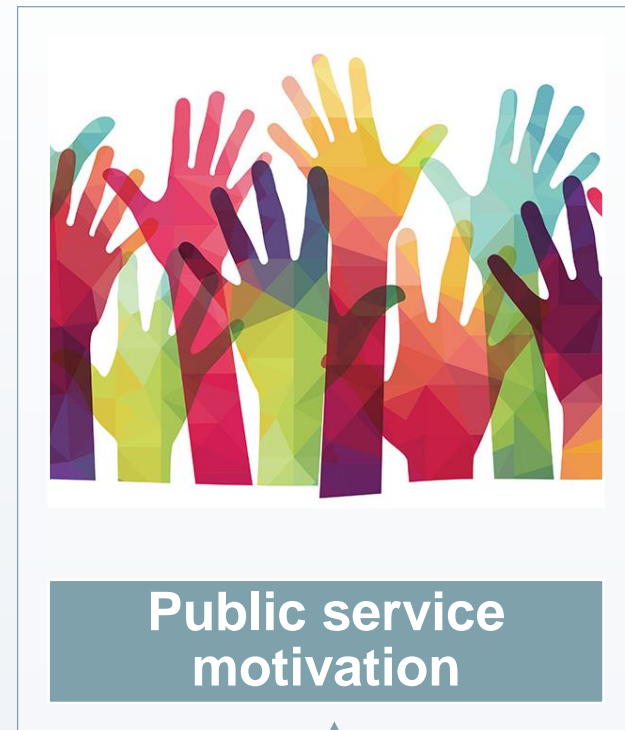
# Incentives are not the only source of work motivation



**Skill variety  
& mastery**

**Autonomy &  
Participation**

**Task  
identity**



**Purpose  
& identity**

## Public service demotivators are prevalent in many developing countries

- 1. Contempt for government & public service failures**
  - Reduces sense of significance and purpose of public service
- 2. Hierarchical, control-focused leadership**
  - Leaders do not communicate and generate enthusiasm for mission and vision of organization
  - Leaders do not prioritize autonomy in job design
  - Leaders do not give employees voice and stimulate culture of dialogue
- 3. ...**

## *Suggestive evidence from Brazil*

(Schuster, Correa, Meyer-Sahling and Mikkelsen, 2017)

- 25% of employees agree (partially or completely) that management listens attentively to employee concerns
  - 31% of employees think culture in their organization stimulates dialogue and open debate
- ⇒ Lack of participatory leadership has significant negative effect on work motivation and performance
- ⇒ Chile: similar effects of transformational and ethical leadership (Schuster, Meyer-Sahling, Mikkelsen and Gonzalez, 2017)

# Making Civil Services Work

#1: Depoliticize civil service management

#2: Ensure some incentives for hard work

**#3: Address intrinsic and public service demotivators**

- Encourage ‘good practice’ leadership
- Design jobs with purpose, autonomy, skill variety and task identity
- ...

