

CONTEMPORARY PUBLIC HUMAN RESOURCE MANAGEMENT SYSTEMS: PATRONAGE, CIVIL SERVICE, PRIVATIZATION, AND SERVICE CONTRACTS

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Contents

1. Introduction
2. Public Personnel Management Functions
3. Public Jobs as Scarce Resources
4. Traditional Values
5. Emergent Values
6. Traditional Systems: Patronage, Civil Service, Collective Bargaining, and Affirmative Action
7. Emergent Systems
8. Conflict and Compromise among Alternative Public Personnel Systems
 - 8.1 A Historical Analysis of Public Personnel System Conflict in the United States
 - 8.2 Historical Analysis of Public Personnel System Conflict in Less Developed Countries
9. Service Contracting and Privatization Outcomes in Developed and Less developed Countries
 - 9.1 Conditions of Civil Society and Government in the United States:
 - 9.2 Conditions of Civil Society and Government in Less Developed Countries:
 - 9.3. The Comparative Effect of Context on Privatization Outcomes in the United States and Less Developed Countries:
- Bibliography
- Biographical Sketch

Summary

Public personnel management can be viewed from several perspectives. *First*, it is the functions (planning, acquisition, development, and sanction) needed to manage human resources in public agencies. *Second*, it is the process by which a scarce resource (public jobs) is allocated. *Third*, it reflects the influence of seven symbiotic and competing values (political responsiveness, efficiency, individual rights, and social equity under the traditional pro-government model; and individual accountability, downsizing and decentralization, and community responsibility under the emergent anti-government model) over how public jobs should be allocated. *Fourth*, it is the laws, rules, and regulations used to express these abstract values – personnel systems (political appointments, civil service, collective bargaining, and affirmative action under the

traditional model; and alternative mechanisms for providing public services, and flexible employment relationships under the emergent anti-government model).

Considerable international development research supports the findings of the extensive body of research on privatization outcomes for state and local governments developed over the past twenty years in the United States. First, positive privatization outcomes require public administrative competence, particularly a civil service that can rationally plan, manage, and evaluate privatization efforts. Privatization outcomes are more likely to be positive if there are competitive bidders, a public policy process that relates government effectiveness to larger societal issues, and a cadre of professionally and technically qualified public administrators to develop adequate contract specifications and monitor private sector performance.

Second, administrative systems in general (and public personnel systems in particular) in less developed countries tend to evolve along a single track toward the model of increased rationality and transparency valued by international lenders as indicators of effective government and economic development. With respect to personnel systems, this generally involves a sequential transition from statehood to patronage, from patronage to civil service, and from civil service to a range of alternative personnel systems. (This is not an assertion that administrative systems invariably evolve uniformly: in some cases, countries' evolution skips steps, or changes the order. Nor is it an assertion that international lenders have been uniformly successful at implementing administrative reforms. Indeed, political dialogue in many less developed countries often focuses on the sovereignty issues that underlie opposing parties' agreement with, acquiescence or opposition to reforms "suggested" by international donor agencies.)

Third, privatization may be justified *administratively* by claims that it will reduce costs and provide better service. But *political* objectives (such as the demands of outside donor agencies, or internal political pressures to divest assets to enrich potential purchasers) are likely to dominate the debate. And in any case, privatization in less developed countries is not likely to be effective at reducing costs and providing better service unless the country has already made successive (and successful) transitions from independence to statehood, to patronage, and to civil service. Until these transitions occur, it is not likely that country's government has adequate administrative capacity to manage the process. If it does not, privatization is more likely to suffer from crony capitalism, military diversification into the civil economy, or administrative formalism.

1. Introduction

Public personnel management has been studied extensively, from at least four perspectives. First, it is the *functions* needed to manage human resources in public agencies. Second, it is the *process* by which public jobs are allocated. Third, it is the interaction among fundamental societal *values* that often conflict over who gets public jobs, and how they are allocated. Finally, public personnel management is personnel *systems* – the laws, rules, organizations, and procedures used to express these abstract values in fulfilling personnel functions.

