



Report

Improving human resource management in development agencies

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Abstract

In an increasingly uncertain aid environment, many development agencies will need to adjust their internal management practices to improve the quality and impact of their programmes and policies. This paper focuses on human resource management (HRM) – the management of people working in these agencies. It argues for the modernisation of a range of HRM policies to ensure the organisational resiliency needed to cope with emergent challenges.

A number of measures are recommended as development agencies seek to improve their internal operational environments, including:

- establishing flexible staffing models to ensure the right staff is in place.
- developing robust collaboration mechanisms that make it easier for staff from different sectors and different organisational cultures to work together.
- creating incentives that work to retain targeted skills and to motivate staff in the direction of desired aid practice.
- designing performance management frameworks in ways that effectively connect staff output to developmental results.
- overcoming the challenge of attracting, retaining and rewarding quality staff while containing administrative costs.

The paper also makes the case for improving public access to organisational data on HRM to enable development agencies to learn from each other and compare their performance.

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Acronyms

ABC	Agencia de Cooperacao Brasileira
AFD	Agence Française Développement
AHRMIO	Association for Human Resources Management in International Organizations
AIIB	Asian Infrastructure and Investment Bank
AMEXID	Agencia Mexicana de Cooperacion Internacional para el Desarrollo
DAC	Development Assistance Committee
DFID	Department for International Development, United Kingdom
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ETC	Extended-term contract
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HRM	Human resource management
IATI	International Aid Transparency Initiative
IDB	Inter-American Development Bank
IDG	International Development Group, New Zealand
IFI	International financial institution
IMF	International Monetary Fund
IQC	Indefinite quantity contracts
JICA	Japan International Cooperation Agency
LGBT	Lesbian, gay, bisexual and transexual
MFAT	Ministry of Foreign Trade and Development, New Zealand
NGO	Non-governmental organisation
NORAD	Norwegian Agency for Development Cooperation
ODA	Official Development Assistance
ODF	Official Development Financing
OECD	Organisation for Economic Cooperation and Development
ONS	UK Office of National Statistics
PRP	Performance related pay
SDG	Sustainable Development Goals
Sida	Swedish International Development Cooperation Agency
UNDP	United Nations Development Programme
UNSCEB	United Nations System Chief Executives Board
UN Women	United Nations Entity for Equality and Empowerment of Women
USAID	United States Agency for International Development
WFP	World Food Programme

1. Introduction

The transformation taking place in international development assistance has prompted speculation about the future of aid and how development institutions will adjust to changing times (Fengler and Kharas, 2010; Kharas and Rogerson, 2012; Gavas et al., 2015; Gulrajani, 2015a, 2015b). To date, there has been limited focus on the internal management of development agencies as they seek to manage uncertainty and improve their impact. In particular, questions about how they should manage their own human resources, arguably the key driver of results and effectiveness, have been largely neglected.

This paper reflects on the human resource management (HRM) requirements of the new development assistance environment and points to future directions for research and policy-makers seeking to strengthen HRM practices inside development agencies. The term HRM is used in its conventional meaning to describe formal systems devised for managing people within an organisation. Broadly, this refers to staffing, compensation and benefits, and work definition and design – all the elements that enable employees to help an institution maximise its productivity (Gubman, 1996). Development policy has yet to take advantage of recent advances in the HRM field and of ideas from a wide literature on public management.

While we know that future aid agencies will need qualified, motivated staff to accomplish their development objectives, the path-dependent nature of institutional choices precludes one-size-fits-all prescriptions for the precise HR directions that individual organisations should pursue. Nonetheless, we draw attention to five HRM areas that we believe will be critical to the success of development organisations in the future. These include: 1) getting the *right staff in place* and mobilising a roster of appropriate capacities to carry out the new aid agenda in an increasingly competitive skills market; 2) developing *collaboration mechanisms* to make it easier for staff with different sectoral expertise to work together on joint tasks across organisational divides; 3) developing *targeted incentives* to motivate an increasingly heterogeneous aid work force; 4) designing *performance management*

approaches to link staff outputs to development results; and 5) ensuring prudent *workforce management* on an ongoing basis to ensure administrative efficiency in an era of heightened client and constituent scrutiny. The paper explores the ways in which development agencies must design innovative HRM strategies to achieve agile staffing, targeted incentives and collaborative approaches in order to ensure organisational resilience. To support this analysis, three data sources are used: 1) aggregate HRM data; 2) information on official HRM processes and systems for individual organisations;¹ 3) key informant interviews.

Finally, in conducting this research, it became clear that an important obstacle to strengthening HRM inside development organisations involves access to good quality data on human resource practices. Information on HRM in today's development agencies sits in a dark grey (if not entirely black) box, largely unseen, except by a limited group of HR specialists. There is no 'clearing house' for comparative information on aid agency HRM, and most of the work to enhance public access to aid information through wider aid transparency initiatives has ignored these HR elements.² Perhaps as result of this limited data, research on and understanding of HRM issues within development agencies is lacking. Our conclusion thus offers some propositions on the ways in which development institutions might begin to address the HRM challenges they face.

1.2 Why is HRM relevant for today's development agency?

The development landscape is an increasingly competitive place with new public, private and non-profit sources of official and non-official development assistance from both northern and southern providers. For the bilateral or multilateral development agency, consensus has grown around the prospect of a developmental future in which assistance providers will concentrate efforts on a common core of more narrowly delineated but interrelated tasks. This can include underwriting global

1. A number of sources were examined, including stand-alone agency and broader government web-based information, annual agency reports and supporting documents, along with academic, policy, and periodical literature for 35 development programmes and organisations.

2. A few transparency and accountability services do look at administrative efficiency in non-profit organisations more generally. This is one of the bases used not only by the International Aid Transparency Initiative (IATI, www.aidtransparency.net), for example, but also by organisations such as Charity Navigator (www.charitynavigator.org), which rates US tax exempt non-profit organisations. Personnel spending items tend to get buried in the larger administrative category, although executive pay is assessed in relation to programme expenditures. Nearly 600 organisations working in areas related to international development and humanitarian aid are reviewed. Mainly, though, HR data have remained below the aid transparency and accountability radar.

public goods; bolstering a delimited (largely African) set of fragile, conflict-affected recipient countries; and intervening in humanitarian crises in ways that build bridges to developmental programmes with longer-term impact. In some instances it appears the logistical, technical and political complexities of these future development challenges are carrying the agenda to a place far ‘beyond aid’, where both bilateral and multilateral programmes must rely on whole-of-government networks and global systems to get results. The pressure to demonstrate this impact has already ratcheted up significantly, and HRM requirements will need to adapt to satisfy this agenda.

HR policies for the future development agency must be designed to avert existing shortcomings and should also take note of the dramatic changes occurring in the broader practice of (private and public) HRM around the

world. Current development organisations may in fact be ‘behind the curve’ with regard to a range of cutting edge technologies and institutional innovations that have transformed the way people are managed in the global workplace. Catching up to advanced approaches could be a useful driver of future aid agency HRM strategy.

Finally, development agency HRM strategies could benefit from the experience accumulated by public management practitioners in both developing and advanced countries, often on behalf of aid agencies. Ironically, this practical knowledge has rarely been tapped for internal application within development organisations. Lessons learned on personnel management and organisational reform could help steer development agency policy-makers towards good practice – or at least direct them away from common pitfalls.

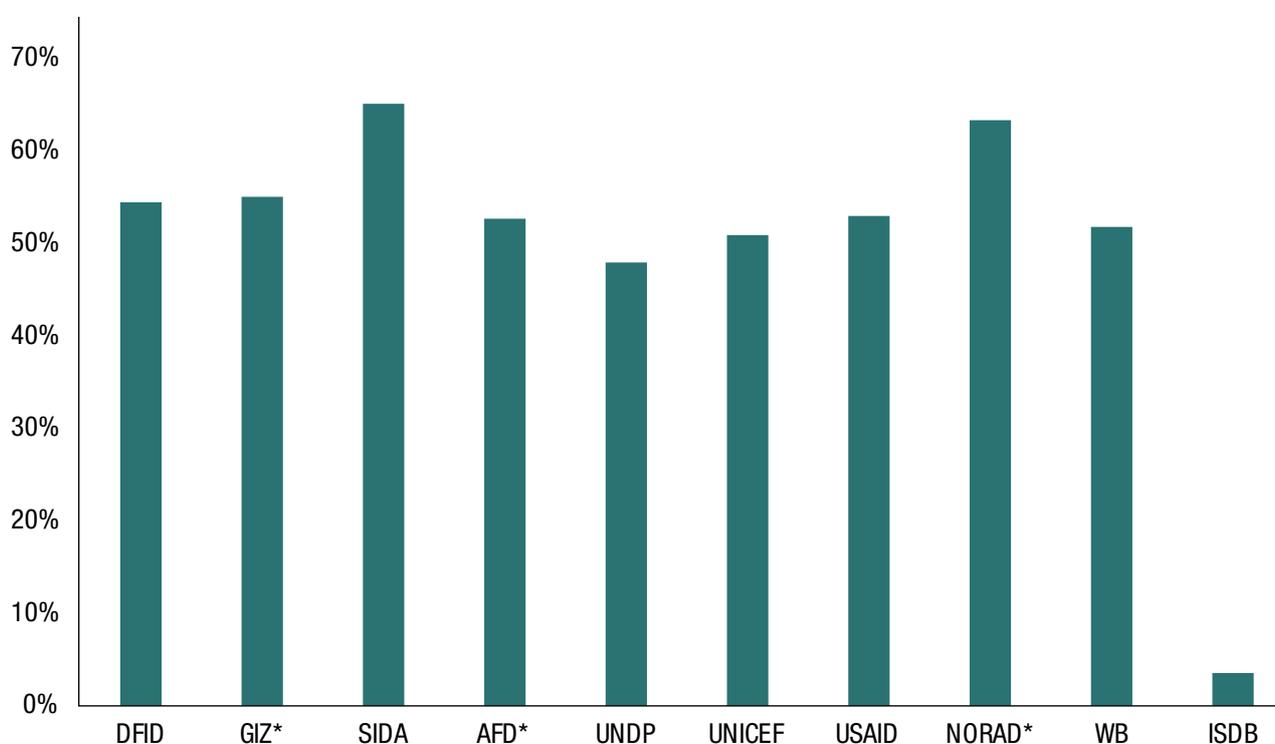
2. Getting the right staff in place

There is no simple, ‘best-fit’ staffing approach for the disparate aid institutions that inhabit the development assistance space. But agencies do confront some common challenges, namely, rapidly evolving tasks that are increasingly complex and inter-sectoral. Organisations that demonstrate greater agility and flexibility in assigning (and perhaps retooling and reallocating) staff skills to address emergent problems will likely prove more resilient in the fluid aid context. Agencies will require ‘institutional ambidexterity’ – the ability to simultaneously exploit existing capabilities while exploring completely new ones – which organisational theory associates with successful, enduring organisations (March, 1991). Two dimensions of such dexterity, staff diversity and flexible employment mechanisms, are discussed below.

2.1 Staff diversity

Studies of institutional ambidexterity posit that organisations that have greater diversity amongst staff tend to be more effective in managing internal change and in adapting to vicissitudes in their external environment (Junni et al., 2015). This research is also backed up by studies where both collective decision-making and bottom lines improved when women were included on private company boards (Konrad et al., 2008). A similar effect might be hypothesised for development agencies, with those that have more diverse personnel likely to prove more nimble at staffing to meet new areas of demand. Moreover, such heterogeneously staffed institutions could be less wedded to a single, ‘right’ way to operate, and

Figure 1: Female participation for selected development agencies (2015)



Notes: *Data from 2014.

Sources: UK Office of National Statistics (ONS) (2015); Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) (2014); Agence Française Développement (AFD) (2014); US Office of Personnel Management (2015); Statistics Norway (2015); World Bank (2015); United Nations Chief Executives Board (UNSCEB) (2016).

therefore be more open to the need for organisational re-engineering and staff restructuring.

Social background

Although transparency initiatives such as the International Aid Transparency Initiative (IATI) don't capture demographic data, such as gender, age, ethnicity or sexual preference, some individual agencies have begun to monitor their own diversity goals. The United Nations Entity for Gender Equality and Empowerment of Women (UN Women), created in 2010, has a remit to track the status of women inside the UN system, for example. Female participation at some UN agencies, along with that of other aid organisations, is shown in Figure 1, confirming relatively high female representation in the aggregate. The Swedish International Development Cooperation Agency (Sida) and the Norwegian Agency for Development Cooperation (NORAD) rank highest, with women comprising over 60% of agency staff. Even at the lower end, the United Nations Development Programme (UNDP) shows female participation at 47%.

