

**RAB/01/006: *Transparency and Accountability in the Public Sector  
in the Arab Region***

**Concept Paper 3  
Integrity, Transparency and Accountability in Public Sector  
Human Resources Management**

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## ***Introduction***<sup>1</sup>

Over the last decade, a vast amount of academic as well as policy-support research has been conducted on integrity, transparency and accountability – and conversely – corruption in the public sector. The issue of ethical conduct of public employees received a great deal of focus from international, regional and national organizations, interested in promoting the performance of the public sector. A consensus has developed world-wide over the importance of reforming public sector institutions to strengthen integrity, transparency and accountability and to prevent and combat corruption. Such reforms are crucial to protecting public resources, enhancing public sector performance, and strengthening the government's role in orchestrating development and providing basic services.

A serious challenge faces developing countries in accelerating development and growth. With the advent of globalization, they face many obstacles to having a greater share of world trade and investment. Overcoming such obstacles requires major reforms in the public sector to enhance its efficiency and effectiveness. It also requires better governance that is more inclusive of the various groups in society. Moreover, the success and effectiveness of public sector reforms rest on more effective control over corruption.

Within this context, managing various resources of the government and the public sector needs to be revitalized and transformed to correspond and provide support to overall reforms. At the core of the transformation is human resources management (HRM), since the human factor is key to the various practices and roles of the government. Thus, this paper examines the integrity, transparency and accountability in HRM, which are critical ingredients for improving government performance, in general, and combating administrative corruption, in particular.

### **HRM Institutional Framework**

Integrity and corruption refer to the opposing degrees to which human conduct meet certain legal and moral standards within the context of institutions. The likelihood of either kind of conduct is primarily determined by institutional factors, embedded in the design of public sector institutions. Policies, regulations, conditions, common practices, incentives/penalties as well as the prevailing norms and institutional culture constitute the most important factors influencing the tendencies towards either ethical or corrupt behaviour. Increasing integrity or ethical conduct and reducing corrupt or unethical behavior have to start in the diagnosis and reform of the institutional environment in which public sector employees work.

The theme of the present paper is how to trace these behavioral tendencies back to the institutional conditions, constituting the HRM system: policies and practices. (Few among the many publications which tackled the subject of integrity and corruption focus on how public sector HRM reforms could substantially contribute to enhancing integrity and combating corruption. The few that tackled the subject focused on the institutional role of HRM in

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<sup>1</sup> The author of this paper greatly benefited from comments and suggestions made by Ms. Elia Armstrong and other unanimous reviews at the UN DPADM on an earlier version of the paper.

promoting professionalism and ethics in public service. Most of the other writings focused on public financial and, procurement systems.) The present paper analyzes the anatomy of corruption and malpractices in HRM. It offers an institutional framework that results in more ethical, or more corrupt behavior, within public sector organizations. It analyzes HRM policies and regulations that make up or impact upon the framework. The paper then reviews international trends and implications for needed reforms in public sector HRM in the Arab region.

### ***Corruption and Malpractices in Public Sector HRM***

The following analysis delineates various types and examples representing critical incidents of corruption and malpractices by the various functional areas of public sector HMR. The analysis focuses on the institutional deficiencies in the HRM system that give rise to these malpractices.

#### **Deficiencies in the Overall Institutional Framework**

- Failing to state and enforce basic ethical/integrity principles in the overall HRM strategy and policies leaves HRM void of ethical/integrity direction;
- Failing to outline and enforce limits on political and personal influences, thus safeguarding transparency, allows such influences to penetrate into HRM decisions;
- The absence of clearly stated and enforced policies to promote professionalism in HRM allows the whole system to be vulnerable to malpractices and corruption; and
- A lack of a code of ethics, guiding and enforcing the standards of HRM units and employees can lead to a lack of accountability.

The implications of the above deficiencies are clear. A lack of direction for integrity in the overall HRM strategy and policy, and the resulting weakened state of professionalism, would be reflected in the various HRM functions (e.g. planning, recruitment, selection, compensation, etc). The most serious ramification is on the caliber and competence of the people working for the public sector, including the officers managing the HRM system itself. Under the above conditions, deteriorated efficiency, lowered performance, a lack of fairness, and the spread of corruption and spoils-sharing among HRM staff and public sector employees risk becoming common.

#### **HR Planning**

- An absence of an HR plan for each public sector organization, based on a sound procedure of needs assessment and analysis, linked to workload and performance requirements;
- An absence of systematic data on job classification, personnel, vacancies, etc covering various job groups, units, levels and employment conditions (e.g. contractual arrangement,

part-time, etc.) in each public sector organization; basic HR information is a prerequisite for wage control and for safeguarding against corruption and malpractices in public employment;

- A lack of an overall HR policy emphasizing merit and competence; in the absence of these criteria, the likelihood of basing staffing decisions on subjective and non-meritorious considerations is high; and
- The absence of a policy for diversity (in various levels and job areas), resulting in disproportionate representation or exclusion.

The implications of the above may result in inflating and distorting public sector employment. Consequently, public sector organizations may experience defused responsibilities, red tape, crowded offices, low compensation (when government resources and revenues are limited) – often leading to corruption. The phenomena of “ghost” or fictitious employees, the same employees receiving multiple salaries from various government organizations and employees not showing up for work or executing tangible assignments result in waste and corruption in the HR area. The existence and execution of a sound HR plan and associated databases are likely to curb these malpractices. Lacking a policy on the merit principle makes staffing practices vulnerable to political, administrative and personal favoritism and nepotism that lower professionalism and efficiency. Having an imbalanced employment composition, due to a lack of policy on diversity, results in denying the public sector the talent existing in all social groups. It also lowers integrity and fairness.

### **HR Recruitment**

- An absence of a fair and equal recruitment policy;
- Weak transparency in recruitment, leading to various malpractices such as:
  - Manipulation of the recruitment procedure to favor certain candidates and to block or weaken the chances of others, diverting it away from the merit criteria;
  - Restricting the announcement of recruitment;
  - Using undeclared, discriminatory criteria to exclude certain groups/ individuals or unequally treating applicants; and
  - Restricting or discriminating in the information provided to potential applicants.
- A lack of accountability in recruitment decisions and practices, associated with:
  - Announcing a vacant position to merely fulfill formal requirements (i.e. pro forma) with a predetermined decision to offer the job to a particular person;

- Relying on limited sources/contacts to restrict the competition and to favor particular persons or groups;
- Misusing the discretion given to recruitment officers by engaging in favoritism, nepotism or corruption, through taking bribes from job seekers; (this may be common when the job seekers are desperate, unemployed, underprivileged or when the employment is associated with high benefits or income);
- Allowing time on an unequal basis for the interested persons to respond; and
- Changing the job requirements during the recruitment process without due notice to various applicant groups.