In developed countries, public personnel management is widely recognized as a critical element of democratic society and effective public administration. Public personnel management in the United States may be described as a dynamic equilibrium among these competing values, each championed by a particular personnel system, for allocating scarce public jobs in a complex and changing environment. As one might expect, this conflict exhibits a commingling of technical decisions (*how* to do a personnel function) with political ones (*what* value to favor or *what* system to use). Internationally, the end of the twentieth century has been characterized by dramatic political changes, notably the demise of international Communism and the emergence of democratic institutions in much of Latin America, in the former Soviet Union, and in parts of Africa. These trends have made public personnel management a cornerstone of democratic-institution-building and the general trend towards more rational and transparent government administration, albeit in the context of continued pressures for political patronage and increased pressures for privatization. Within this context, the following questions need to be addressed:

1. What functions are associated with public personnel management?
2. Why can public personnel management be viewed as a method of allocating public jobs as scarce resources?
3. What traditional values have historically defined public personnel management?
4. What anti-government values have arisen to compete with them?
5. What are the four traditional public personnel systems (political patronage, civil service, collective bargaining, and affirmative action)?
6. What are the emergent systems (alternative mechanisms and organizations, and flexible employment relationships) that have arisen to compete with them?
7. What are the dynamics of this systems conflict in the United States, and in less developed countries?
8. What are the specific outcomes of service contracting, privatization, and temporary employment on public personnel management in developed and less developed countries?

2. Public Personnel Management Functions

Public personnel management consists of four fundamental functions needed to manage human resources in public organizations. These functions, designated by the acronym PADS, are planning, acquisition, development, and sanction:

“Planning” designates budget preparation and human resource planning; dividing tasks among employees (job analysis, classification, and evaluation); deciding how much jobs are worth (pay and benefits);

“Acquisition” involves recruitment and selection of employees;

“Development” implies orienting, training, motivating, and evaluating employees to increase their knowledge, skills, and abilities; and

“Sanction” denotes establishing and maintaining expectations and obligations that employees and the employer have toward one another; discipline, grievances, health and safety, and employee rights

3. Public Jobs as Scarce Resources

Basic decisions about public personnel management are important because jobs are the most visible way we measure economic and social status for individuals and groups. Public jobs are scarce resources because tax revenues limit them, and their allocation is of enormous significance for the course of public policy making generally. Because public jobs are scarce and important, there is intense competition for them among individuals and more broadly among advocates of competing public personnel values and systems.

4. Traditional Values

Traditionally, conflict within public personnel management in developed countries centered around four values: political responsiveness, organizational efficiency and effectiveness, individual rights, and social equity.

- 4.1 Political responsiveness is the belief that government answers to the will of the people expressed through elected officials. Applicants' political and personal loyalty is best ensured through an appointment process that considers political loyalty, along with education and experience, as indicators of merit.
- 4.2 Organizational efficiency and effectiveness reflect the desire to maximize the ratio of inputs to outputs in any management process. This means that decisions about who to hire, reassign, or promote should be based on applicants' and employees' competencies, rather than political loyalty.
- 4.3 Individual rights emphasizes that individual citizens will be protected from unfair actions of government officials. Public employees' rights to job security and due process are maintained through **merit system** rules and regulations that protect them from inappropriate partisan political pressure (such as requiring them to campaign for elected officials or contribute a portion of their salary toward election campaigns, or run the risk of losing their jobs if they refuse). In a parallel fashion, public employees who are union members will have recourse to work rules, contained in collective bargaining agreements, that protect them from arbitrary management decisions.
- 4.4 Social equity emphasizes fairness to groups like women, racial minorities, the disabled, and veterans, that would otherwise be disadvantaged by a market economy that accepts the legitimacy of discrimination in hiring and in pay. Like individual rights, social equity is concerned with fairness. But unlike individual rights, it is the social aspect of equity that provides its group orientation.