## Making Civil Services Work

**#1: Depoliticize civil service management**

**#2: Ensure *some* incentives for hard work**

**#3: Address intrinsic and public service demotivators**

**Why is it so challenging to make these reforms happen?**

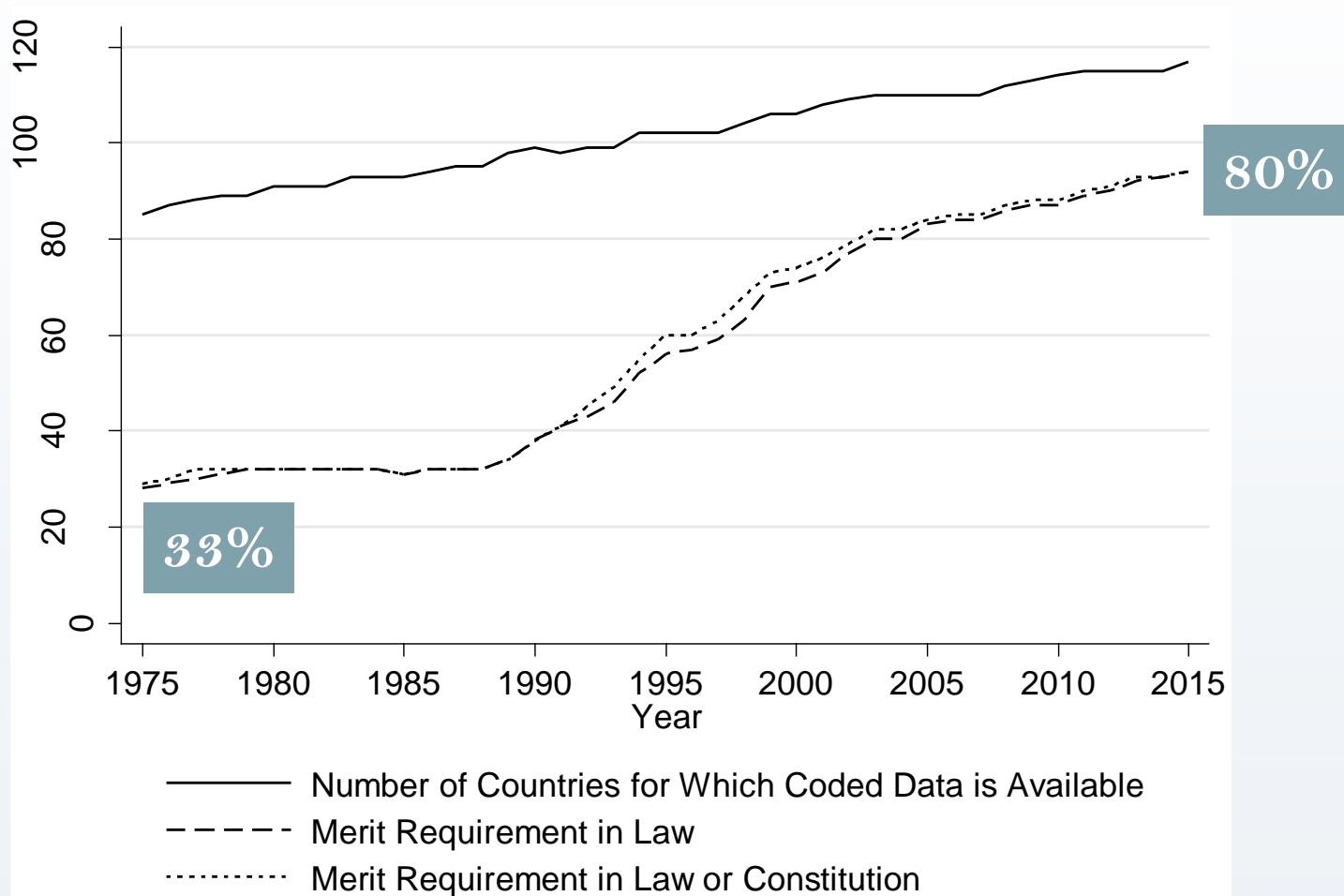
1. Informality
2. Political disincentives to reform