The above malpractices in recruitment result in degrading the quality of applicants for employment in the public sector. Corruption in recruitment tarnishes and distorts the image of the government as a fair employer. The restriction of competition has serious impacts on the ability of the government to attract qualified and competent personnel, especially when the abilities and competencies sought are relatively scarce. Manipulating the recruitment procedure to discriminate against various groups may create social tension. The above malpractices restrict the pool of competent candidates.

### **Selection and Placement**

- An absence of sound policies and procedures for screening applicants according to merit and competence may lead to selection criteria that are haphazard, invalid or intentionally biased;
- Without valid screening devices (e.g. educational attainment or qualifications, validated bio-items and skill/ability tests), selection is likely to be based on subjective judgment or low validity techniques such as the interview; the wide-spread use of the open (unstructured and unstandardized) interviews as a sole device, conducted by a single untrained interviewer, is indicative of gross subjectivity, error, and bias;
- A lack of transparency in the selection criteria facilitates the cover-up of practices involving favoritism, nepotism, and cronyism; it provides protection and security to those who misuse the decision-making power in selection and frees them from the accountability that can potentially be exercised by those harmed by such conduct;
- The absence of well-defined job placement procedure – based on merit, fairness and equal opportunity – may be associated with corrupt placement practices, especially when positions, job locations or unit work assignments vary greatly in benefits and burdens. Unclear procedures make placement decisions vulnerable to bias and favoritism;
- The secrecy by which selection test scores are processed may be double-edged; on the one hand, it protects the assessment against bias and possible distortion (i.e. favoritism and

corruption); on the other hand, when this secrecy is applied to the extreme, it could deny the job applicants the needed feedback in exercising control and accountability;

- Distortions in tests can take place in processing the scores, if the control over test scores or files is loose. It can also take place during test administration (cheating); when those administering the selection tests or processing the results are working under loose controls, are professionally weak, or lack related ethics, the likelihood of distortion and malpractice is high; and
- The absence of efficient, standardized procedures for employment placement can yet be a source of risk; in many developing regions, it takes months to process the hiring of a new employee in the government; receiving the first salary payment may take equally long or longer; sometimes, procedures are expedited for those with political or administrative backing; such practices result in unfair treatment and discrimination among various candidates.

The above malpractices on public sector employment, its competence and reputation are clearly negative. The most serious consequence is the undermined ability of public sector organizations to attract and retain high caliber personnel. This limitation particularly affects highly competitive areas such as information, communication, technical inspection/regulation, standardization, police, state media, investment and environmental protection. The resulting low levels of competence can lower service standards and reduce efficiency and effectiveness of the government. Such a decline is the most likely to take place in carrying out duties characterized by a high degree of discretion. But when the requirements for professional qualifications are straight forward – such as an engineering, accounting, educational, or medical degree – the likelihood of distorting the selection process is reduced. The design, validation and verification of the selection requirements and associated screening devices – in addition to basing the system on merit and competence – can serve to curb the malpractices.

### **Performance Management**

Performance management includes performance planning, task assignment, monitoring, measurement, evaluation, feedback, control and the application of associated incentives. The sum of these elements constitutes the accountability system to which employees are subjected in the execution of their jobs. At best, the performance management system includes the above-mentioned elements as well as procedures that define and regulate areas of freedom, monitoring and control, responsible parties and their roles, related authority, and rewards and penalties.

A sophisticated and well-designed system of performance management is not as common in the public sector as in the corporate sector. Only in OECD countries and some Southeast Asian countries (e.g. Singapore and Malaysia) is performance management applied in government. The government HRM systems in most countries in the world have some features but not all. The accountability component of performance management may fail or be less effective if various elements of the above are missing, loose or not properly designed or enforced, as in the following:

- Performance objectives and expectations are not well-defined;
- Performance objectives are not derived from the mission and roles of the public sector organization;
- Standards of performance and job practices do not refer to ethical requirements;
- Assigned tasks are not governed by competence and fairness among employees;
- Workload and job content disparities (with associated benefits and burdens) are great among individuals and groups;
- Task execution and work practices are not properly monitored;
- Work practices and conduct are not properly and accurately measured;
- Criteria or factors of assessment are not properly defined, allowing error, subjectivity, bias and favoritism to influence the performance rating;
- Feedback is not provided accurately and immediately; a lack of feedback and transparency in assessment create an impression of arbitrariness, besides retarding the learning of desired practices and the avoidance of undesired ones;
- Rewards and sanctions are not tied to performance; behavioral criteria are left totally to the subjective discretion of managers; managers may not be required to provide feedback and justification for their decisions; and
- When public sector organizations focus primarily on outputs and outcomes without incorporating ethics requirements into the accountability framework, they may be at high risk.

The above-mentioned deficiencies and the associated risk of malpractices largely explain the stagnation in the performance often found in public sector organizations. A weak state of integrity and accountability are natural consequences of the absence of a rigorous and professionally-designed performance management system.

### **Compensation and Remuneration**

- Discrimination in compensation among employees doing the same work and possessing the same qualifications on the basis of non-meritorious criteria (e.g. ethnic origin, nationality and sex) may create tensions and conflicts;

- Basing the wage structure on personal or political rather than merit and job-related criteria can occur without a government-wide, rational job classification; such a classification, when properly designed and applied, provides the objective basis upon which the compensation and remuneration structure is set; the absence of this classification opens a wide margin for subjectivity, inconsistency, and unfairness in compensation practices;
- In the absence of adequate employment and wage controls, the phenomenon of “ghost employees” may emerge; “ghost employees” may represent a substantial percentage of the government’s wage bill in some countries, restricting their ability to adequately compensate those who actually carry out job responsibilities;
- The inability of some governments to adequately compensate their employees make them victims of high-cost of living, price inflation, and large wage disparity with the private sector; the wide-spread petty corruption in government in many developing countries is a result of this condition; employees under conditions of severe wage deficiency find themselves having to seek supplementary sources of income by either engaging in small business activities (if they have the capital and entrepreneurial skills), holding outside employment (moonlighting) or accepting small bribes from the service beneficiaries; and
- Wage, benefit and incentive discrepancies can take place across the public sector or organizations for reasons other than differences in the nature of work and related job requirements; paying higher compensation in powerful ministries or agencies is a common phenomenon in many developing and transitional economies; the disparity can be even higher in countries lacking a sound compensation structure.