5. Emergent Values

Over the past two centuries, the evolution of public personnel management in the United States has been driven by the gradual and sequential emergence of alternative competing values. As each emergent value has gained political strength, its increased importance has been reflected in the forming of the corresponding public personnel

system and its related techniques. And most significantly, this evolutionary process gave implicit recognition to the importance of public administration (and to public personnel management as a subset of this discipline) because it assigned to public administration and public administrators the authority to (1) incorporate diverse values and perspectives and (2) resolve conflicts over the implementation of these values in particular administrative situations.

Because evolutionary change is by nature slow, it is difficult to pinpoint the precise point at which this consensus began to be altered. But two key dates were the 1976 presidential campaign, won by Jimmy Carter, who ran against the national government as a Washington “outsider.” Following the election, he proposed the 1978 Civil Service Reform Act to offset what he perceived as poor performance in public service and difficulty in controlling and directing bureaucrats. Beginning in 1980, the Reagan administration, though starting from fundamentally different values and policy objectives, continued to cast government as part of the problem, and to campaign against the infrastructure of public agencies and public administrators.

The anti-government assumptions behind this shift were paralleled by a related transition from political to economic perspectives on public policy. This shift in perspectives emphasized the role of market forces on individuals and the economy, rather than program implementation by government agencies and employees, as the most efficacious tools of public policy. While public administration retained its role as the “great compromiser” among competing values, economic perspectives and the value of administrative efficiency clearly reflected these intense political and economic pressures on the public sector to “do more with less.” The first pressure -- to do more -- caused government to become more accountable through such techniques as program budgeting, management by objectives, program evaluation, and management information systems. The second pressure -- to do more *with less* -- caused governments to lower expenditures through such methods as tax ceilings, expenditure ceilings, deficit reduction, deferred expenditures, accelerated tax collection, service fees, user charges, and a range of legislative and judicial efforts to shift program responsibilities and costs away from each affected government.

Since from 50 to 75 percent of public expenditures go toward employee salaries and benefits, efforts to increase accountability and reduce expenditures have focused on those managerial functions subsumed by public personnel management. The shift focused on philosophies and techniques used to enhance accountability in previous eras (such as the 1930s and the 1960s) by emphasizing program outputs and by rationally tying program inputs to outputs. Examples of these trends were program budgeting, human resource forecasting, job evaluation, management by objectives, objective performance appraisal, training needs assessment, cost-benefit analysis, and gain-sharing (productivity bargaining). As the information systems revolution expanded access to information formerly used by management for coordination and control, this pressure has also been reflected in organizational restructuring and “downsizing” middle managerial positions.

These underlying contemporary political, social, and economic forces shaped three emerging anti-government values: personal accountability, limited and decentralized government, and community responsibility for social services. First, proponents of

individual accountability expect that people will make individual choices consistent with their own goals, and accept responsibility for the consequences of these choices, rather than passing responsibility for their actions onto the rest of society. Second, proponents of limited and decentralized government believe, fundamentally, that government is to be feared for its power to arbitrarily or capriciously deprive individuals of their rights. Proponents also believe that it is easier to connect public policy, service delivery, and revenue generation in a smaller unit of government than in a way that is not possible with a larger one, in that decision makers are known, revenues are predictable, and services are directly visible. And for some, the reduction in size and scope of government is justified by the perceived ineffectiveness of government; by the high value accorded to individual freedom, responsibility, and accountability; and, finally, by a reluctance to devote a greater share of personal income to taxes. Third, proponents of community responsibility for social services believe that governmental agencies' efforts need to be supplemented by non-for-profit non-governmental organizations responsible for social services, recreation, and community development activities. For public personnel management, the most significant consequence of emergence of this value, has been the creation of thousands of nonprofit organizations that routinely provide local government social services funded by taxes, user fees, and charitable contributions.