1<sup>st</sup> challenge to bringing about reform: informality

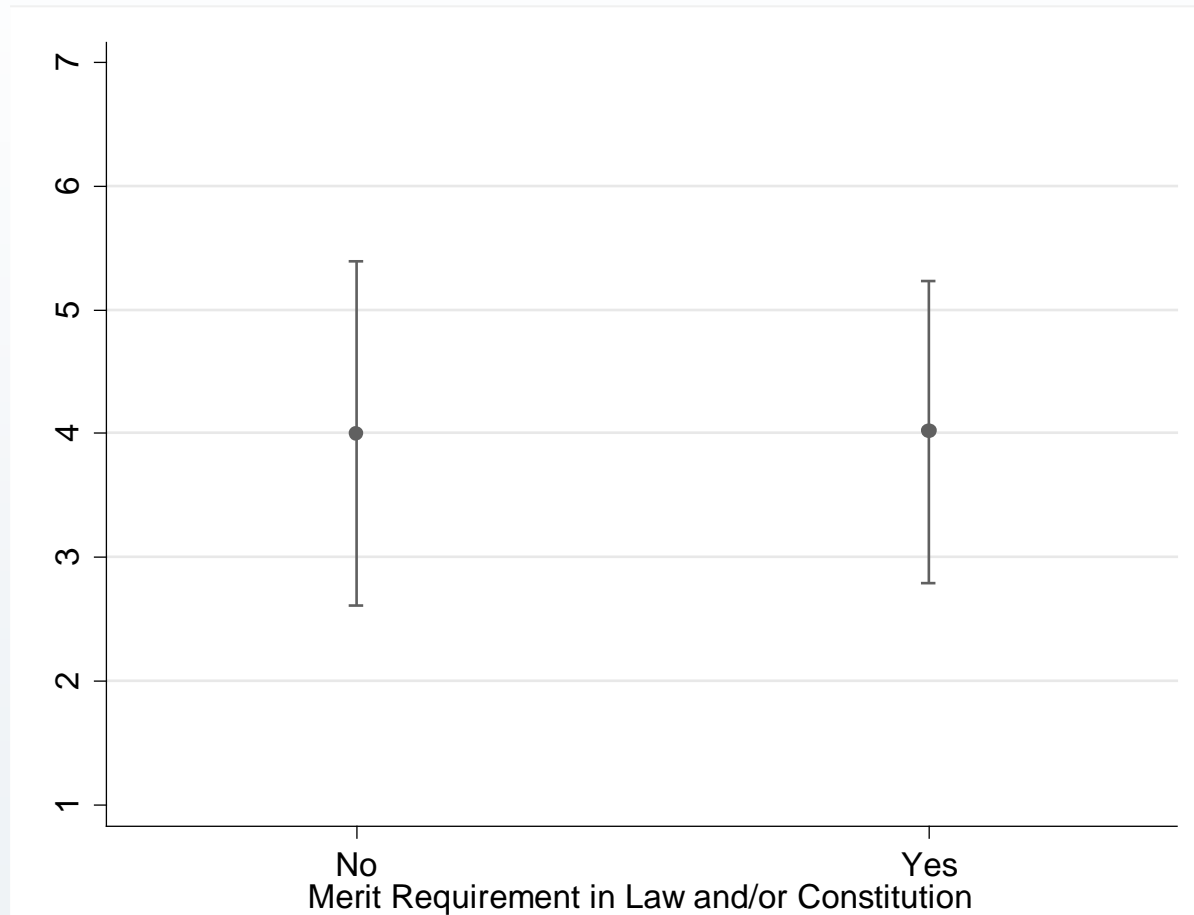
=> Top-down imposition of *formal* rules and regulations often ineffectual to change civil service management in *practice*

=> Implementation gap requires bargaining for compliance with each line institution