The implications of the above risks for performance, professional conduct, integrity and fairness in the public sector are enormous. Compensation that is far below the current labor market will not enable the public sector to attract competent, highly motivated, and qualified personnel. Under such conditions, a self-selection process can result in the government attracting the less competent, unmotivated, and corruptible individuals. (Such individuals can complement their formal incomes through easy means such as bribes or other forms of corruption.) When the public sector provides inadequate incentives for the desired performance, service users may also be more willing to accelerate procedures, bypass routine and activate the needed performance through offering inducements (bribes). One of the most important control devices on conduct are the incentives and remunerations.

### **Training and Development**

- Abuse and corruption can occur when the training budget is spent, as follows:
  - Under outsourcing of training activities, training officers selecting the trainers and trainees may accept bribes;

- Directing the training to areas from which benefits can be extracted by the training officers;
  - Offering training contracts on a non-competitive basis to collect personal benefits;
  - Giving training opportunities that involve benefits, travel or career advancement to select persons, based on distorted and non-meritorious criteria (at times, the training officers are the ones who collect most of these benefits.);
  - Inflating the budget (when government resources allow this as in oil rich countries) with extra expenditures (e.g. gifts, banquets, travel, etc.) to create opportunities for private benefits; and
  - Including questionable programs and activities for the implicit purpose of maximizing personal gains and the power of the training unit. (This can take place due to slack government resources, irrational training plans, unevaluated training programs, and unprofessional training units).
- Supervisors may also engage in malpractices similar to the above, when they possess discretionary authority to share in the determination of training needs and nomination of trainees.

The area of training and development represents a soft domain that has not received enough development and reform in public sector organizations in many less-developed and developing countries. Abuses may take place due to the absence of a sound training system that links its activities, decisions and resources to the organization's needed competencies and performance improvement requirements. When overall HRM lacks integrity, transparency and accountability, its subsystem of training is likely to be no better than the whole. Under such conditions, resources directed to training would be either misused, or – if used properly – would not produce a significant impact on performance.

### **Career Advancement and Promotions**

- Promotions based on political or personal criteria rather than on merit, competence or performance are more common in higher public sector positions in developing countries; promotions to higher positions are often discretionary while those to lower positions are based mostly on seniority; to properly limit discretion in promotion and career decisions, a mapping of job responsibilities and required qualifications is needed; worldwide, the public sector tends to be behind the private sector in this area; lacking such a classification subjects promotions to totally or partially distorted criteria; and
- Fast career tracks may be offered more to those who are politically skillful or to those providing “inducements” to decision-makers; the absence of sound and transparent career management makes career decisions and acceleration more open to political, administrative and personal manipulations.

Bad practices in promotions are likely to result in staffing higher and managerial positions with less qualified personnel, consequently lowering the performance of their functions. They will discourage highly ambitious and competent employees, holding low and middle level positions. They lead to unfairness and are a waste of resources. Concessions on standards and the tolerance of incompetence can result in promotion decisions based on factors other than merit and competence.

### **Investigations and Disciplinary Procedures**

The very process of calling public employees to account for their misconduct, or the core process for ensuring and enforcing ethical norms through accountability and sanctions, could itself be subject to corruption and malpractices, as in the following instances:

- A lack of a policy and a set of procedures to report, investigate and sanction misconduct and to ensure the adherence to ethical standards in general and in HRM practices in particular (or the fairness and transparency of these rules may be missing);
- Not protecting, or in extreme cases even punishing, those who legitimately report wrongdoing or corrupt acts;
- The application of differential treatment to various employees/officials in the process of investigating their alleged misconduct; this may include exercising leniency or tolerance towards the misconduct of influential employees;
- Applying the sanctions selectively or partially for wrongdoings;
- Not respecting human rights (including the right to appeal) in the processes of investigation, trial and application of sanctions;
- Using disciplinary procedure and sanctions as a vindictive mean to settle political or personal conflict; and
- Being negligent in enforcing the system of ethical accountability.

The above malpractices reflect serious deficiency in ethics management. The consequence of such deficiency is loose control over misconduct and a growing sense of unfairness, resulting in weakened adherence or compliance. The existence of a system of rules and procedures to govern conduct is not enough. The effectiveness of the system depends on fair, impartial and transparent enforcement of its rules and procedure.

## *Ethics Reform Approaches: Implications for HRM*

### **A Typology of Ethics Regimes**

In trying to combat corruption and malpractices listed above and in other functional areas of public management, various countries have implemented ethics programmes. In particular, many countries of the Organization for Economic Cooperation and Development (OECD) promote transparency and accountability by supporting the ethical behavior of civil servants through a mixture of rules and managerial incentives. Even among these tried programmes, ethics management varies. The OECD literature suggests a conceptual typology of such regimes (OECD, 1996).<sup>2</sup>

In the conceptual typology, all countries and their ethics programmes can be placed on a continuum of approaches. “At one end of the scale is the *teleological* or *integrity-based* approach to ethics management”<sup>3</sup>, which is consistent with New Public Management. Within this approach, the focus is on what values should be observed in carrying out official duties. The use of rules mainly deals with behavior that represents criminal or illegal acts. The emphasis is on the *what* rather than the *how* something was achieved. It focuses more on good and honest behavior rather than on policing bad conduct and punishing error. Detailed codes of conduct for civil servants, and by extension for HRM practices, are not emphasized within this approach because it tolerates a greater margin of error or mistakes. The emphasis on overall values highlights the ethical responsibilities of line managers for the HRM functions that they perform.

At the other end of the scale is the *compliance* or *rules-based approach* to ethics management. The focus is on strict compliance with administrative procedures and detailed rules, which are often codified in legislation or formal regulations. They define what the civil servants should do and how and what they should avoid. There are usually detailed codes of conduct that focus often on what should not be done, with a “heavy emphasis on policing actions and catching wrongdoings.”<sup>4</sup>

The OECD literature postulates that the integrity-based approach is more likely to be used within the context of New Public Management (results orientation). The compliance-based approach would be more consistent with traditional public administration (rules orientation). The following chart illustrates the conceptual typology used in the study conducted by the OECD (1996)<sup>5</sup> to analyze the various approaches to ethics management in the public sector.

