

**Civil Service Reform in Hong Kong: Issues and Problems**

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“No army can withstand an idea whose time has come.” That was how French poet Victor Hugo referred to the advent of the French Revolution. As we approach the end of the twentieth century, there is no country in the world whose citizens express general satisfaction with public bureaucracies and civil service systems. Hong Kong is no exception. The wave of public sector reform initiative in industrial democracies is powerful testimony to a pervasive feeling that something is “not right” with government and public institutions. The common refrain in the 1990s is reform and rejuvenation. Although Hong Kong is a relatively latecomer in the realm of civil service reform, the time for reform has indeed arrived.

According to Patricia Ingraham, a renowned American professor of public administration, most civil service reforms represent one of two reform traditions: the governance tradition that devotes a lot of attention to civil service as a mechanism for effective governability and political legitimacy, and the management tradition in which civil service is judged mainly in terms of efficiency and economic rationality. The significance of these different theoretical perspectives is profound for how we look at civil service reform. They cast civil service in dramatically different roles in society. They generate vastly different expectations for performance and measures of successful performance. Not surprisingly, they shape both problem definition and the choice of reform solutions in different and fundamentally different ways. At present, the stronger tradition is the management tradition.

The line of thinking behind the proposals outlined in the 27-page consultative document basically follows the management tradition. The main headings of the four main sections include entry and exit; pay and conditions; conduct and discipline; and performance management and training. Granted that there are some bold ideas in the document such as the abolishment of the permanent employment system; the introduction of contract terms for basic rank civil servants and the possibility of bringing in a performance-related pay system. To a large extent, the reforms represented attempts to address the more technical aspects of personnel administration and compensation. The Government purports to introduce more flexibility in recruiting personnel, in methods and levels of compensation, and in training and development of existing and future managers. Besides flexibility, simplification is also one of the key objectives. Its primary thrust has been the elimination of unnecessary paperwork, of superfluous rules and regulations, and of unnecessarily long periods of activities such as the disciplinary procedures. The technical reforms being put forward are closely to the managerialist influence - they are intended to make public sector management systems look more like those of private sector.

One glaring omission in the consultative report is the issue of improved responsiveness of public bureaucracies and civil servants to political officials and the general public. In the industrialized democracies, reforms in this category are essentially directed at limiting the policy role of the senior civil servants and injecting political direction more frequently and more intensively into public bureaucracies. Even in countries such as the United Kingdom with a long tradition of an apolitical and influential civil service, attempts have

been made to impose greater political control and to involve outsiders, generally private sector executives. I think Hong Kong can draw some useful lessons from the experience of the industrialized democracies. In the lexicon of public administration, this set of reforms is the relational reforms. This entails stronger government control of the public service by redistributing power between politicians and civil servants. The primary focus of such reforms is the senior civil service, or a similar group of higher civil servants. Such a group was created in the United States by the Civil Service Reform Act of 1978. Both Australia and New Zealand adopted Senior Executive Services in the 1980s. In these reforms, the civil servant “elite” - a small group of the most senior and expert civil servants - leaves behind many of the traditional protection of the civil service system to operate under terms of contract. One of the salient features of such model is the open recruitment system. They compete for rather substantial financial bonuses and their performance evaluations are often conducted by political ministers or executives. They are regarded as generalist managers and may therefore be moved about inside the agency or between agencies. Increased responsiveness to political direction is emphasized in these reforms. In the case of Hong Kong, the idea of the Senior Executive Services is worth further exploration considering the fact that we do not have a ministerial system. It is a pity that the consultative report did not touch on the issue of responsiveness and political accountability.

As far as the performance-related pay is concerned, the experience of Singapore can give some useful pointers for the Government. The Singaporean Government introduced a flexi-wage system on July 1, 1998. This system has four components:-

1. Basic Wage
2. Non-pensionable Variable Payment
3. Variable 13<sup>th</sup> month non-pensionable Annual Allowance
4. Mid-year and Year-end Variable Component

In times of poor economic performance, the last three components will be affected. However, the basic wage will be left untouched. Annual adjustment to the basic wage will be conservative while one-off special bonuses can be expected during good economic times. The move at wage reform is aimed at removing the rigidities inherent in the existing wage system. It makes the wage system more flexible and provides an adequate link between wages and economic growth and productivity gains. The flexi-wage system is a reflection of the public service response to future economic uncertainty. For senior civil servants, a performance bonus scheme was introduced in 1989 affecting about one percent of civil servants. Under this scheme, officers who perform well during the year can receive up to 3 months additional salary. The rationale for this scheme is the need to strengthen the link between performance and pay for senior officers. Performance-related payments will be progressively extended to other officers if there are significant gaps between their salaries and those in similar jobs in the private sector.

In carrying out a programme of broad-scope organizational and cultural change in the civil service, timing of course is of prime importance. The Government had chosen quite an opportune moment with public opinion firmly behind its reform initiative. But it is necessary to recognize the political and economic environment and their inevitable influence on reform longevity and outcome. Effective reforms can only succeed if it

recognize political and economic constraints. The government must be able to create and maintain a broad base of support not only among politicians and citizens, but among members of the civil service as well. Any reform endeavour which ignores these realities cannot and will not contribute to more effective governance.