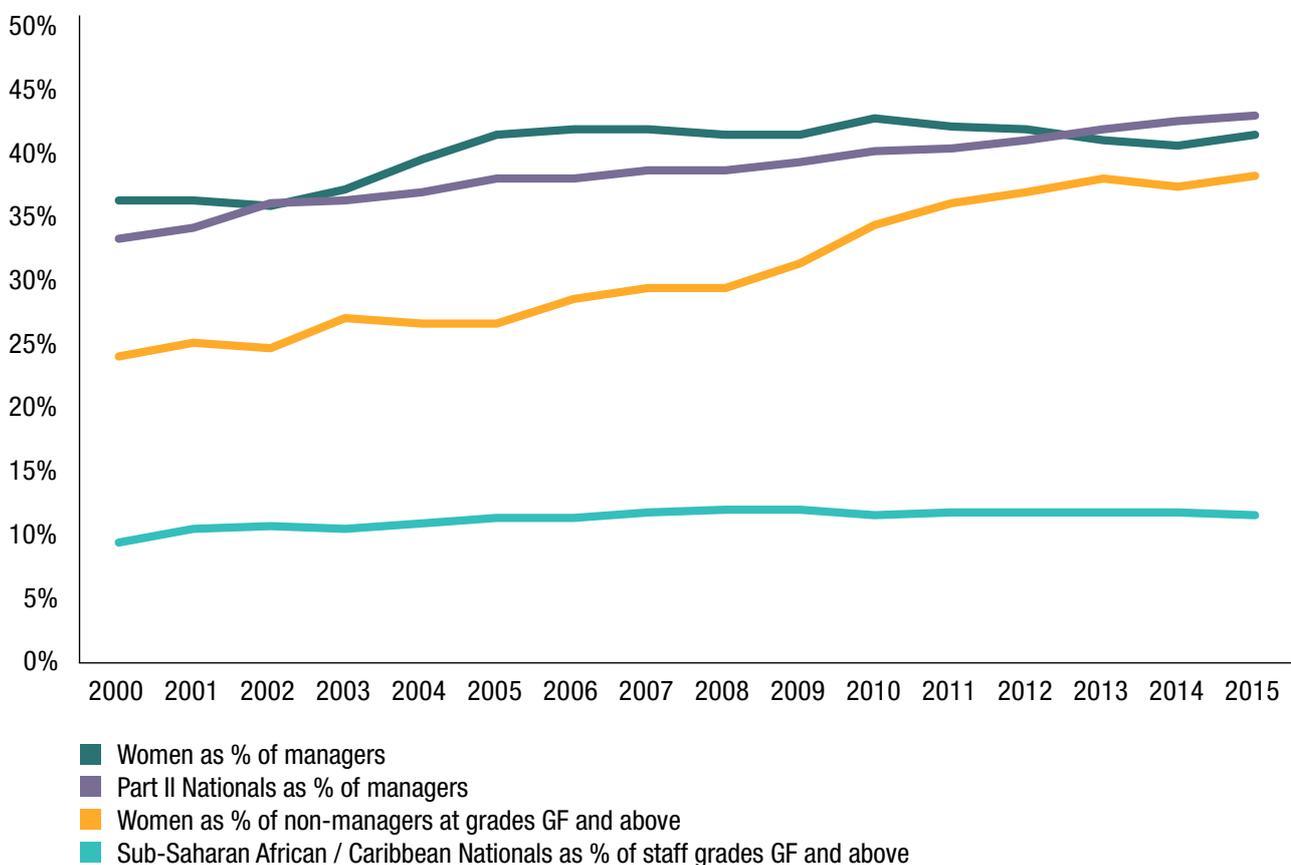
But the structure, not just the extent, of female participation is also an issue. Women comprise the bulk (60-70%) of lower ranks within the UNDP, the UK Department for International Development (DFID) and

the US Agency for International Development (USAID). But female representation falls to between 25% and 45% for higher professional levels in these agencies. Other aid organisations that have established explicit objectives to achieve gender balance also fall short. The World Bank failed to achieve its goal of 50% representation of women in higher level jobs by 2012 (Roach, 2010) – as of 2015, only 38% of managers and 43% of professional staff were female (World Bank, 2015) (see Figure 2). The European Bank for Reconstruction and Development's (EBRD) 'Strategy for the Promotion of Gender Equality' sets an aspirational target of 50% female membership in its Corporate Leadership Group by 2018.

Studies suggest that a 'glass ceiling' blocks female entry into roles at higher decision-making levels within donor organisations (Tiesson, 2004; Roth, 2015). The UK's broad civil service HR strategy – with direct implications for DFID – outlines explicit measures to break through such barriers, such as prohibiting all-male recruitment panels and candidate shortlists. There are concerns, however, about behaviours to 'work' the system, such as the inclusion of token female candidates who have no chance of being hired (Seabright, 2012).

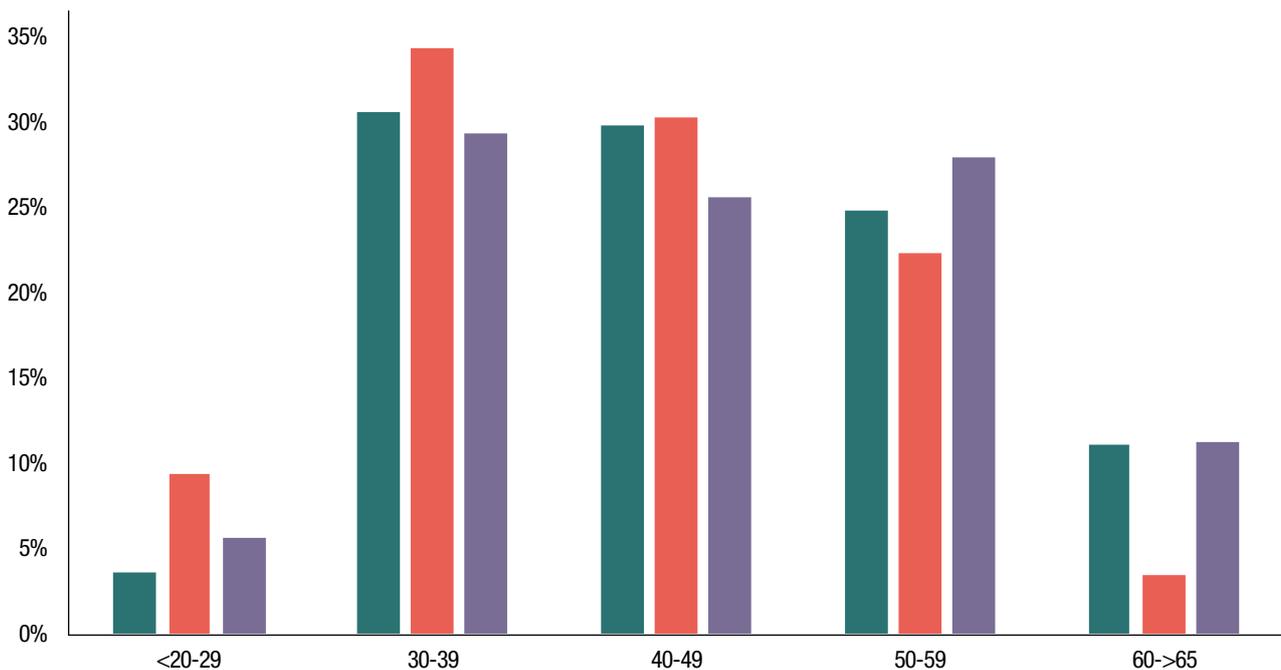
Some agencies face particular challenges in increasing internal gender equality. Women comprise only 3% of

Figure 2: World Bank diversity indicators, 2000-2015



Source: World Bank (2015).

Figure 3: Comparative age chart for selected agencies



Source: ONS (2015); US Office of Personnel Management (2015); Statistics Norway (2015).

Islamic Development Bank (ISDB) staff; these are largely employed in non-professional functions. Initiatives to attract female professionals from regional offices to the Bank's Jeddah headquarters are inhibited by prevailing restrictions on female liberties in Saudi Arabia, but it is hoped that parallel efforts by the Saudi government to raise its own female participation rates will enhance the ISDB's recruitment profile (pers. comm., ISDB officials).

There are also obstacles to promoting diversity across other social characteristics (see Figure 2). While the World Bank has made progress in putting more developing-country nationals in managerial positions (over 41% by 2015) and raising sub-Saharan African and Caribbean nationals to 12% of professional staff, inclusion of racial minorities from member countries has advanced more slowly. African-Americans account for only 0.04% of the Bank's professional-grade staff amongst US citizens. Remediation measures, such as launching a working group to increase the recruitment of US minorities and improve under-resourced monitoring exercises, have been ineffective at combating discriminatory practices that are deeply engrained in the Bank's institutional culture. The absence of robust accountability measures (class action litigation is impeded by the Bank's restrictive jurisprudence framework) also retards progress (Walden and Edwards, 2009; Roach, 2010; Simms, 2012).

Inclusion of other under-represented social categories, such as lesbian, gay, bisexual and transsexual (LGBT) staff, has also lagged in aid organisations. To address discrimination, the UK government has rolled out e-learning tools and targeted corporate talent schemes (such as the Civil Service Positive Action Pathway) to

root out unconscious bias and raise LGBT numbers, and it tracks the progress of those graduating from such schemes (UK Cabinet Office, 2015). Similarly, the EBRD's anonymous survey sought to uncover discriminatory behaviours related to sexual orientation or age, notwithstanding its mandatory age-65 retirement policy (EBRD, 2015).

Indeed, age also has implications for the future staffing and HR resilience of development organisations (see Figure 3). Younger (30+) cohorts dominate staffing at USAID, DFID and NORAD. In fact, DFID's personnel profile is younger, with more staff in their twenties and fewer over sixty. Whether the latter is by design, or is a function of different legal retirement frameworks for public sector workers, is not clear, however (Organisation for Economic Cooperation and Development (OECD), 2014; Wood et al., 2010).

Professional profiles

Diversity of professional skills and disciplinary background is also an important element in ensuring the adaptability and dexterity of organisations. Mulgan (2014) reports that teams with an eclectic mix of skills and a combination of 'insiders' and 'outsiders' to government were associated with more successful reform design and implementation across the public sector in different country settings. As aid agencies step up work on new and varied developmental challenges, it will be increasingly important to mobilise heterogeneous talent.

Professional diversity in aid agencies, however, has been limited in several respects. First, recruitment into some agencies has traditionally been confined to a select

set of feeder educational institutions. Elitist universities – particularly those in the Ivy League in North America, Oxbridge in the UK, the elite poly-technical universities and the National School of Administration in France, and Tokyo University in Japan – have channelled mandarins into both advanced country aid apparatuses and multilateral bodies, such as the World Bank (Miller-Adams, 2002; Phillips, 2012). Second, development organisations – and international institutions more generally – tend to recruit from a limited number of disciplines. Figure 4 shows disciplinary backgrounds for a small group of interviewed staff at the World Bank.