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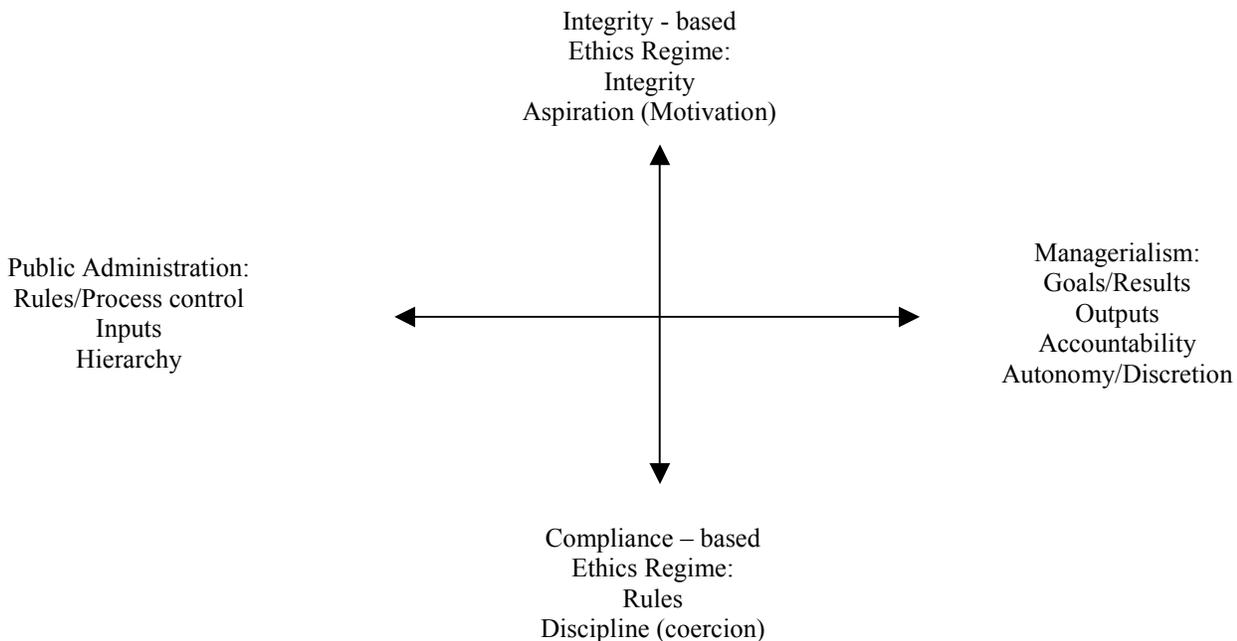
<sup>2</sup> OECD, Ethics in the Public Service: Current Issues and Practice, Public Management Occasional Papers No. 14, 1996, p. 59.

<sup>3</sup> *ibid.*

<sup>4</sup> *ibid.*

<sup>5</sup> *ibid.*

## A Typology of Ethics Regimes



The typology implies that there are varying systems with alternative combinations from among which countries can choose. Establishing a balance between aspiration and compliance (motivation and coercion) is one of the most difficult challenges confronting contemporary governments.<sup>6</sup> Another OECD study (1997) was clear in indicating that no definitive conclusions can be drawn on the degree of success achieved by the various ethics regimes.<sup>7</sup> It is possible, however, to draw conclusions about the suitability of ethics regimes and reform approaches. Thus countries using public administration approaches may choose ethics reform efforts that rely on a rules-based compliance system while those relying on managerial approaches choose an integrity or values-based system. Public organizations operating within a primarily rules-based system but are using managerial approaches (e.g. public enterprises or commercialized public authorities) may consider adopting or transforming into a values-based rather than a rules-based ethics management framework.

The OECD study (1996) did not refer to the impact of the ethics regimes on the functional subsystems of public management (e.g. HR, financial management, procurement, .etc.). However, it is possible to draw a number of conclusions for professional ethics in HRM:

<sup>6</sup> *ibid.*

<sup>7</sup> Stuart Gilman, "Realignment and Public Sector Ethics: The Neglected Management Problem in the New Public Administration", OECD Symposium on "Ethics in the Public Sector: Challenges and Opportunities for OECD Countries", Paris, 1997, p. 24.

- For ethics provisions in HRM to be effective, they need to be generally consistent with the overall ethics regime and reform approach adopted by the public sector.
- The risks of HRM roles and activities, whether public sector-wide or in a particular government agency, will require a set of rules and compliance-based codes of conduct to prohibit corrupt practices. These may be complemented by elements of an integrity-based ethics regime, which strengthens the professionalism among HR specialists.
- Much of the ethics regime, whether integrity-based or compliance-based, deals with HR policies and practices, conducted by HR specialists and line managers. Human behavior in public organizations is the focus of both. Thus, the effectiveness of an ethics regime lies in the HR institutional framework that enables influencing behavior in the directions sought. The question is, “what types of HR policies and practices are best suited for an integrity-based or a compliance-based regime?”

## Strategies for Designing HRM Ethics Regime

The documented experience of OECD countries offers some useful lessons in designing effective ethics regimes within varying HRM institutional frameworks. To design a well-functioning ethics regime, the desired behavior needs to be defined within the context of the overall ethical conditions present and management reform approaches. To begin, two conditions need to be differentiated: high and low levels of corruption:

- **High levels of corruption** imply a greater need for rules-based management, with control and sanctions, than low levels of corruption.<sup>8</sup> High corruption situations imply low ethical standards and a high tolerance for wrongdoing. It is not advisable, when people are actively doing the wrong things to reform the system (at least for the short run) through moving into results-based management with the implied devolution of authority, discretion, and empowerment. “Empowering ethically bankrupt people” (or institutions) “simply leads to corruption more quickly”.<sup>9</sup> The same notion applies to societies characterized by nepotism and political corruption or lacking in democratic accountability. The suitable reform strategy to improve ethics in such situations is compliance or rules-based, perhaps with the enforcement of firm and strong penalties associated with corrupt practices.
- **Low levels of corruption** imply the possibility of using integrity or value-based management. Where public sector employees are highly motivated to perform to the best of their abilities, integrity or values-based management is more likely to succeed. Where civil servants are not motivated or trying to escape responsibility, either by staying passive (not necessarily engaging in corruption) or by actively engaging in wrongdoing, such an approach will likely fail.<sup>10</sup>