6. Traditional Systems: Patronage, Civil Service, Collective Bargaining, and Affirmative Action

In public policy making generally, values are ultimately reflected in laws and policies. This is the way values become more than philosophical or ideological statements. Similarly, values in public personnel management are not articulated directly, but rather through personnel systems -- the laws, policies, rules, regulations, and practices through which personnel functions are fulfilled. There are four basic public personnel systems within the traditional model of public personnel management: political systems, civil service, collective bargaining, and affirmative action. Civil service is the predominant traditional system, and the only complete system (because it includes all four functions and can incorporate all four competing values). It is the dominant organizational culture underlying the practice of public management as well.

6.1 Political systems are characterized by political patronage (legislative or executive approval of individual hiring decisions, particularly for policy-making positions). Political appointees serve at the discretion of those who appoint them; they may be fired at any time, particularly if successful job performance depends on political philosophy or loyalty.

6.2 Civil service system proponents favor a professional public service as the best way to achieve the values of efficiency and individual rights and a bureaucracy responsive to political direction. They think that staffing public agencies rationally (based on jobs needed to carry out specific programs and the competencies needed to accomplish these goals), and treating employees fairly are the best ways to maintain an efficient and professional public service. This means giving them good pensions and health benefits; giving them equal pay for work of comparable worth; hiring and promoting them on the basis of competencies; treating them impartially once on the job; and protecting them

from partisan political influences. Overall policy objectives of civil service systems are controlled by elected officials, who often appoint agency heads responsible for managing the bureaucracy. The legislature maintains control over resources by limiting the total number of employees an agency can hire, staffing levels in particular agencies or programs, and the personnel budget. These tools help ensure political responsiveness. Civil service systems are supported by citizens and groups who want to keep “politics” out of public personnel decisions and to manage public agencies rationally and efficiently. At least initially, they proposed to accomplish this by creating personnel procedures that protected employees from political “interference” and allocating jobs based on competencies. But because advocates of privatization and “cutting the fat out of big government” also believe in running government rationally and efficiently (“like a business”) there are some conflicts among proponents of this objective.

6.3 Collective bargaining systems exist within civil service systems. They reflect the value of individual rights (of union members), based on seniority. Even though collective bargaining is commonly associated with negotiation over wages and benefits, the primary motive is to ensure equitable treatment by management. Contracts may also provide additional protection for individual employees against disciplinary action or discharge. Because some overlap exists in the grievance procedures available under civil service and collective bargaining systems, employees are usually required to select one procedure but not both. In all cases, contracts negotiated between an agency's managers and leaders of the union representing its employees are subject to legislative approval.

6.4 Affirmative action systems usually exist within civil service systems. For the affirmative action system to operate, the governmental jurisdiction must have acknowledged an imbalance in the percentage of minorities in its workforce and those qualified minorities in a relevant labor force. Alternatively, members of a group protected against discrimination may have sued the public employer, resulting in a judicial ruling requiring the agency to give special consideration to members of the “protected class” in various personnel decisions, especially hiring and promotion. Affirmative action is supported by members of under-represented classes (such as female, minority, and disabled job applicants and employees), and by advocates who contend that the effectiveness of representative democracy depends upon the existence of a representative bureaucracy.

7. Emergent Systems

The rise of anti-government values has led to the emergence of their own personnel systems (or “anti-systems”). Even though they might not qualify by formal definition as “personnel systems,” these contemporary public personnel practices have had a fundamental impact on the way public services are delivered. Two trends are apparent: (1) reducing the role of government and the number of public employees by using alternative organizations or mechanisms for providing public services and (2) increasing the flexibility of employment relationships for the public employees that remain.

7.1 Alternative Organizations or Mechanisms for Providing Public Services

The current conservative political climate has the objective of reducing the role of government and the number of public employees by using alternative organizations or mechanisms to provide services formerly provided by government agencies by purchase-of-service agreements, privatization, franchise agreements, subsidy arrangements, vouchers, volunteers, and regulatory and tax incentives.