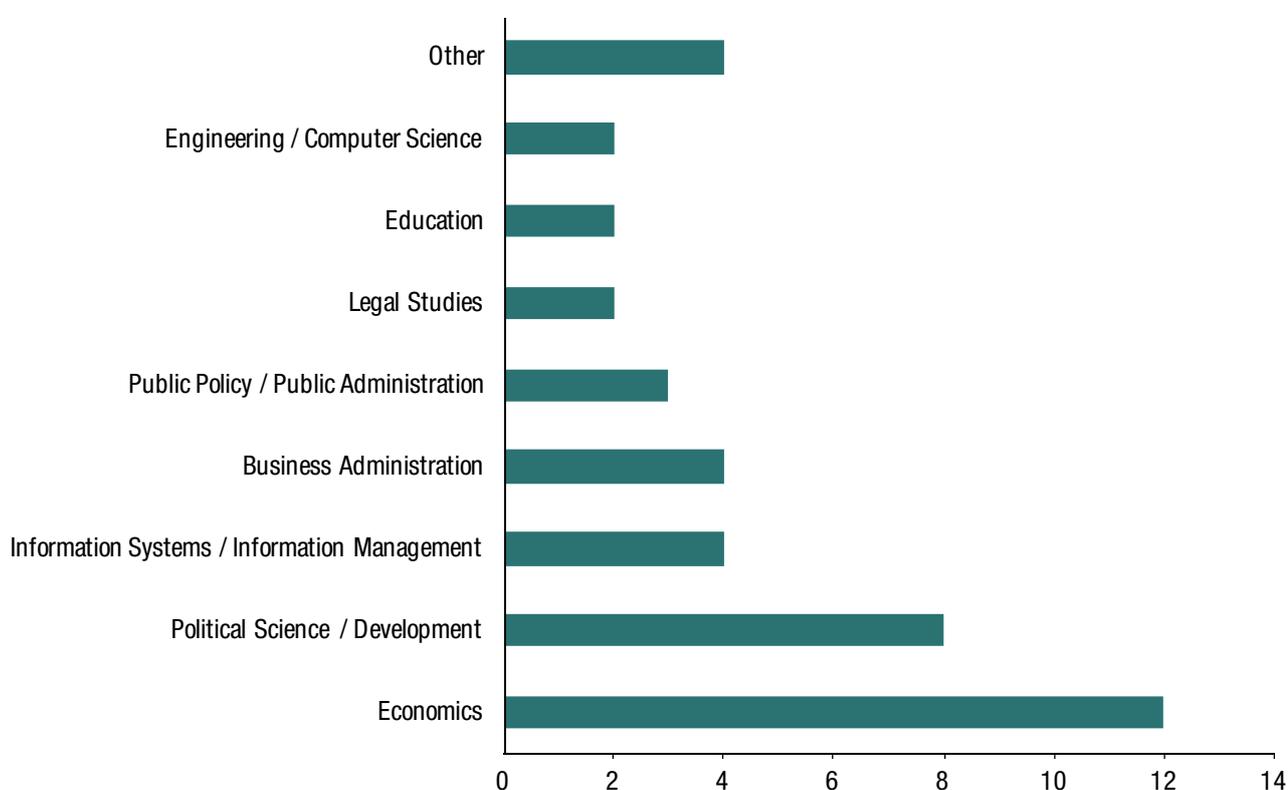
A preference for economics, followed by political science/development, is revealed for the World Bank. Comparative, time-series data are not available to indicate whether this profile has shifted to meet requirements of the organisation’s evolving agenda. But realistically, efforts to expand the pool of agency expertise are likely to be overwhelmed by historic disciplinary recruitment patterns (Clarke et al., 2014). This may simply reflect an inclination to recruit new staff who resemble existing personnel. This would be consistent with private firms’ behaviour, where ‘sociology of work’ studies find employers are predisposed to hire staff with social and intellectual background resembling their own (Smith, 2013; Shih, 2002). The persistence of informal networks in staff recruitment – even where public advertisement is the official norm – fuels this

tendency, as employers prefer recruits referred by trusted employees through tried and tested channels (Smith, 2013; Wadlinger and Lichter, 2003).

Social networks based on school ties and contacts-in-common often provide a foot in the door for consulting assignments, which have long served as a testing ground for longer-term recruits. In the multi-lateral development banks, internal short-listing committees frequently commend candidates who ‘have worked for us before’; i.e. they are a ‘safe pair of hands’ that merits recruitment into the institution (author’s observation).

Recruitment into long-term positions at the World Bank has frequently hinged on the degree to which new hires are seen as qualified not just for the specific position into which they are being employed, but also for any future position to which they may be rotated. This fungibility is associated in the minds of many bank managers and staff with economics skills, and many jobs carry titles of ‘economist’ even if they are primarily focused on sectors such as health or education. The hegemony of particular disciplines naturally tilts institutional preferences and policies. It may also produce particular bureaucratic dynamics, whereby less powerful groups resort to strategic measures to influence mainstream policy. For example, advocates of a more aggressive approach to human rights reportedly packaged their agenda in the quantitative terms

Figure 4: Professional profiles of selected staff at the World Bank



Note: n=26 – Subjects were mentioned more than once.

Source: Herz et al. (2008).

they thought would appeal to the dominant economist subculture of the World Bank (Sarfaty, 2009).

Generalists vs. specialists

Fungibility also factors into agency approaches to finding the optimal balance between generalist and technical staff (Luke, 2015). For example, the recent World Bank reorganisation that created ‘global practices’ was intended to shift the Bank towards a more specialised expertise model, where technical skills would better align with the substantive content of its programmes and, for the first time, signal high-reward, vertical career paths for technical experts. The UK has tried blending ‘professional cadres’ in key programme areas (e.g. governance, economics, health, etc.) with fast-track administrative generalists (Clarke et al., 2014). USAID, on the other hand, is run by generalists, with minimal in-house technical staff. Instead, specialists are procured through Indefinite Quantity Contracts (IQC) with so-called ‘beltway bandit’ firms (private companies in or near Washington, DC who supply consultancy services to the government). Some argue that farming out the substantive work has taken the generalist model to extremes, however, hollowing out of core skills and undermining its broader professional credibility (Trinh, 2008). Recognising the impossibility of a small agency recruiting highly technical specialists for each priority policy, HR strategists at Sida value generalist ‘facilitators’ or ‘connectors’ who are able to convene subject experts for organisational activities.³

Choices about generalist or specialist staffing models are especially salient for newly created development agencies that are under pressure to manage their HR strategically. Such agencies might decide to induct a core group of generalists in their early operational phase, contracting more specialised skills only on an as-needed basis, perhaps supplemented by secondees or twinning agreements with partner organisations. Alternatively, new agencies might focus on niche specialties. The EBRD got off to an ill-fated start under President Jacques Atali, who launched a broad recruitment programme that hired a wide range of skills, leaving the institution over-staffed during a long period of slow loan disbursements. Successor Jacques de Larosiere reduced staffing as well as the organisation’s overall remit. He instead concentrated programmes on fewer countries with an emphasis on investment banking specialisms rather than hiring across professional categories (Davies and Woodward, 2014).

China’s newly formed Asian Infrastructure and Investment Bank (AIIB) appears to have taken account of such lessons, having recruited a small cadre of high-level, seasoned finance and strategic managers, representing its

core participating countries. The Bank has sub-contracted a specialist business pipeline firm to bring in technical experts, as operations gear up (South China Morning Post, 2016). The Bank has also committed to a three-monthly review of staffing needs to maintain alignment with the pace of its operational activities (Ravelo, 2015; Santos, 2015).

2.2 Flexibility

Another requirement for aid agency HRM resilience is staffing flexibility. This might be achieved by choosing less rigid contractual models to procure skills, or through mechanisms that bolster gaps and weaknesses in in-house expertise over the short or longer term. Here, we consider some options with which current development agencies are experimenting.

a) Flexible contracting

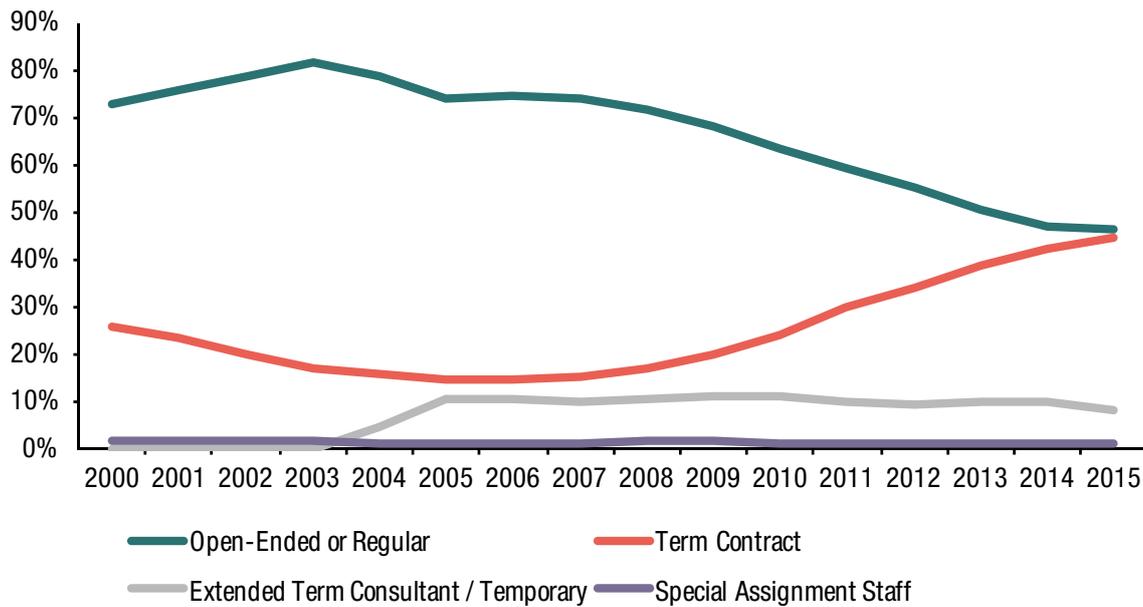
One common approach is to use **contracts** to manage the mix of permanent or temporary staff. Most development agencies have traditionally hired staff on the basis of long-term Weberian civil service arrangements, with the presumption of career employment from induction to retirement (Gerth and Mills, 1946). The use of temporary staff gives aid organisations the capacity to procure new skills quickly, redeploying staff at will, without the financial and administrative burden of longer-term employment, such as pension benefits.

Agencies have been tinkering with this model, shifting the balance away from permanent status towards fixed-term appointments and/or demand-driven consultancies. Where 72% of World Bank staff were employed on open-ended contracts in 2000, for example, fewer than 50% held this ‘permanent’ status by 2015, when the majority of staff were either on fixed-term appointments or were contracted as long-term consultants on ‘extended-term contracts’ (ETCs) that were temporary and non-renewable (Figure 5).

Contingent or ‘flexible’ workforces are increasing worldwide and have been a central pillar of HRM in the context of organisational rightsizing and the outsourcing of selected government functions (Pollert, 1991). Organisations have often adopted a blended model, with a stable core workforce employed alongside a set of peripheral workers brought in on less secure, shorter-term contracts. The flexible component has grown proportionally, with both low- as well as high-skilled, experienced workers employed on this basis (Marler et al., 2002).

3. Personal communication with Sida officials.

Figure 5: Percentage of World Bank staff by contract type



Source: World Bank (2015).

Lifetime employment arrangements have received their share of criticism from New Public Management proponents, among others (Diefenbach, 2009).⁴ But the alternative reliance on contingent staff poses its own challenges to aid agencies, potentially resulting in discontinuity of institutional knowledge and erosion of in-house expertise, along with inadequate socialisation of temporary staff into organisational values and culture. Some research suggests that even consultants' skills may erode over time in this more temporary work model, as organisations are reluctant to invest training resources in non-permanent personnel (Mallon and Dubberly, 2006). Robust team building may also be limited in this personnel model, as inequities between core staff and temporary personnel may generate resentment and conflict.

This 'gig' employment model may, however, reflect individual worker preferences for a better work-life balance and greater autonomy afforded by contractual work (Brunet et al., 2014). In these arrangements, mutual expectations of commitment between bosses and employees are lowered (Kanter, 1993), emphasising 'psychological contracts' that are more transactional than relational (Mallon and Duberley, 2006). Although freelancers have, until recently, operated beneath the radar of organised representation (Milkman and Ott, 2014), unease with their status is growing.