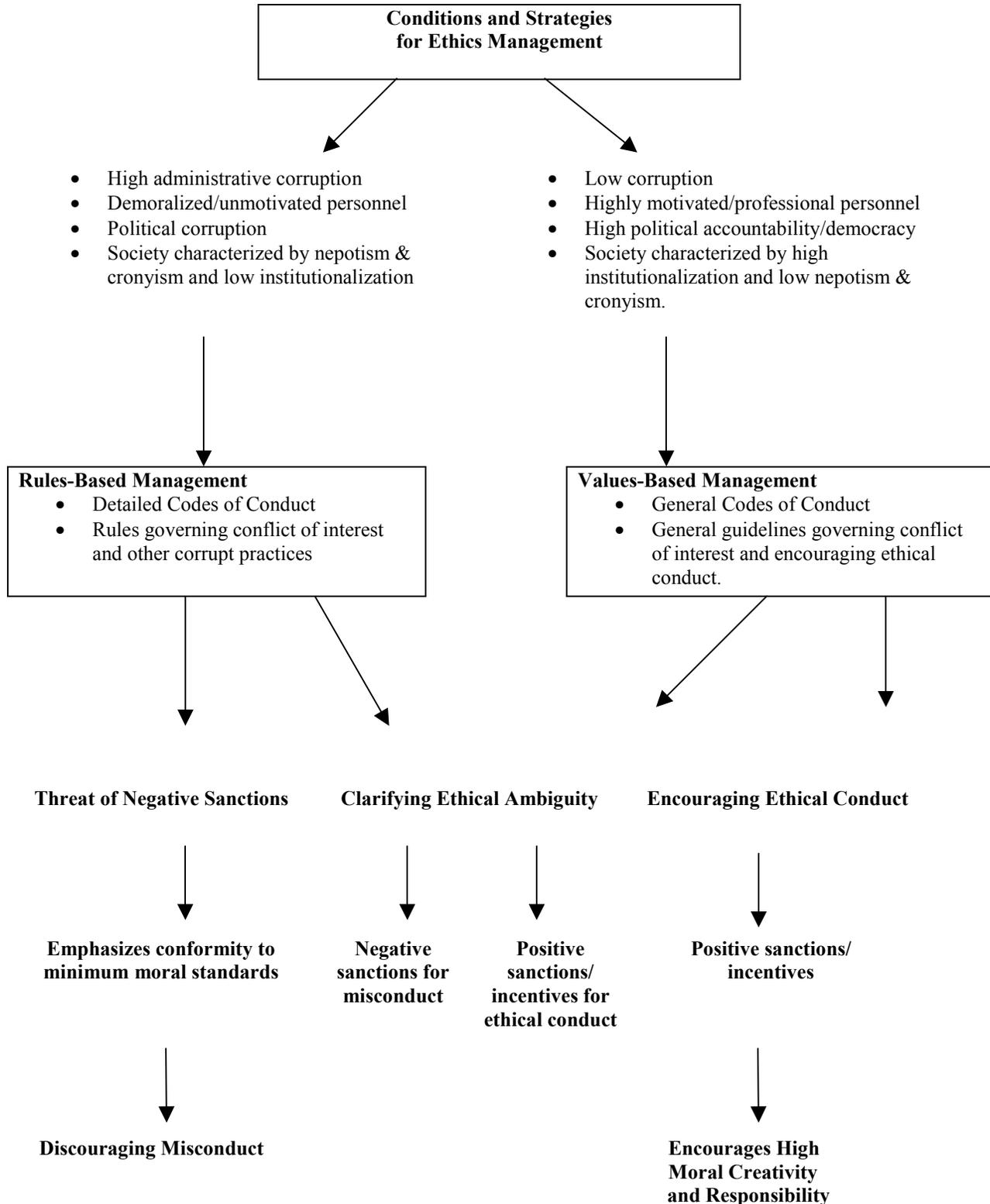
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<sup>8</sup> *ibid.*

<sup>9</sup> *ibid.*, p. 23.

<sup>10</sup> Kai Dramer, “Moral Reasoning in the Public Service”, Proceedings of the OECD Symposium on “Ethics in the Public Sector: Challenges and Opportunities for OECD Countries”, Paris, 1997, p.18.

The following chart is an attempt to summarize the above analysis of the elements and conditions of the applicability of the two approaches:



## Preventing Conflicts-of-Interest and Corruption

### 1. Conflicts-of-Interest During Employment Situations

All unethical and corrupt acts in the public sector involve a fundamental conflict-of-interest. A public official who is required to put the public interest above his/her private interest in carrying out official duties may be tempted to seek personal gain. A conflict-of-interest in government is a situation that involves “a public sector employee or official being influenced by personal considerations when doing his/her job.”<sup>11</sup> Thus, “decisions are made for the wrong reasons”<sup>12</sup> and result in wrong consequences. Applied to HRM, it involves being influenced in making personnel decisions by personal interest or private considerations at the expense of the interest of the organization and the public. A preventive strategy for wrongdoing and corruption starts with a solid understanding of the types of conflicts-of-interest that may be faced in a given domain. Three types of conflicts-of-interest in HRM may take place during employment of the public employee:

- **Favoritism.** This type of conflict-of-interest involves interference in and influence over HRM decisions to achieve personal, administrative or political favors, implying a partisan basis. It implies relaxing merit and competence criteria and escalating personal preference. Examples of favoritism are giving a high performance rating, a recommendation for salary increase or promotion, based on personal liking, obedience or exchanging personal favors. Such actions introduce a personal preference that is contrary to the goals of the personnel decisions.
- **Nepotism.** Nepotism is a special type of favoritism involving a public official using his/her personnel power or influence to obtain favors and benefits for family members/relatives/partners. Nepotism primarily involves one or more of the following:
  - “Advocating or participating in or causing the employment, appointment, reappointment, classification, reclassification, evaluation, promotion, transfer or discipline in a public sector organization of a close family member”<sup>13</sup> or a partner through the jurisdiction, influence or control the official exercises over such decisions;
  - “Participating in the determination of compensation, rewards or sanctions of a close family member”<sup>14</sup> or a partner;
  - “Delegating any of the above tasks/decisions regarding a close family member or a partner to a subordinate”<sup>15</sup>; and

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<sup>11</sup> Board of Ethics, King Country, U.S.A. quoted by Jermy Pope, *Confronting Corruption: The Elements of a National Integrity System*, Belin: Transparency International, 2000, p. 115.