# Example: implementation gap in merit-based civil service laws



## Example: implementation gap in merit-based civil service laws

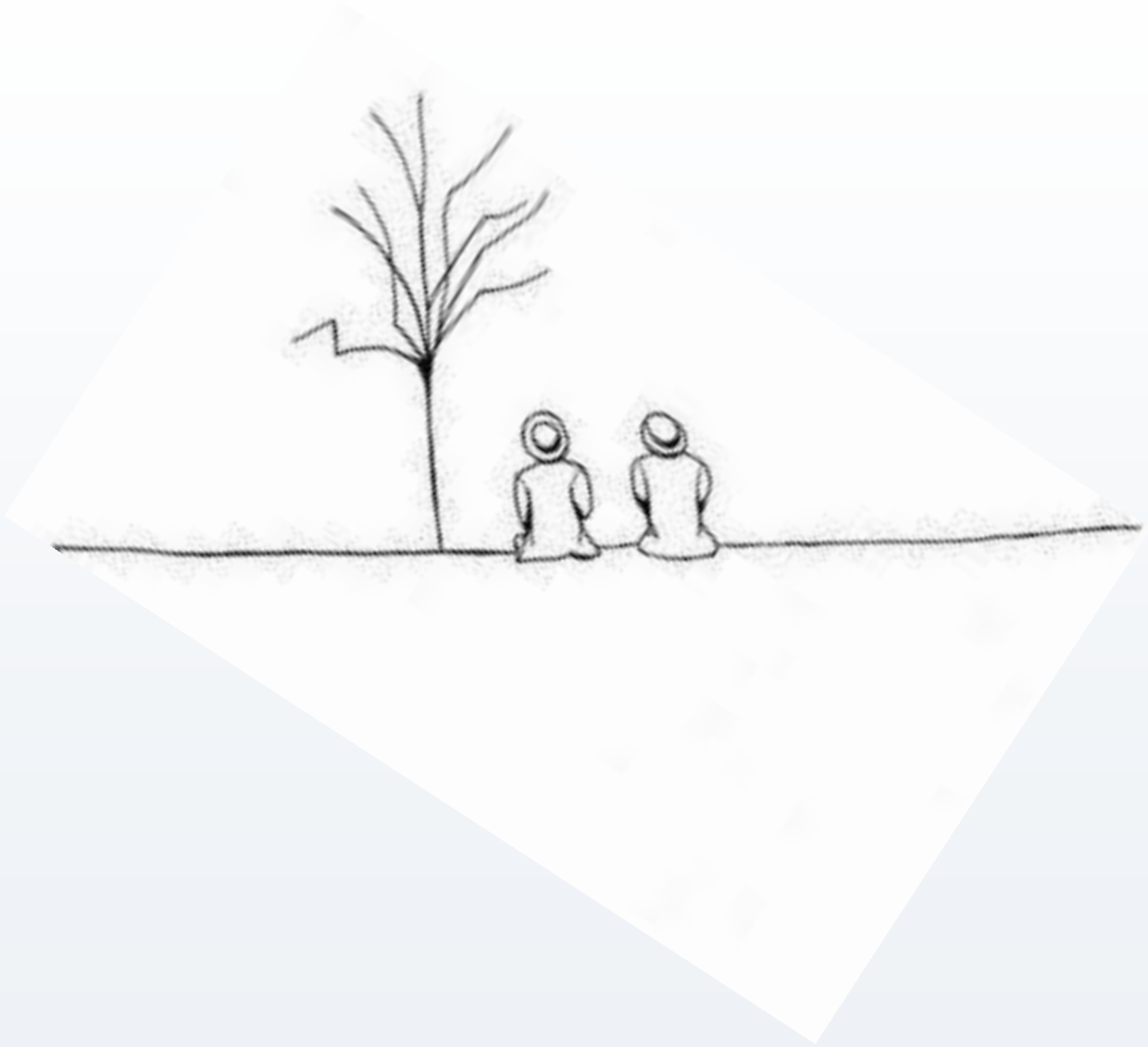




## 2<sup>nd</sup> Challenge: Political disincentives to reform

### *Examples:*

1. **‘Time horizon’ problem:** reform often imposes immediate political costs on governments, but only longer-term benefits through greater state capacity
  2. **‘Self-referencing’ problem:** beneficiaries of status quo often those in charge of changing status quo
- ⇒ Changing civil service management practice is often politically-irrational *and* hard to implement



**How can we make civil services in developing countries work?**

## Making civil services work

- 1. Incremental, not systemic reforms**
  - Implementation ability and political incentive-compatibility
- 2. Seek out reforms with strong evidence for positive effects: easier to justify, greater impact**
  - a. Depoliticize civil service management
  - b. Ensure some incentive for hard work
  - c. Address intrinsic and public service demotivators
- 3. Generate evidence for effects of reforms where such evidence is missing** (e.g. by running annual public employee surveys)

**Thanks for your attention.**

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