International development agencies adopt different, sometimes contradictory, HR approaches even within single organisations. For example, the World Bank's increasing reliance on fixed-term rather than open-ended

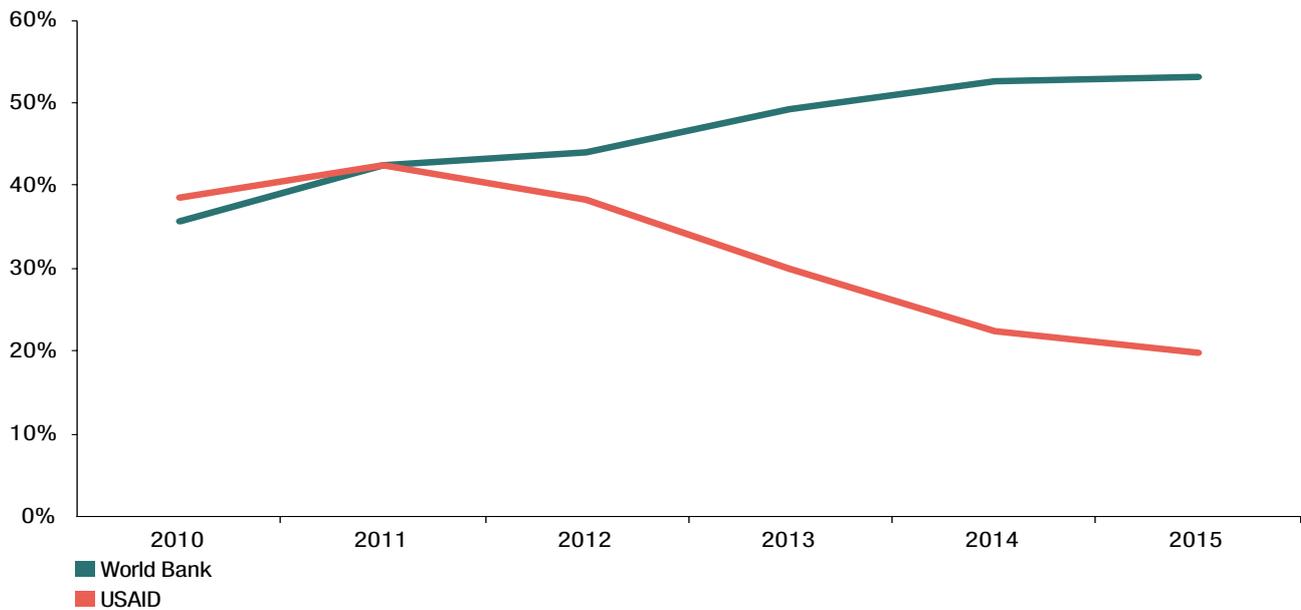
staff represented a shift towards a more flexible personnel policy. But a subsequent decision eliminated another flexible HR instrument, namely extended-term contracts for long-term consultancies. The decision was driven by concerns about ETC administrative costs but also by the desire to eliminate what had long been viewed as a 'second-class' employment cohort. Still, such ETC consultants had offered a nimble way for managers to staff up new tasks, often with junior personnel 'auditioning' for longer-term appointments. The removal of this talent pool, combined with enforced short-term consultant contract limits of 150 days, has reportedly placed pressure on the organization to deliver results with fewer human resource capabilities.

USAID has also been working to fine-tune its employment model. It has reduced the proportion of temporary staff within the organisation from about 40% in 2011 to 20% in 2015 (Figure 6).

The ISDB is also grappling to find the right balance of regular and non-regular hires, as it refines its HR strategy to meet future development challenges. A large component of Bank employment (between 20% and 30%) is contracted personnel providing a range of skilled and semi-skilled services, mainly through third-party firms. Many of these contracted employees are expatriates who relocated to Jeddah decades earlier, reinforcing a sense of entitlement to the full set of privileges and benefits associated with regular Bank employment status. HR strategists have concerns about the potential costs of a wholesale regularisation of these consultants, as well as

4. The tenets and associated practices of the 'New Public Management' and 'New Managerialism' that have swept through advanced and eventually middle-income government administrations in the last several decades have challenged the bureaucratic models typical of 19th and 20th century public administrations, introducing market-based, performance orientated approaches to HRM.

Figure 6: Percentage of temporary staff for World Bank and USAID (2010-2015)



Source: World Bank (2015).

the misalignment of their skills with the Bank's strategic priorities going forward.⁵

Some start-up agencies have sought to avoid risky commitments to open-ended personnel hires before establishing requisite institutional and financial footing. For example, Brazil's relatively new development agency Agencia de Cooperacao Brasileira (ABC) had a restrained start, embedded with a limited degree of autonomy in Itamaraty, the Foreign Ministry. With a handful of seconded diplomats, its staff are largely contracted, and many of its activities borrow experts from line ministries across government. The result has been a project-focused agency with limited strategic or programmatic orientation. As it happens, with the downturn in Brazil's economic fortunes and ongoing national political upheaval, ABC's staffing flexibility may have been wisely prescient (Burgess, 2014).

Similarly, Mexico's Agencia Mexicana de Cooperacion Internacional para el Desarrollo (AMEXID) operates under the tutelage of the Ministry of Foreign Affairs with a relatively lean staff of 250, 70% of whom are civil servants. While the agency is constitutionally established, its funding relies on national legislative allocations. Access to a network of around 200 experts employed by other government entities has proven cost-effective in its initial phase of operations.⁶

b) Targeted recruitment

Targeted recruitment can supplement skill gaps and offers another potential source of institutional ambidexterity for development agencies.

Secondments of experts from partner institutions and/or private firms are widely used across aid organisations. In principle, this mechanism enables agencies to bring skills on board on a flexible, preliminary basis for specific tasks or to initiate new programmes. As such, secondments could assume greater importance in the new aid era, as development organisations are charged with carrying out activities in uncharted areas, increasingly in partnership with other entities.

Secondment could also be a particular boon to new agencies commencing their operational engagement; in practice it may not offer a completely seamless vehicle of staffing supplementation however. AMEXID staff noted difficulties experienced by seconded experts from the UK and the US in adjusting to the Mexican national and institutional context, for example. While their advice was valued secondees were often marginal to core operational decisions, and were thus a complement to, not a substitute for, local staffing.

One mechanism to offset skill erosion is the use of senior consulting expertise and, for some tasks that require internal institutional knowledge, the use of retired agency staff on a consulting and/or voluntary advisory basis. As Figure 3 suggests above, the age structure of some organisations is skewed towards younger staff, which

5. Communications with ISDB officials.

6. Communications with AMEXID officials.

has potentially adverse effects on internal expertise. The brain drain is particularly acute for professionals at the upper end of mid-career, creating a ‘missing middle’ of experienced senior staff.

To overcome such skills erosion, the EBRD recently launched a staff alumni network to facilitate linkages with private and public partners in its client countries. With an early mandatory retirement age (62), World Bank retirees had historically been engaged as consultants, providing continuity and sometimes unique technical expertise. With the rise in mandatory retirement to 67, recent Bank administrations sought to reverse this practice in an effort to reduce consulting costs, as well as to close what had been critiqued as a lucrative revolving door of permanent consultancies by former Bank staff. HR policies now discourage recruitment of retirees for short-term consulting.

Another mechanism to replenish internal skills is **horizontal recruitment** at high professional and managerial levels, as New Public Management models have tended to prescribe. This makes sense in an environment where old skills have become irrelevant and no external sources provide a new talent pool. But research (mainly on the private sector) suggests results from horizontal recruitment at senior levels can be disappointing. External hires are paid more but perform worse compared with those who rise through internal ranks (Bidwell, 2011), indicating how

pivotal familiarity with institutional networks may be to job success (Groysberg, 2010).

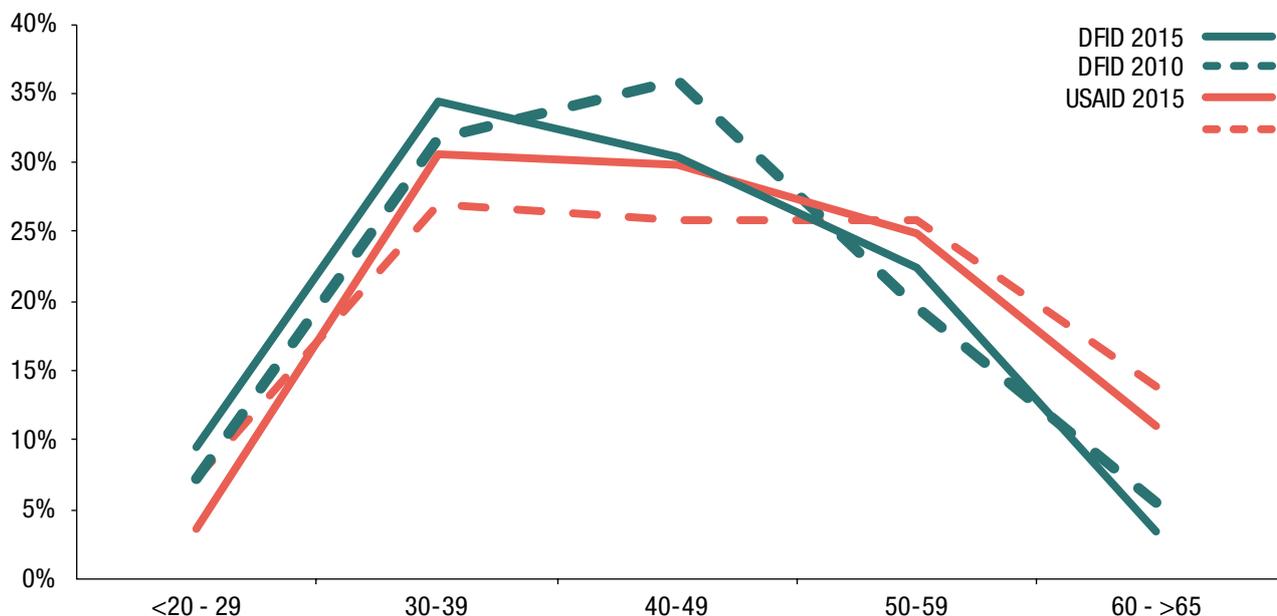
Aid agencies have frequently brought in senior hires to run departments or, in the context of reorganisations, have sought to place externally recognised leaders in high-level posts. Systematic analysis of how well such external appointees fare – and how long they last – has yet to be performed. An alternative HR strategy is to consider strengthening programmes to nurture and promote staff from within, given the costs and risks associated with horizontal recruitment of external talent (Adams, 2012).

c) Deployments

Choices about how to deploy staff are also on development agencies’ HR agenda. This may be about shifting personnel from headquarters to field-based country postings, the reconfiguration of development-related staff in the context of whole-of-government reforms, or the rebalancing of staff among different functional assignments.

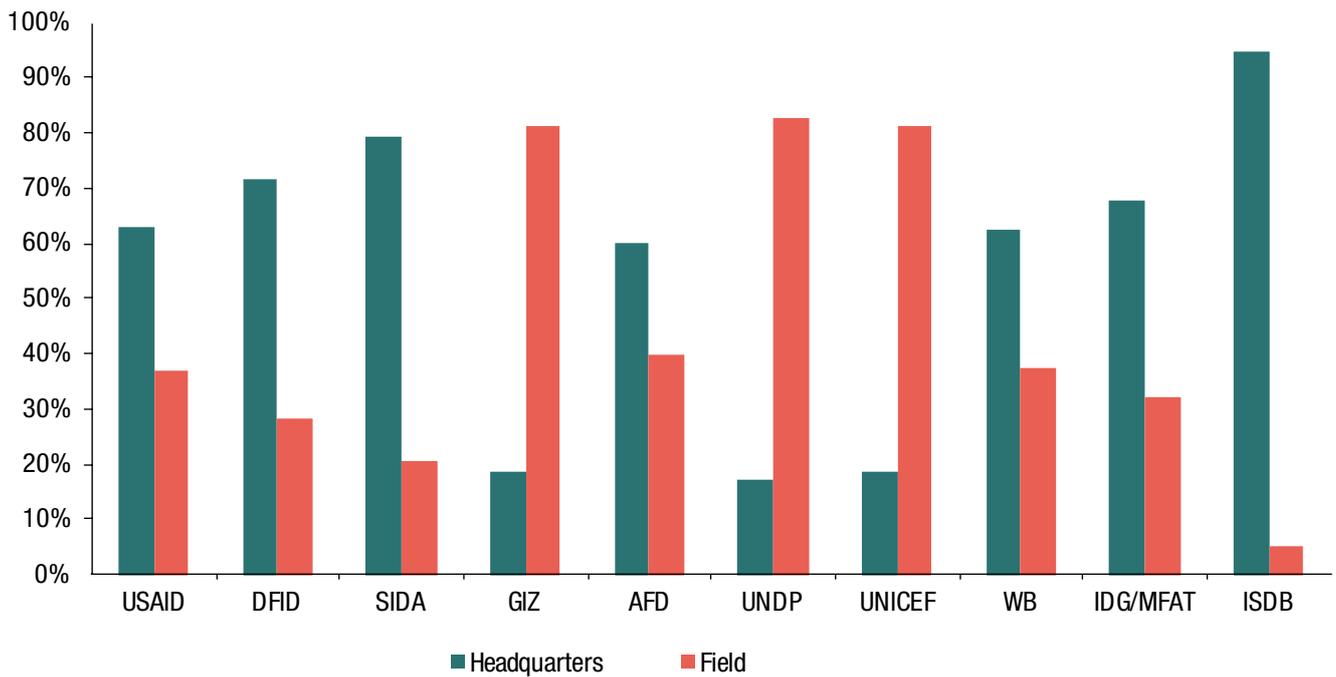
An important feature of development agency staff deployment which could intensify in future years is the **decentralisation** of employees to field postings. Figure 8 shows relative staffing allocations between decentralised offices and headquarters for selected agencies, with the proportion of field-based personnel ranging from under 20% for Sida to over 80% for the UN agencies and for GIZ.