<sup>12</sup> *ibid.*

<sup>13</sup> *ibid.*

<sup>14</sup> *ibid.*

- Supervising directly or indirectly a close family member or a partner or delegating such supervision to a subordinate.
- **Cronyism.** Cronyism involves giving preference to friends, colleagues and acquaintances, over deserving others, in matters of employment, career and personnel decisions. Cronyism is hard to control, especially in cultures that value highly interpersonal relations.
- **Self-Serving Favoritism.** This involves directing the decision-making power to the benefit of one's self, such as self-authorizing a payment or a benefit related to overtime work, training, travel or special assignment in the absence of control or accountability requirements.

## 2. Conflicts-of-Interest in Post-Separation Situations

A conflict-of-interest may take place after the public official leaves his/her employment, when the experience and network gained during his/her tenure are used to advance personal or private interest at the expense of the interest of the ex-employer. “ The type of employment or benefit, which may be a cause for concern, is one which has a close or sensitive link with the person's former position as a public official.”<sup>16</sup> Six main areas merit consideration that can give rise to post-separation or employment conflicts-of-interest: <sup>17</sup>

- Former public officials who engage in activities that involve bidding for work or business from the agency representing their former employer.
- Public officials who modify their conduct to improve their post-separation employment prospects.
- Former public officials who improperly use confidential government information, acquired during the course of officials functions for personal benefits, or to benefit another person or organization.
- Former public officials who represent to the ex-employing agency a private party or organization whose interests conflict with that agency.
- Former public officials who seek to influence or pressure their ex-colleagues or subordinates to act partially to provide private favor.
- Re-employment or re-engagement of retired public officials. This may involve re-employment in non-executive position or as a consultant or contractor at a higher pay while performing essentially the same work done prior to separation.

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<sup>15</sup> *ibid.*

<sup>16</sup> Pope, *ibid.*, p. 201.

<sup>17</sup> *ibid.*, pp. 201 – 202.

Drawing on the work developed by an Australian commission against corruption, Jeremy Pope<sup>18</sup> suggests a number of strategies to combat and avoid conflicts-of-interest in personnel decisions. The following builds on this work but extends and expands on the proposed strategies:

- **Ensuring impartiality in all personnel decisions.** This is especially important in recruitment, selection and employment and represents a condition for maintaining the integrity of these processes. It is advisable that no direct involvement of a potential candidate (or a beneficiary of the personnel decision such as his/her family members, etc.) be involved in any part of related processes. This includes providing equal opportunity for all potential candidates. Accountability for key decisions throughout the process should be clear and justification, recording and documentation of these decisions should be provided to increase accountability. A *formal certification of impartiality* of those involved in the decision-making is an effective tool. The certification would indicate that none of the applicants/candidates/affected persons by the decision is a relative or is a known person to them, or else the officials should excuse themselves from the process entirely.<sup>19</sup>
- **Fostering competition.** Personnel decisions should be based on competitive measures. This implies availing adequate information about the announced personnel opportunity – be it a vacant job, a career advancement or a training opportunity – to all potential personnel or applicants. It also implies that the information or announcement should reach the widest field of potential applicants. Where exceptions from competitive procedures are to be made, the decision-maker is required to provide clear, unambiguous and strong justification for the non-competitive procedure.<sup>20</sup>
- **Transparency and openness.** Transparency and openness is an effective mechanism to deal with conflicts-of-interest situations. Transparency and openness generate pressure on the decision-maker and those involved to avoid such situations and to handle them properly.
- **Structuring and operationalizing competence and merit requirement.** This is to reduce the discretionary and subjective judgment involved in conflicts-of-interest decisions. Well formulated, professionally designed, and well structured and institutionalized HRM system reduces the harm associated with conflicts-of-interest and other corrupt practices.
- **Collective or group decision-making.** Requiring that certain personnel decisions be collectively made and deliberated on by groups (representing independent members with various views, perspectives and known integrity) reduces the distorting impact of conflicts-of-interest and the possibility of engaging in corrupt HR decisions.

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<sup>18</sup> Pope 2000, pp. 199-201.

<sup>19</sup> *ibid.*, p. 200.

<sup>20</sup> *ibid.*

- **Strengthening the ethical regime applied to HRM staff and decision- makers.** This means subjecting the recruitment, selection, employment, performance evaluation, promotion of HR specialists and also line managers (whose responsibilities require engaging in personnel matters) to ethical scrutiny. It also implies building a culture of high ethical standards and professional orientation among these groups and subjecting the HRM system and practices periodically to ethical audit and evaluation. It further implies providing suitable compensation and good employment conditions to maintain their morale and motivation and applying strong negative sanctions associated with wrongdoing.
- **Strengthening the appeals and grievance procedure related to personnel decisions.** This is to allow persons who are qualified but were not successful to appeal to the appropriate independent authority if they consider that proper procedure or criteria have not been followed. This should enable such authority to conduct an independent review of the process and its outcomes.
- **Extending the ethics requirements to the contracted-out/outsourcing organizations.** With the downsizing and restructuring of government agencies, various personnel activities are sometimes outsourced or contracted out. These may pertain to training or other benefits areas (e.g. health care, insurance, catering, etc.). The ethical conditions of the personnel practices will be affected, consequently, by these new outside providers. Thus, ethical requirement need to be extended to those organizations.
- **Resolving post-separation conflicts-of-interest.** The measures and restrictions applied to post-separation conflicts-of-interest should be in proportion to the risks such situations pose. Countries have either dealt with these situations on a case-by-case basis or regulated the matter through various institutional measures. These alternative measures include:
  - Having post-separation policies reduce the risk of conflicts-of-interest. At the same time, considerations must be given to the likely impact of these policies on future careers of highly qualified professionals, and the need to balance fairness.
  - Including specific restrictions written in the employment contract to prevent post-separation conflicts-of-interest, if the employment law of the country allows.
  - Enacting legislation to regulate post-separation conflicts-of-interest, but without imposing unnecessary or unfair restrictions on people.<sup>21</sup>

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<sup>21</sup> *ibid.*, p. 202.