7.1.1 Purchase-of-service agreements with other governmental agencies and non-governmental organizations (NGOs) have become commonplace. They enable cities and counties with excess capacity to offer services within a given geographic area, utilizing economies of scale. They offer smaller municipalities a way of reducing capital costs, personnel costs, political issues associated with collective bargaining, and legal liability risks. Also, the use of outside consultants and businesses (hired under fee-for-service arrangements on an “as needed” basis) increases available expertise and managerial flexibility by reducing the range of qualified technical and professional employees that the agency must otherwise hire to provide training.

7.1.2 Privatization implies that while a public agency *provides* a particular service, it does not necessarily produce it. It is *produced* and *delivered* by a private contractor. Privatization may result in the abolition of the agency (though as an incidental objective rather than the intended goal). Privatization offers all the advantages of service purchase agreements, but holds down labor and construction costs on a larger scale. Privatization has become commonplace in areas such as solid waste disposal, where there is an easily identifiable “benchmark” (standard cost and service comparison with the private sector), and where public agency costs tend to be higher because of higher pay and benefits.

7.1.3 Franchise agreements often allow private businesses to monopolize a previously public function within a geographic area, charge competitive rates for it, and then pay the appropriate government a fee for the privilege. Examples are cable TV and jitneys as a public transit option. Municipalities often encourage the procedure because it reduces their own costs, provides some revenue in return, and results in a continuation of a desirable public service.

7.1.4 Subsidy arrangements enable private businesses to perform public services, funded by either user fees to clients or cost reimbursement from public agencies. Examples would be airport security operations (provided by private contractors and paid for by both passengers and airlines), some types of hospital care (e.g., emergency medical services provided by private hospitals and reimbursed by public health systems), and housing (subsidizing rent in private apartments by low-income residents as an alternative to public housing projects).

7.1.5 Vouchers enable individual recipients of public goods or services to purchase them from competing providers on the open market. Under proposed educational voucher systems, for example, parents would receive a voucher that could be applied to the cost of education for their child at competing institutions (public or private), as an alternative to public school monopolies.

7.1.6 Volunteers provide contributed services otherwise performed by paid employees. These include community crime watch programs (in cooperation with local police

departments), teachers' aides who provide tutoring and individual assistance in many public schools, and community residents who volunteer services as individuals or through churches, and other non-profit service agencies. Frequently, such contributions are required to “leverage” a federal or state grant of appropriated funds. Though they would probably not consider themselves volunteers, inmates are often responsible for laundry, food service, and prison facilities maintenance.

7.1.7 Regulatory and tax incentives are typically used to encourage the private sector to perform functions that might otherwise be performed by public agencies with appropriated funds. These include zoning variances (for roads, parking, and waste disposal) granted to condominium associations. In return, the condominium association provides services normally performed by local government (security, waste disposal, and maintenance of common areas). This explains the increasing popularity of condominiums -- their lower unit cost often makes them the only available low- or moderate-cost housing available; and they are popular among builders and local planning officials because they increase the local tax base, yet shift the cost of providing city services to condominium residents.

7.2 Increasingly, public employers reduce costs and enhance flexibility by meeting minimal staffing requirements through career (civil service) employees, and by hiring other employees “at will” into temporary or part-time positions. These “temps” *usually* receive lower salaries and benefits than their career counterparts, and are *certainly* unprotected by due process entitlements or collective bargaining agreements. Conversely, where commitment and high skills are required on a temporary basis, employers may seek to save money or maintain flexibility by using contract or leased employees to positions exempt from civil service protection. While contracts may be routinely renewed with the approval of the employee and the employer, employees may also be discharged at will in the event of a personality conflict, a change in managerial objectives, or a budget shortfall. Managerial and technical employees hired into these types of contracts usually receive higher salaries and benefits than can be offered to even highly qualified civil service employees, and they enhance managerial flexibility to trim personnel costs quickly should this be necessary, without having to resort to the bureaucratic chaos precipitated by the exercise of civil service “bumping rights” during a layoff situation.

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Biographical Sketch

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