Figure 7: Comparative age cohorts for DFID and USAID (2010 and 2015)



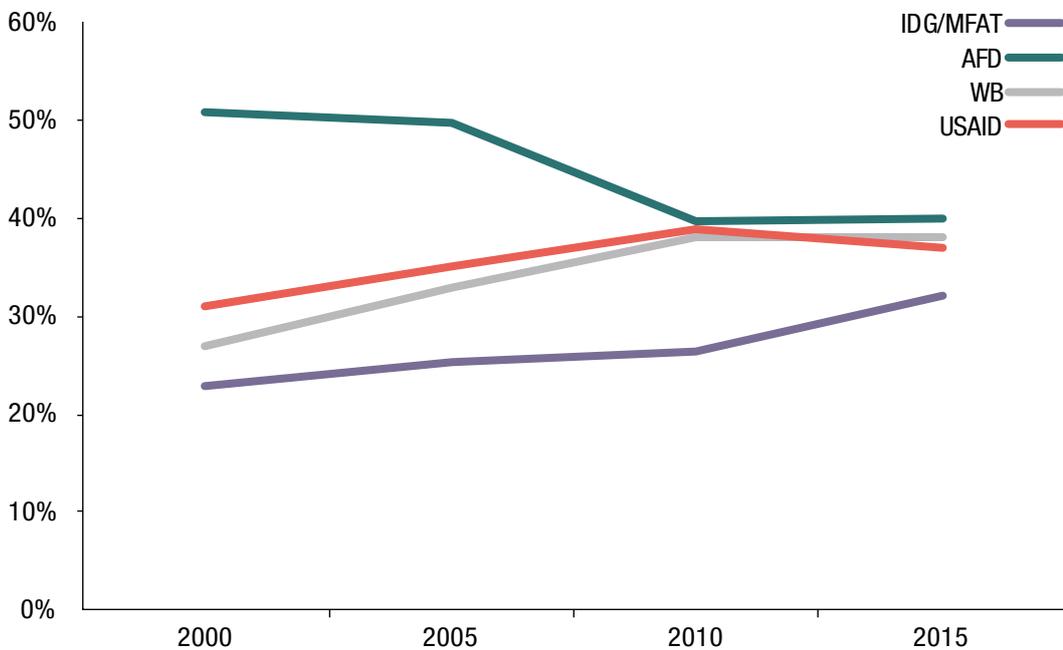
Source: ONS (2015); US Office of Personnel Management (2015).

Figure 8: Field vs. headquarters staff as percentage of total employees (2015)



Source: ONS (2015); GIZ (2014); AFD (2014); SIDA (2015); UNSCEB (2016 and 2015); US Office of Personnel Management (2015); Statistics Norway (2015); World Bank (2015); OECD (2015).

Figure 9: Percentage of total staff allocated to country duty stations for selected agencies over time (2000 – 2015)



Sources: OECD (2015); US Office of Personnel Management (various dates); AFD (various dates); World Bank (2015).

A dynamic view of the staff decentralisation process over time can be seen in Figure 9, which shows the redeployment of personnel from headquarters to field offices for selected agencies. The World Bank decentralised substantially between 2000 and 2015, with country-office staff rising from 24% to 33% of total staff (World Bank, 2015). New Zealand's development cooperation staff also became increasingly field-based during the 2001-2015 period, shifting from just under 23% to 32% of total staff. This field-based presence was held intact even as the country's dedicated International Development Group (IDG) was folded into the Ministry of Foreign Affairs and Trade (MFAT) in a whole-of-government reconfiguration, and overall aid-related staffing was reduced by 18% with cuts felt most acutely in Wellington (OECD, 2015).

Questions about how staffing for development functions is affected by the **parent ministries absorbing dedicated development agencies** are important, given the number of bilateral programmes that have already moved in this direction. There is likely an impact both on overall personnel numbers (i.e. full-time-equivalent counts) as well as on skills and staffing profiles. Folding the IDG into MFAT in New Zealand resulted in a turnover within the IDG of 50% between 2010 and 2013, allowing for the recruitment (despite a government-wide hiring cap)

of specialist skills to match policy priorities. But this dramatic turnover also resulted in a loss of continuity and institutional memory that adversely affected some partners (OECD, 2015). There is some indication that development skills are now being prioritised for diplomatic staff assigned to high commission postings such as Kiribati and Samoa.

How agencies deploy staff **across types of organisational function** is also an ongoing HRM issue. Data permitting, it would be useful to analyse agency staffing allocations between operational (line) functions and supportive (staff) functions. For example, the ISDB estimates around 45% of its personnel work in client-facing jobs, and its HR strategy seeks to increase this to 60% in ten years. Agencies operating in different social contexts or with different skill profiles may vary with regard to functional deployment, but it may still be useful to compare their arrangements with benchmarks from other aid organisations, so that reforming agencies can make informed decisions about their optimal mix of staff and functions. For example, at 2:1.1, ISDB's ratio of support to professional staff reflects levels of technology and cultural preferences, but falls way below the World Bank's 4:1 benchmark. The ISDB's HR strategy aspires to a 2:0.6 ratio, an incremental but deliberate improvement.

3. Working across silos

Future HR strategies will need to identify ways to enable disparate personnel within and across aid organisations to work as an effective collective on a range of new – or newly combined – tasks on the development agenda. A familiar lament about organisations in general – and aid organisations in particular – is that they operate through bureaucratic silos that insulate staff and impede cross-thematic collaboration. This concern has deepened, as joint efforts to tackle development problems that transcend traditional aid units become commonplace. For example, finding ways to reduce isolation among organizational silos was the focus of a recent World Economic Forum panel with regard to global water resource policy. According to one speaker, there were no fewer than 16 different UN units with water-related remits, with little communication among them (Brabeck-Letmathe, 2014). World Bank President Jim Kim vowed to ‘literally force’ integration of the Bank’s expertise, breaking down inefficient bureaucratic divides through the creation of global practice groups (Jim Kim, cited in Talley, 2013).

The fragmentation of aid organisations resonates for public administration scholars, who have long advocated destroying the silos that separate staff within and among government institutions (Kettl, 2003). But remediation strategies have too often focused on the superficial restructuring of the organogram to achieve better coordination. In fact, the barriers to collaboration may stem from deeper cleavages among organisational cultures, namely, the competing values that drive staff behaviour and affect the way institutions operate (March and Simon, 1958).

Theorists posit various ways in which **organisational cultures** differ; some are more hierarchical, others more intimate and familial. Institutions may be driven by strong internal mission values or by external market signals (Quinn and Rohrbaugh, 1983; Ban, 1995). Within these overarching cultural constructs, there are further social dynamics among individual actors that shape staff and managerial interactions to produce distinctive collective decision-making styles, with important consequences for policy outcomes (Vaughan, 1986). Efforts to improve collaboration across and beyond development agencies need to enable different organisational cultures and sub-cultures to co-exist, at least for limited periods of time.

HRM strategists in Sida are trying learn from recent experience to tackle this problem. When Sida launched its loan guarantee programme several years ago, a new unit was created with 20 private banking sector recruits with no

prior development background. The unit was isolated from mainstream Sida staff, interacting only on an intermittent basis around specific transactions. The culture of the development generalists and the values of the private sector guarantee specialists clashed until, after years of joint work, mainstream agency staff were finally persuaded that private sector approaches were intended to complement rather than supplant their ‘developmentalist’ culture. HR strategists believed the collaboration might have gone more smoothly, had guarantee specialists been integrated into mainstream teams from the start. Sida’s high-level HR group is now looking at ways to avert this friction by creating multidisciplinary, multicultural groups as part of an agency-wide overhaul of staffing competencies.

Other efforts to bridge organisational cultural divides and foster collaboration also offer insights. The European Commission’s (EC) effective ‘socialisation’ of prospective Eastern European staff into the organisation started well before these new member state personnel were even hired, as they learned about EC values during the application and interview process. This gradual, anticipatory process was beneficial to both accession-country recruits and existing EC staff (Ban, 2013).

Research on efforts to bridge organisational divides point to other determinants of successful collaboration. Roberts (2010, 2011) shows how informal (on-and off-line) **communities of practice** facilitated constructive collaboration between military and civilian relief personnel after the Haiti earthquake, signalling a way out of the ‘silos and smokestacks’ that usually divide these two cultures. Others stress the **relational aspects**, such as individual personality traits and prior training of collaborators, in determining how well partners get along (Waugh, 2013). May and Winter (2007) found that **leadership styles** that produced higher levels of trust across collaborating organisations achieved better policy outcomes in partnerships established between Danish governmental and non-governmental employment service organisations.

Even when conflict occurs in collaborations, disagreements can be successfully managed. Van Slyke (2009) notes that **duration of contract** matters; the longer-lived the association, the higher the degree of mutual trust, so conflicts are more likely to get resolved through dialogue and informal dispute mechanisms. But formal mechanisms - including **rules about participation and deliberation** processes - can also mitigate conflict in collaborative relationships (O’Leary and Vij, 2012). In general, though, collaborations work best when partners

are explicitly selected ex ante on the basis of their **shared programmatic goals** rather than thrown together by circumstance (Graddy and Chen, 2009).

Some of the more successful collaborative experiences have involved work that has engaged **teams** comprised of both public and private participants, where eclectic groups come together to address public policy problems using a mix of market and governmental solutions (Koppell, 2010). This thinking underpinned the innovative practice of ‘i-teams’ in the public sectors of a set of advanced and middle income countries. The experience of 20 teams of innovation ‘enablers’ documents the ways in which small groups work collaboratively across and outside government to introduce creative, often experimental, practices using design and communications approaches more commonly associated with the private sector (Puttick et al., 2014).

In the development sphere, the Asia Foundation launched a similar effort with Innovation and Collaboration for Development (In.CoDe) in Indonesia. Intended as a ‘Tinder-for-development’ approach, this initiative matched individuals and groups (Thornley, 2016). Time-bound teams were convened to work on specific issues (for example, a mobile phone app to facilitate the collection of rubbish or a web-based tool to promote transparency in village governance). But the objective was also to foster longer-term relationships among groups that might not have partnered without such facilitation. Similar ‘pop-up’ efforts leveraging volunteers, non-governmental

organisations (NGOs), and international organisation staff through smart technologies were mobilised for crisis interventions such as the West African Ebola outbreak and earthquake relief in Chile (Rotich, 2015).

Successful collaboration experiences also point to the dynamism of human resource approaches being incubated in both private and public settings, potentially offering ideas for the way aid organisations could work in future. One evident trend is the emphasis placed on work *teams’* social dynamics, utilising granular data on work habits and ‘office quirks’ to analyse those personal behaviours and interactions that distinguish productive and creative collaborations from less effective ones. This departs from conventional HRM approaches that seek to improve *individual* worker behaviour, i.e. employee performance optimisation. From this newer, group-oriented perspective, modern work is likely to be more team based. The HR policies needed to achieve institutional results will thus be those that target not only how people work, but more importantly, how they work together (Duhigg, 2016).

Beyond cultural integration, more **durable HR frameworks** that allow for ongoing collaborations among types of professionals who haven’t traditionally worked together are also needed. Such frameworks are urgently required at the intersection of humanitarian and development assistance, where the failure to mobilise teams with appropriate expertise in a timely manner has impeded effective disaster relief, for example. Sorting out the short- and long-term priorities has been one problem.

Box 1: Linking humanitarian and development actors

Humanitarian agencies have customarily relied on standby human resource mechanisms such as technician or volunteer roster lists or short-term transfers to address immediate crisis requirements. But such HR instruments have found to be lacking as crises proliferate and increasingly take on longer-term developmental dimensions. The search is on for particular combinations of capacities, such as logistical and strategic expertise, that can not only oversee immediate relief efforts but also take account of broader aspects of sustained development programmes (Pettit and Beresford, 2009).

Blended teams can address the converging humanitarian and development agenda, prompting the call for a new cross-over cadre of aid staff. But present institutional structures may stand in the way. Bennett (2015) and others (OECD, 2014) report, for example, that UK government efforts to form appropriately staffed groups to work together on country disasters were stymied by HRM practices that discourage personnel from coordinating across functions and departments. Promotion policies in DFID have tended to emphasise sectoral and/or geographic expertise, dissuading staff from seeking riskier career opportunities that might involve cross-functional activities or from accepting job transfers between departments or even signing up for temporary skills development across functions. Staff are inclined to keep choosing well-worn career paths that promote narrow specialisations and single-track expertise. Performance appraisal criteria and promotion tracks reinforce these tendencies, further undermining hopes of creating a corps of staff who combine humanitarian and development skills in sufficient numbers to address the problem (Bennett, 2015).