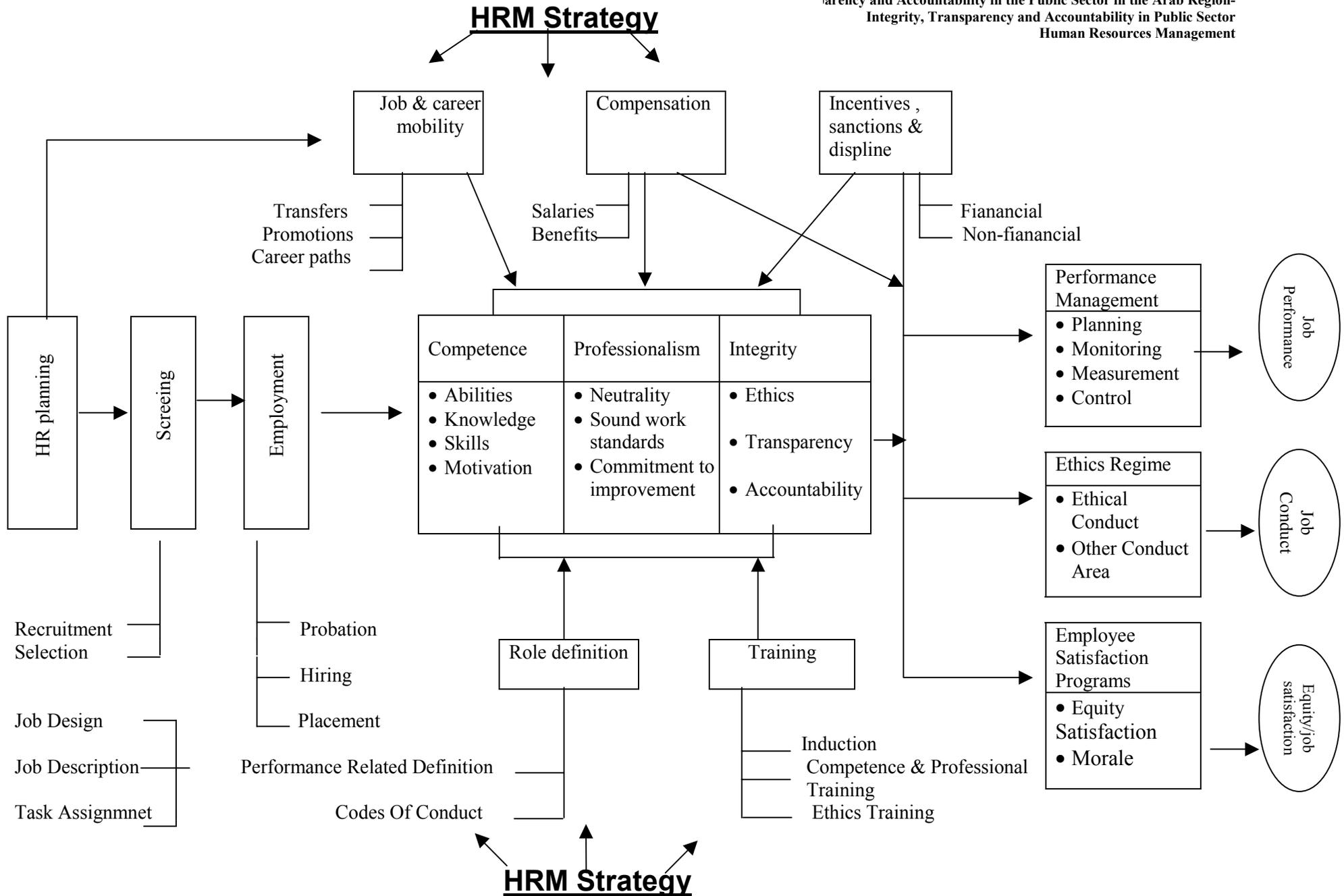
## ***A Proposed Framework for Strengthening Integrity, Transparency and Accountability in HRM***

Based on the above analysis, the following framework for enhancing integrity, transparency and accountability in HRM is presented. The attempt suggests the main “pillars” of an ethics reform in this area. It should be noted that such an ethics reform aims at:

- Preventing HRM from corruption by ensuring ethical practices by HR specialists and line managers. This involves repairing and strengthening the immunity of people involved and the defense mechanisms of the HR system that allow corruption to take place or prosper.
- Achieving a high level of integrity in the decisions and conduct of HR specialists and line managers involved.
- Providing support to the government and public organization-wide ethics reform. The nature of the HRM area, consisting of policies and practices that aim at influencing human performance and conduct in the public sector, bears direct responsibility for the ethical dimensions and conditions prevailing in the work situation. Morale, commitment, loyalty, motivation and competence – dimensions impacting on ethics and integrity – are the results of HR policies and practices.

### **The Framework**

The following chart represents the basic factors impacting on competence, integrity, transparency and accountability of the HRM system, whether at the government-wide level or at the level of a public organization.



## The Components of the Framework:

**1. An overall HRM strategy and goals** refers to the strategic orientation of the HRM, including its goals and objectives. Clarification of this strategic orientation and direction serves to guide the direction of the various HRM functions and their policies.

### 2. Core areas required for the effectiveness of the HRM system.

- **Competence:** refers to applied abilities, knowledge and skills as well as motivation (merit elements).
- **Integrity:** includes ethics, transparency and accountability.
- **Professionalism:** refers to neutrality, use of sound criteria for decision- making and commitment to excellence and improvement.

Integrity, transparency, and accountability in HRM do not function or exist in a vacuum. Their strength is derived, to a great extent, from the other core dimensions; competence or merit elements and professionalism.

The core areas are affected by the various factors representing components and functions of the HRM area.

### 3. HRM components and functional policies

- **HR Planning:** The existence of a sound plan and the associated HR structure and policies provide the objective basis for making various HRM decisions.
- **Entry Screening:** Integrity and ethics should be included in the requirements in the characters of the applicants, and valid means of assessing and verifying them should be developed to ensure that candidates possess the required characteristic.
- **Employment:** The probation period of employment could also include further ethical screening, similar to the integrity testing utilized by New York City Police.<sup>22</sup> Such testing could be developed to fit the nature of work of the particular agency which is relatively vulnerable to corruption such as tax, customs, regulation of the private sector, as well as HRM staff. Provisions for regulating conflicts-of-interest during employment and post-separation need to be implemented.
- **Role Definition:** Various tools used to define job roles, responsibilities, tasks, as well as codes of conduct guide employee practices to desired ends. Mechanisms for enforcing standards of conduct apply to HRM as much as to other public occupational groups.