4. Creating the right incentives

The complex, competitive and resource-constrained environment in which development agencies increasingly operate requires them to think strategically about how to design incentives and target rewards to attract, re-train and motivate staff in ways that elicit good performance. One of the central challenges for development agencies is how to reward a variety of staff in ways that both acknowledge their distinct preferences but also fully compensate their role as part of a larger, integrated human resource system. This question takes on particular importance as staff across professional areas, organisations, and geographical locations increasingly work together over longer timeframes.

Research has focused on distinctions between particular kinds of motivating incentives. **Extrinsic motivation**, driven by external incentives such as financial rewards, is considered the dominant driver for private sector workers (Mottaz, 1985), whereas **intrinsic motivation**, triggered by enjoyment of the task itself, motivates public or non-profit workers (Hasnain et al., 2012; Perry and Wise, 1990). Public sector employees are thought to display ‘public service motivation’ that is ‘**pro-social**’ in nature and emphasises serving the public good (Esteve et al., 2015; Perry, 1996; Perry et al., 2009; Pederson, 2015; Ritz et al., 2016).⁷

Finding ways to carefully target particular workers inside development organisations with the right mix of intrinsic and extrinsic rewards may already be happening informally in the aid community. Though systematic analysis would be needed on cross-agency data on compensation, we can assume that some types of aid workers, such as those providing humanitarian services through Mercy Corps or Doctors without Borders might respond more strongly to intrinsic rewards than, for

example, financial analysts working in the Finance Sector Group of the Asian Development Bank.

Indeed, within broadly multi-sectoral donor organisations such as the international financial institutions (IFIs), different professional groups are in fact compensated differentially, according to specific ‘market reference points’ that are largely determined by remuneration levels offered by alternative employer markets for specific skill sets. In part, these reference points are just about the broader labour market for particular skills. But the degree to which some groups may be easier to attract with lower remuneration than others could also reflect their own relative preference for intrinsic rather than extrinsic rewards.⁸

Development agencies might take on board some of the ideas on targeting rewards to recruitment and staff assignment. For example, the survey techniques widely used to measure public service motivation to ‘test’ for pro-social responses could be applied to potential recruits (Kelman, 2015). Cohort effects on public service motivation could inform team assignments, particularly in collaborative, cross-sectoral initiatives. And designing opportunities for aid personnel to connect directly with programme beneficiaries could, among other things, enhance pro-social motivation for donor staff.

Extrinsic (i.e. financial) incentives provided to development organisation staff are dominant factors in future agency HR strategies, particularly as global competition for skills intensifies. One challenge is to get an accurate picture of agency **salary comparisons**. World Bank managers complain they are losing staff and potential recruits to competing multilateral development banks, such as the IDB, for example, but externally accessible data aren’t available to confirm this widely held anecdotal conviction.

7. Even within the public sector, public service motivation and pro-social drivers may differ. US ‘millennials’ are more extrinsically oriented than ‘boomers’, for example (Twenge et al., 2013). Health workers and teachers tend to be more pro-social than finance experts; tenured staff display higher levels of public service motivation than contracted workers (Grund and Thommes, 2015). Public service motivation can be enhanced by association with a cohort that shares pro-social values (Esteve et al., 2015; Vogel and Kroll, 2013). And early ‘pro-social’ experiences (such as volunteering in the US Americorp programme, a domestic version of the Peacecorp) predispose participants toward public service for life (Ward, 2013). The design of compensation packages themselves can affect workers’ response to extrinsic and intrinsic incentives (Benabou and Tirole, 2003). When ‘pro-social’ Italian public sector health workers were exposed to competitive extrinsic rewards as part of their remuneration, their ‘intrinsic’ public service motivation actually declined (Bellé, 2007). But the intrinsic motivation of these same public health employees rose when they were directly exposed to the beneficiaries of their services (Bellé, 2012).

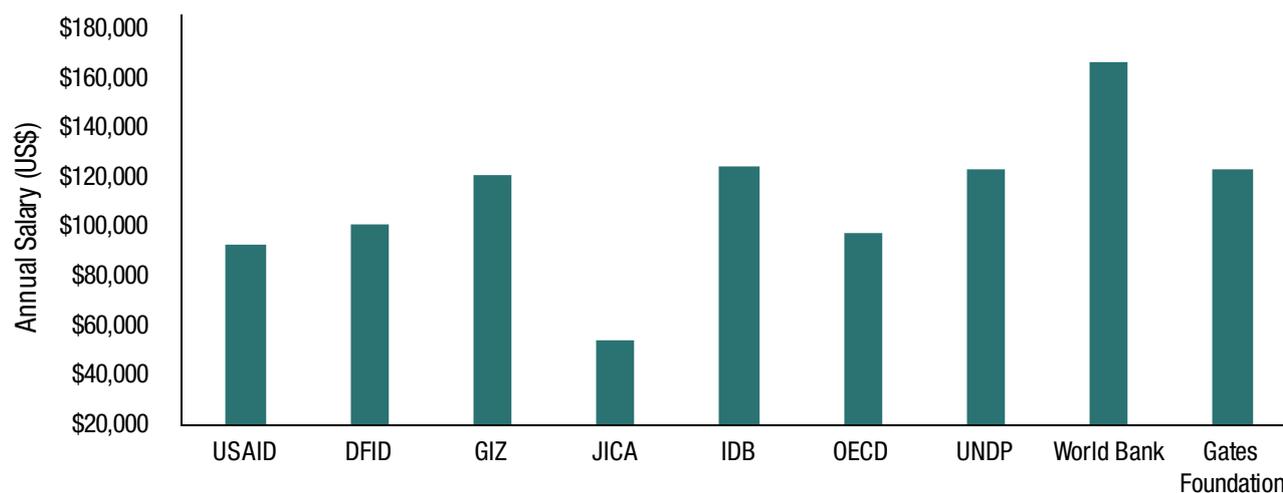
8. Personal communication with World Bank, International Monetary Fund (IMF) and Inter-American Development Bank (IDB) HR staff.

Individual agencies often rely on pay specialty consultancies to benchmark their remuneration against comparators, and they may exchange compensation and benefits data confidentially through the Association for Human Resources Management in International Organizations (AHRMIO) which convenes HRM leadership across 70 international institutions. In the absence of publicly available comparisons, Figure 10

provides a rough comparison of senior professional compensation for selected agencies.

Such comparisons need to be understood, however, in the context of the multiple types – and tiers – of staff that aid agencies employ around the world. While international hires still dominate aid agency personnel as a whole, local or ‘national’ staff are an important presence in agency field offices. Figure 11 shows the percentage of locally hired staff in field offices for selected agencies.

Figure 10: Average annual salaries for senior professional-level positions for selected agencies



*Personal communication with World Bank, International Monetary Fund (IMF) and Inter-American Development Bank (IDB) HR staff.
Source: Agency official websites; 2016 Foreign service (FS) salary table, 2014 review of staff compensation for the World Bank Group, United Nations 2016 salary scale for professionals and higher categories, www.glassdoor.com, www.payscale.com, www.indeed.com.*

Such comparisons, however, need to be understood in the context of the multiple types – and tiers – of staff that aid agencies employ around the world. While international hires still dominate aid agency personnel as a whole, local or ‘national’ staff are an important presence in agency field offices. Figure 11 shows the percentage of locally hired staff in field offices for selected agencies. As Figure 12 suggests, however, local staff represent a lower proportion of total agency employment. GIZ is a notable exception here, though, with local hires constituting 69% of total agency staff.

Local hires offer vital skills, including contextualised knowledge and language proficiency. These context-specific skills may be partnered with international field-based skills or technical expertise provided on an as-needed basis (Kennedy, 2014). Recently reconfigured development agency models (e.g. Germany’s creation of a special execution organ and the narrower recipient-country emphasis in the Netherlands) could reinforce this reliance upon on-the-ground skills (Spitz et al., 2013).

As local salary scales tend to be lower and contractual terms for local hires are more restricted, opportunities for career mobility within the broader aid institution are often limited. These inherent structural inequities have created a two-tiered employment system, which many critics argue results in resentment against HQ ‘colonialists’ and a potential source of organisational dysfunction (Rogers, 2013). Finding HR solutions that address these systemic problems will thus be a priority for future aid agencies.

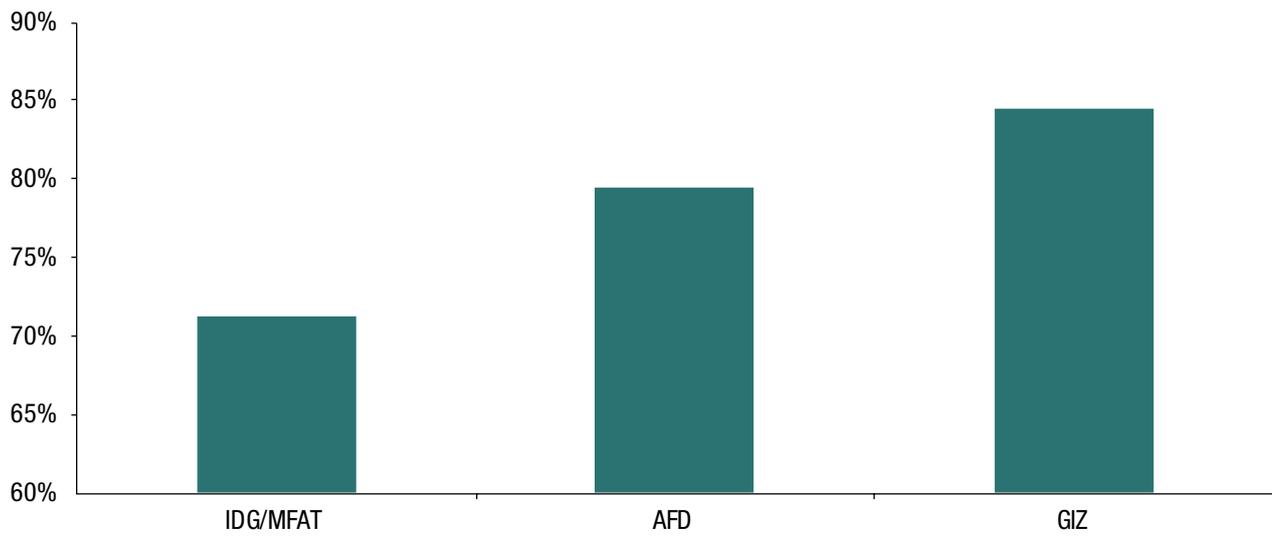
Conditions of service are also important aspects of the incentive system for many aid agency staff. Recent World Bank cost-cutting initiatives that squeezed mission stopover times and reduced headquarters cafeteria subsidies were unpopular with staff (Birdsall, 2014). For other development organisations with staff operating on the frontlines of humanitarian programmes, the agency deployment and rotation policies as well as the nature of field-post benefits and accommodations have significant impact on their professional motivation. Frequent rotation among field – or between headquarters and field – can result in workplace disruption for agency staff, creating

mounting stress for staff and their families. A World Food Programme (WFP) worker who moved 12 times in a 28-year career reported deleterious professional and health effects. Furthermore, despite agency lip service to spousal employment policies, staff complain that little is done to accommodate dual career families (Royan, 2015).

Security concerns also weigh heavily on staff assigned to fragile settings, where aid organisations may be expected to operate more frequently in future. Increasingly, fewer field postings are deemed suitable for families. Many of the future country assignments may therefore be less appealing. It will thus be challenging to attract the right personnel. It’s worth noting, though, that, staff who have served in multiple field assignments often point to the importance of this field experience. They argue that it should be required for career advancement at headquarters. The argument is also made for raising hardship-pay compensation levels to more appropriately reward staff who agree to take such arduous placements (ibid.). Some, if not most, agencies may already offer such enhancements. Staff in New Zealand’s MFAT receive a pay premium for difficult postings (OECD, 2015). It would be useful to analyse systematic information about these rewards across agencies.

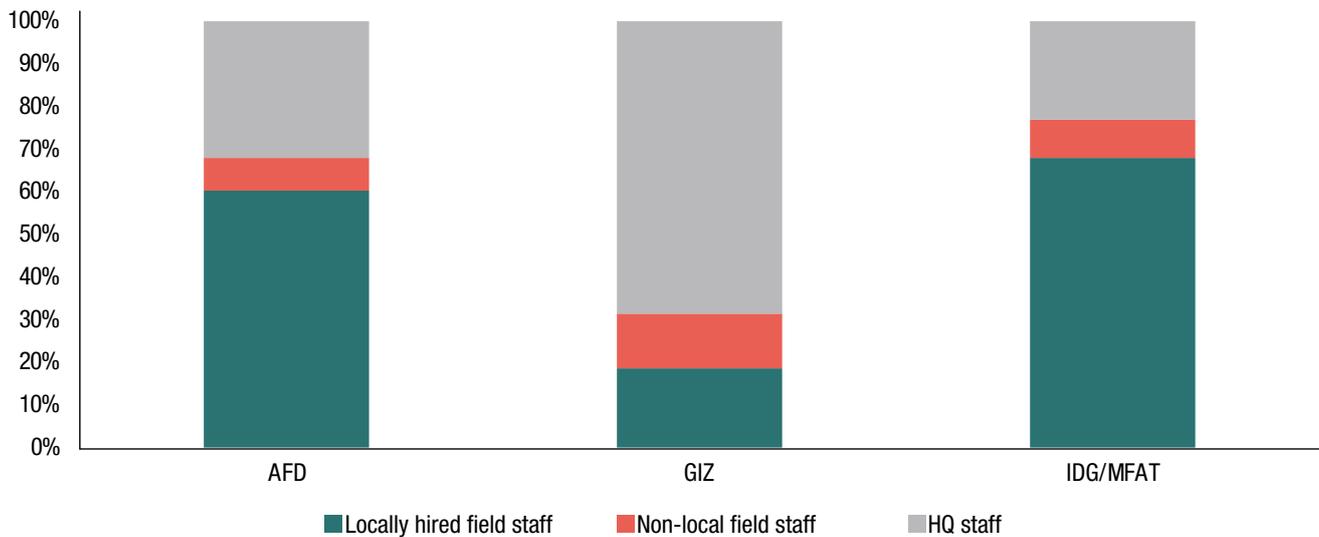
While conditions of service clearly play an important role in development agency incentive systems, it is difficult to know how much they figure in attracting, motivating and retaining staff. Data on aid agency turnover rates are not systematically accessible. Research on what causes workers in broader public sector settings to stay or leave employment suggests a mix of conditions-of-service as well as salary factors. Higher public sector pay has been associated with lower turnover rates for (especially, younger) teachers and other public sector workers in the US for example (Grissom et al., 2015; Pitts, et al., 2011). But decisions to leave employment are also influenced by working condition variables (Clotfelter et al., 2008). Tracking personnel turnover in more detail could help us discover what mix of incentives is needed to attract and retain high-quality staff.

Figure 11: Percentage of local hires among field-based staff (2014-2015)



Sources: OECD (2015); AFD (various years); GIZ (2014).

Figure 12: Breakdown of total staff for selected agencies (headquarters vs. locally/non-locally hired field staff, 2014)



Source: *Ibid.*

5. Making performance management perform

Driven by constituent demands to demonstrate value-for-money, the desire to align programmes with Sustainable Development Goal (SDG) metrics, and a general movement towards output-based aid, development agencies have embraced performance management and measurement principles to guide their institutional results (OECD, 2009). The broad institutional emphasis on performance largely has been de-coupled from the routine processes for individual performance appraisal. Even without an explicit link to broader agency performance, the individual performance evaluation function is highly consequential; it determines financial rewards and career trajectories of agency staff. Dramatic changes are taking place in private sector HR practice with regard to performance appraisal. In light of these shifts, aid agencies may need to consider adjustments in their own approach to performance appraisal systems.

A set of fairly standardised appraisal practices has evolved across a number of aid agencies in recent decades. An annual assessment is based on criteria that include accomplishment of previously defined tasks in combination with skill-based and behavioural competencies thought to be central to the organisation's broad mission. Numerical ratings are usually assigned to these performance components. Supervisor write-ups, often with subjective or coded language, usually accompany these standard assessment framework criteria. Most organisations now routinely include 360-degree assessments based on 'anonymous' feedback for managers and/or senior staff with leadership duties. HRM rhetoric stresses the forward-looking, developmental aspects to performance appraisal, but this appears mainly aspirational in most organisations.

Performance appraisal results, checked by broader management-team discussions, determine salary and bonus decisions. These are generally 'forced' into a classic Gaussian bell curve distribution, whereby most staff receive middling ratings, with a few high scores to star performers and a small number of under-performers (the vast majority of World Bank staff are rated between 3 and 3.5 on a 1-5 scale, for example). Assumptions driving these patterns come from the microeconomics thinking discussed earlier: good performers who are rewarded for their efforts will be encouraged to keep up the good work; mediocre performers who are penalised for a lower level of effort will try harder next year (Blinder, 1990).

Many believe that this standard approach performance-related pay (PRP) on public sector employee performance has had a positive impact only for workers with 'craft' jobs (such as teachers or police) with identifiable outputs (Hasnain et al., 2014). And some have contested positive effects even on these groups (Ravitch, 2015). This would suggest that for most of the jobs that public sector aid agencies perform, the specification of tasks and associated rewards needed for targeted performance pay cannot be achieved.

Public administration researchers long ago argued that 'not getting a pay rise feels worse than getting one feels good'; performance related pay's negative effects on 'losers' thus outweigh its positive impact on 'winners' (Huddleston, 1991; Perry, 1991). This view has now gained credence among prominent HRM researchers advising private firms, a number of which (e.g. Microsoft, Accenture, Morgan Stanley, Deloitte, etc.) are overhauling their performance review processes (Vara, 2015; Ewenstein et al., 2016). In fact, over 15% of firms in a recent survey (McGregor, 2016), have jettisoned the annual performance review process, opting for more regular feedback mechanisms based on 'adjectives rather than numbers' (de la Merced, 2016).

The emerging view is that it is the tails of the distribution that matter. Since the top 10-20% of performers make outsized contributions to firm profits, big rewards are needed to keep them from jumping ship. Performance penalties are also needed to alert – and possibly remove – poor performers. But for most staff in the middle, fine-tuned numerical distinctions are inaccurate and demotivating. They incur high administrative and emotional costs; the vast majority of managers and staff disparage what's viewed as an infantilising review process (Roberts, 2016). In staff surveys of firms that ditched the old systems, only former top performers missed the annual, numbers-driven reviews (McGregor, 2016).

Some development organisations are rethinking their performance appraisal processes. In adjusting its human resource systems to meet 2030 operational requirements, Sida's HR task force is revising the staffing competencies that the agency's performance appraisal system should emphasise, giving greater weight to inter-personal behaviours rather than technical expertise, and thinking about how these traits should be developed in future. Irish

Aid staff working out of the Ministry of Foreign Affairs are participating in the roll-out of the government's 2014 Civil Service Renewal Plan, which provides more proactive support and training for managers to tackle under-performance and is focused on simplifying the performance management process to make it easier to use (Kenny, 2014). A discussion has begun at high levels in the World Bank to integrate some of the lessons of the performance appraisal 'revolution' in the private sector, focusing on possible one-off bonus schemes for top performers.

Given the more consensual style of aid agency decision-making, it's likely that changes to performance management systems will come incrementally rather than through the kind of decisive overhaul that has swept through corporate organisations. Given the difficult conditions in many of the countries where aid agency staff will be working and the increasing need for joint work

across geographical and sectoral boundaries, agencies may need to consider performance assessments that emphasise previously unrecognised qualities, such as 'grit' or patience. And appraisals that truly reinforce team efforts may be installed to encourage collaboration (Reilly et al., 2005; Hay Group, 2012; De Assis, 2013).

One potential tension in the future aid environment comes back to the increasing emphasis placed on institutional – and, in the context of the 2030 SDG deadline – system performance. Understandable pressures to link broad development and institutional goals with individual staff achievement could push performance appraisal mindlessly towards quantifiable metrics. This would reinforce concerns that aid agencies are pushing staff to deliver on short-term, demonstrable, often quantifiable, outputs at the expense of less visible, long-term institutional outcomes (Easterly, 2002).

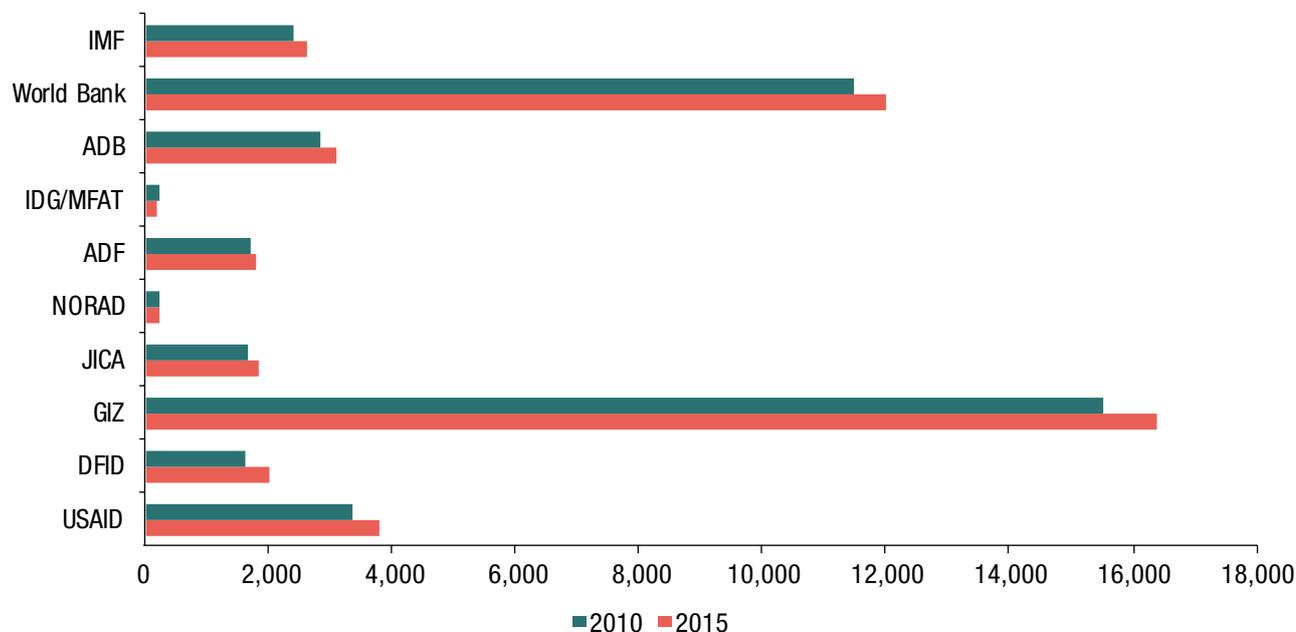
6. Managing the costs of human resources

The new aid realities require that development agencies manage their human resources more cost-effectively. Monitoring aggregate personnel costs can help determine if a development organisation's HRM is being run on a prudent fiscal basis (e.g. are staffing numbers in check? Are wage and pension costs reasonable as a portion of administrative expenses?) Tracking employment trends for different agencies over time could provide a comparative understanding of how their HR policies have responded to recent fiscal pressures. How well agencies are achieving these efficiencies, however, remains to be seen. Indeed, for some agencies, employment actually expanded between 2010 and 2015 (see Figure 13). Only New Zealand's (IDG/MFAT) development staffing appears to have contracted slightly during that period, as its aid functions were largely subsumed by broader governmental structures (OECD, 2015).

How adeptly individual agencies adjust staffing levels to prevailing requirements and fiscal pressures may suggest something about their HR resiliency. The IMF removed (and packaged out) over 10% of its staff in 2007, but quickly resumed hiring in 2010, when its global profile and responsibilities were dramatically enhanced in the aftermath of the financial crisis. Developing HRM forecasting tools that can help aid organisations avoid this volatility could prove crucial for agencies seeking to navigate future shocks.

Aggregate personnel spending constitutes a significant component of an organisation's overall administrative costs. Broader aid transparency and accountability initiatives have thus begun to scrutinise staffing expenditures on a comparative basis. Recent efforts have focused on using the ratio of agency staff costs to their overseas development assistance expenditures (lower is better) as a signal of institutional efficiency

Figure 13: Employment trends for selected agencies



Notes: Without detailed granular information on each programme, it is difficult to compare development staffing numbers for those bilateral assistance providers that have recently folded their aid functions into broader governmental structures. A more extensive research effort would need to collect, calculate and compare full-time equivalent employment to assess staffing trends, as was performed for New Zealand. Source: ONS (2015); GIZ (2014); AFD (2014); SIDA (2015); US Office of Personnel Management (various dates); Statistics Norway (2015); World Bank (2015); JICA (various years).

and effectiveness (see Table 1). On the whole, findings suggest that Development Assistance Committee (DAC) donors deliver more development aid per staff dollar than non-DAC bilaterals. And UN agencies deliver less aid per staff dollar than other multilaterals (Palagashvili and Williamson, 2015). These measures are not without noise, however. Researchers suggest that those bilateral agencies that channel funds through multilateral institutions may be reducing their own personnel spending and

hence administrative costs, making it difficult to draw definitive conclusions about the relative efficiency of these organisations (Palagashvili and Williamson, 2015; Easterly and Pfitze, 2008). And more highly remunerated organisations may produce higher quality services. Nonetheless, getting a handle on the relative burden of personnel spending provides at least a starting place to compare administrative cost profiles that can provide benchmarks to inform future HRM strategies.

Table 1: Ratio of administrative budget and salaries to development assistance

Donor	Ratio admin budget to ODA/ODF	Ratio salaries & benefits to ODA/ODF	Total ODA/ODF \$ million per staff
Bilateral agency (DAC)			
Australia	6.7%	4.0%	\$1.85
Austria	7.6%	2.5%	\$3.66
Belgium	5.6%	20.9%	\$0.22
Canada	3.9%	3.2%	\$3.47
Czech Republic	4.5%	1.4%	\$1.18
Denmark	4.8%		\$0.60
EU Institutions	4.8%		\$15.82
Finland	4.0%		\$2.55
France	3.8%	2.5%	\$5.41
Germany	11.4%	5.4%	\$10.42
Greece	5.6%		
Iceland			\$0.22
Ireland	5.3%		
Italy	1.0%	0.0%	\$0.08
Japan	11.0%	3.1%	\$0.68
Korea	7.7%		
Luxembourg	11.0%	8.9%	\$0.92
Netherlands	6.8%	1.1%	\$16.19
New Zealand	6.1%	3.6%	\$1.72
Norway	5.9%		\$2.87
Poland	0.1%		\$8.27
Portugal	2.5%		\$5.35
Spain	9.2%		
Sweden	2.8%	4.0%	\$7.18
Switzerland	11.0%	6.0%	\$1.48
United Kingdom	1.7%	0.8%	\$4.47
United States	4.1%	42.4%	\$1.62
Bilateral agency (Non-DAC)			
Chile		34.6%	\$0.09
Cyprus	20.9%		
Kuwait	16.5%	9.5%	\$0.99
Liechtenstein	6.4%		\$2.06

Romania	0.1%		
Saudi Arabia	4.2%	2.7%	
Taiwan	20.5%	9.0%	\$0.17
Turkey	5.6%		
United Arab Emirates			\$8.31
Multilateral agency			
African Development Bank	7.4%	5.6%	\$4.63
Arab Fund	3.5%	2.5%	\$12.95
Asian Development Bank	6.1%	8.0%	\$2.87
Arab Bank for Economic Development in Africa (BADEA)	11.0%	7.7%	
Charities Aid Foundation (CAF)	1.0%		\$17.92
CariBank	27.5%	16.8%	\$0.58
European Bank for Reconstruction & Development (EBRD)	12.0%	7.9%	\$2.02
Flanders International Cooperation Agency (FICA)	8.6%		\$1.42
Global Alliance for Vaccines and Immunisation (GAVI)	18.5%	3.2%	
Global Environment Facility (GEF)	26.9%	2.9%	\$6.20
Global Facility for Disaster Reduction & Recovery (GFDRR)	5.7%	0.7%	\$0.92
Global Fund	9.1%	4.0%	\$5.62
International Atomic Energy Agency (IAEA)	486.6%	485.3%	\$0.03
International Development Association (IDA)	12.1%	2.0%	\$3.03
Inter-American Development Bank (IDB)	8.2%		\$5.08
International Finance Corporation (IFC)	13.2%		\$1.60
International Monetary Fund (IMF)	63.1%	50.7%	\$0.63
Islamic Development Bank (ISDB)	8.9%	6.2%	\$1.40
North American Development Bank (NADB)	2.0%	0.9%	\$10.61
Nordic Development Fund	8.7%	5.0%	\$4.31
Organisation for Security and Cooperation in Europe (OSCE)	169.3%	90.4%	\$0.05
Multilateral agency-UN			
Food and Agriculture Organization (FAO)	33.4%		\$0.49
International Fund for Agricultural Development (IFAD)	25.4%	14.0%	\$2.22
Joint UN programme on HIV/AIDS (UNAIDS)	59.5%	53.7%	
UN Democracy Fund (UNDEF)	1.3%		\$20.94
UN Development Programme (UNDP)	129%	100.00%	\$0.19
UN Population Fund (UNFPA)	97.6%		\$0.15
UN High Commissioner for Refugees (UNHCR)	191.4%	162.3%	\$0.06
UN Children's Fund (UNICEF)	4.1%		\$0.09
UN Office for Project Services (UNOPS)	49.5%	25.1%	\$0.16
UN Relief and Works Agency (UNRWA)	91.0%	88.6%	\$5.61
UN Women	39.0%		
World Food Programme (WFP)			\$0.03
World Health Organisation (WHO)			\$0.06

Source: Palagashvili and Williamson (2015).

7. Human resource management and the future aid agency: some ways forward

This paper has taken a first cut at identifying HRM challenges that development agencies face as they prepare for their changing role in the new aid environment. Its broad premise is that HRM aspects of development assistance have long been overlooked; they need to be analysed in greater depth, and practices need to be strengthened if international aid is to achieve its 2030 objectives. Agency HRM must respond both to evolving trends in the broader aid context as well as to the dramatic transformations taking place in HR people-management practices in the global workplace.

There are five aspects of human resource management common to all organisations that have to be addressed to meet the demands of the new aid environment.

1. Agencies will need to get the *right staff in place*. This is largely about identifying and attracting new recruits whose skills meet organisational requirements, as well as accessing expertise on a ‘just-in-time’ basis through mechanisms such as secondment and contracting. The challenge for new and old agencies alike will be to secure and mobilise skills in increasingly competitive markets.
2. Given the complex new aid agenda, agencies will likely have to work on issues that require a range of expertise and perhaps a joint effort by multiple organisations – for example, crossing the humanitarian-development divide or across the whole of government to partner with ‘beyond-aid’ colleagues. Robust *collaboration mechanisms* that make it easier for staff from different sectors and different organizational cultures to work together must be developed.
3. Development agencies must put in place *incentives* that work to retain targeted skills and motivate staff in the direction of desired aid practice. Agencies may wish to pay closer attention to a blend of pecuniary

and non-material rewards for their more heterogeneous workforce.

4. Agencies must also consider how individual *performance management frameworks* should be designed in ways that effectively connect staff output to developmental results. This will likely attain higher priority as the development community focuses on reaching the 2030 SDG goals. Indeed, both constituent and recipient pressures to monitor agency performance continue to grow, in this so-called ‘age of choice’.
5. Development agencies’ ability to attract, retain and reward quality staff while containing administrative costs represents an *ongoing workforce management* challenge. Increased pressure by donor constituents and aid clients to provide value for money may augment the degree to which this HRM function is scrutinised, perhaps with calls to enhance the transparency of personnel-related financial data.

In order to meet these challenges, future aid agencies should design HR approaches that raise organisational resilience, including: a) the adoption of more agile staffing strategies that reflect professional diversification combined with flexible contractual mechanisms; b) mindful targeting of incentives to reward different types of personnel throughout the system; and c) the development of HR approaches that facilitate collaboration across the disparate institutional units that must jointly deliver programmes in difficult settings.

It has been suggested that aid agency practices have fallen behind in some key HRM areas; for example performance management. And there is a serious lapse in the collection, analysis and dissemination of information about basic HR characteristics and staff management practices within development organisations. This may reflect a larger failure to grasp the centrality of human resource management to the broader ‘change’ agenda in

Box 2: Human resource management, aid agencies and the data challenge

While many agencies track their own aggregate statistics regarding staff numbers, attrition rates and total personnel spending, only a few have made HR data publicly available. Much data found through this research exercise were of a one-off nature and prepared for a particular report, therefore trends cannot be tracked over time.

Brazil's Planning Ministry's Statistical Bulletin of Personnel, and USAID's own site along with that of the US Office of Personnel Management provide access to at least some relevant data, as does the UK's Office of National Statistics. Several agencies have issued aggregate information periodically; for example the World Bank has made its executive leadership and managerial remuneration figures public on an intermittent basis. Similar information has appeared in recent annual reports for some organisations, such as the Asian Development Bank (ADB). For other bilateral and multilateral agencies, such information is generally unavailable although it may indeed be gathered for internal purposes.

As mentioned earlier in this paper, organisations may share this information on a limited basis, through member-based associations, such as AHRMIO. Other informal data sources, such as www.glassdoor.com or www.payscale.com, provide partial information (e.g. on salaries) supplied anonymously by employees. In addition, OECD Development Cooperation Peer Reviews that evaluate member state-aid donor activities contain agency employment data, though not generally in a standardised format across country programmes (www.oecd-ilibrary.org).

In the main though, data are incomplete, inconsistent and incomparable. Palagashvili and Williamson's (2015) discussion of the difficulties and frustrations in collecting more straightforward data on agency wage bills and administrative expenditures by email and online review resonates here, and reinforces lessons of experience in collecting similar data from sovereign governments in the developing world. There are understandable sensitivities about releasing such information, even in the aggregate, as it often touches on concerns that matter intensely to those inside, and sometimes outside, the institution. Moreover, even the most sympathetic HRM managers and staff, like all agency operational personnel, are unlikely to have time to sort through and provide data unless these are already at their fingertips.

There are other considerations in addition to these access issues. Staffing data across aid agencies (much like employment and pay data across governments) are always difficult to compare, particularly when they have not been collected according to a common format or purpose. The problem in identifying aid-related staff for those aid programmes now working in a whole-of-government mode or within 'beyond aid' collaborations, further increases the challenge of comparability. As for the kind of 'process' information needed to understand both the formal HRM systems and incentives as well as the informal processes and behaviours that drive agency missions, the review of official, online documentation is a useful place to start.

The challenge is in determining how 'upstream' HRM (and other administrative) variables might be causally linked to the downstream results that development agencies are seeking on the ground. More ethnographic work is needed - through in-depth informant interviews and extended observation - to analyse how HRM practice is really working within development organisations.

which many agencies are engaged. It also speaks to the continuing dearth of systematic data on agency HRM in the public sphere.

An initial step to remedy this situation is to begin filling the large information gap by undertaking a deeper knowledge exercise. This would involve complementary efforts. First, **systematic data collection** to construct reasonably robust comparative analysis of very basic HR characteristics and trends across aid agencies is needed. Putting together an accurate picture of employment trends, staff turnover and pay scale comparators would start with a limited number of agencies willing to participate.

In addition, ethnographic **case studies of selective agencies** could be useful to probe the types of process and behavioural HR issues discussed in this paper. The aim would be to develop an analytic framework that suggests concretely what ‘resilient HR practice’ looks like. This would involve thinking through ways to connect upstream HRM approaches with the downstream results agenda touched upon earlier. While avoiding uniform prescriptions, it would seek to create at least a **heuristic ‘stress test’** for agencies as they develop their forward-looking HR strategies.

A dedicated portion of this analysis should focus on the HRM experience of **newly established development organisations** and the challenges they face. This analysis should draw on the evolving body of advisory practice, much of which is purveyed by private consulting firms.

It would be useful to convene a discussion among agency HR practitioners and analysts, as well as other

aid community participants and leading thinkers in the wider HRM field, to share perspectives on how best to approach future challenges. One goal would be to begin to **integrate HRM concerns into the mainstream discussion of international development** performance. This group could provide a reality check on any ongoing effort to construct an HRM ‘stress test’ for future aid agencies.

Calls for **greater transparency of the HR practices of development organisations** are also in order. This effort could draw upon and partner with broader aid transparency initiatives. This consultation will be important to consider precisely which aspects of agency human resource management should indeed be made publicly accessible.

A wider conversation, linking up with the online entities that publish HR data as well as the HR organisations and professionals within development agencies, would help advance this effort. In particular, discussions should be initiated with AHRMIO to establish a more formal ‘data club’ where the major development agencies can share information. Drawing on models from other sectors, this could operate on a voluntary and confidential basis. But a key objective would be to collectively identify data that could be standardised and eventually published.⁹

These types of measures can contribute to building a stronger knowledge base about how human resource management is currently carried out in today’s aid organisations and about how this critical set of practices can be modernised to enable future development agencies to deliver their programmes effectively.

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