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<sup>22</sup> *ibid.*, pp. 190 – 191.

- **Training and Development:** Various activities that relate to enhancing the capabilities, competencies, career development as well as the provision of ethics training are included. The provision of ethics training, whether as a separate activity or as a part of other training and development programs, represents an essential component of any ethical regime. HRM and training specialists need to be well acquainted with ethical training.
- **Job and Career Mobility:** Establishing job and career mobility policies on the basis of competence and merit protects transfer and promotion decisions from corrupt influences.
- **Compensation:** Establishing a remuneration system that provides for basic needs and professionally set on merit is necessary to protect ethical public employees from becoming complacent or in committing wrongdoing. “Being underpaid is an acknowledged disincentive for following an ethical course of action in the presence of a lucrative alternative”.<sup>23</sup> (However, it should be emphasized that while sufficient remuneration is a necessary condition for eliminating “petty” corruption, it is not a sufficient condition for the eradication of “grand” corruption. Eradication of grand corruption requires other policy and institutional changes. Important among them is the enhancement of transparency.) The above analysis applies greatly to the compensation system under which HRM staff work. Protecting them from indulging in corrupt practices necessitates the existence of a sound, equitable and decent compensation system.
- **Incentives, sanctions and disciplinary system:** Equitable compensation based on merit is not enough. Effective, efficient and proper performance and conduct need to be recognized and rewarded. Negligent performance and wrongdoing or unethical conduct need to be disciplined or penalized. The existence of such negative sanctions and the presence of clear criteria for applying them serve as a threat to deter public employees from engaging in wrongdoing. Incentives taking the form of recognitions, letters of thanks, certificates of appreciation, prizes/medals/trophies to employees reward exemplary ethical conduct. Investigation of wrongdoing and disciplinary actions should be provided on fair and transparent bases and should be associated with justification and an appeal procedure.
- **Managing results/outcomes of the HRM system:** results and outcomes of the HRM system can be classified into three categories:
  - Job performance management.
  - Job conduct management.
  - Job satisfaction /equity and morale.

Each of these categories requires a system for planning, guidance, monitoring, measurement/assessment and control/accountability. The following table summarizes and clarifies what should be contained in a system that covers the above categories.

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<sup>23</sup> Gallardo de la pena, 1992, Klitgaard, 1995; cited in the OECD Study, op.cit., p. 38.

### Managing HR Performance, Conduct on the Job and Employment Satisfaction: (The five E's)

Outcomes Management Elements	Performance	Conduct on the Job	Employment Satisfaction
<b>Strategic Goals</b> (planning and targets)	<ul style="list-style-type: none"> <li>• Economy.</li> <li>• Efficiency.</li> <li>• Effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>• Ethics/integrity.</li> </ul>	<ul style="list-style-type: none"> <li>• Equity and needs fulfillment.</li> </ul>
<b>Planning Process</b>	<ul style="list-style-type: none"> <li>• Determine the organizational strategic HR needs, on the basis of an analysis of the plan, and rational policies of realizing them.</li> <li>• Clarify performance expectations and responsibilities.</li> <li>• Clarify rewards and consequences of performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Clarify ethical principles and rules for making ethical judgments.</li> <li>• Outline a code of conduct.</li> <li>• Define aspirational values and prohibited conduct.</li> <li>• Define consequences associated with positive and negative conduct.</li> </ul>	<ul style="list-style-type: none"> <li>• Clarify employee needs and expectations.</li> <li>• Design compensation, rewards and sanctions.</li> </ul>
<b>Guidance and Monitoring</b>	<ul style="list-style-type: none"> <li>• Provide performance guidance.</li> <li>• Monitor performance progress towards targets.</li> <li>• Monitor means used to achieve performance to ensure adherence to ethical principles.</li> </ul>	<ul style="list-style-type: none"> <li>• Clarify codes of conduct, ethical principles and requirements.</li> <li>• Monitor behavior to ensure adherence to codes and principles.</li> </ul>	<ul style="list-style-type: none"> <li>• Identify of feelings of dissatisfaction or inequity.</li> <li>• Provide services that correspond to and fulfill employee needs.</li> </ul>
<b>Measurement and Assessment</b>	<ul style="list-style-type: none"> <li>• Determine degrees to which performance goals are achieved.</li> <li>• Determine and evaluate actual performance specification.</li> <li>• Adhere to sound procedures and impartiality in measurement and evaluation.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish and use indicators of ethical conduct and integrity.</li> <li>• Determine and measure degree of conduct, integrity and adherence to ethical standards.</li> <li>• Measure compliance to ethical rules and codes of conduct.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct job satisfaction surveys.</li> <li>• Conduct equity surveys and assessment.</li> </ul>
<b>Control and Accountability</b>	<ul style="list-style-type: none"> <li>• Determine accountability for performance targets.</li> <li>• Determine accountability of using ethical and legitimate means.</li> <li>• Determine and enforce rewards and sanctions.</li> <li>• Provide feedback and justification on performance assessment.</li> <li>• Determine areas of performance needing improvement and suggest means to achieve such improvement.</li> <li>• Ensure transparency of performance assessments and rewards.</li> <li>• Allow an appeal system and an independent check and review.</li> </ul>	<ul style="list-style-type: none"> <li>• Determine accountability for ethical conduct and integrity.</li> <li>• Identify the process of accountability for wrongdoing and increase its frequency.</li> <li>• Determine and enforce rewards and sanctions related to job conduct.</li> <li>• Provide immediate feedback on assessment of ethical conduct.</li> <li>• Ensure transparency of ethical (positive and negative) incidents.</li> <li>• Apply means to check and avoid wrongdoings, including tools such as integrity tests in vulnerable areas.</li> <li>• Conduct audit to determine areas needing improvement.</li> </ul>	<ul style="list-style-type: none"> <li>• Diagnose factors contributing to states of satisfaction/equity and dissatisfaction/ inequity.</li> <li>• Recommend policy changes and actions to rectify conditions and to maintain high morale.</li> <li>• Allow an appeal/ grievance procedure to handle cases of inequity and a procedure to rectify them.</li> </ul>

## ***Lessons Drawn From International Experiences and Implications for the Arab Region***

### **The Need for Reform in Public Sector HRM in the Arab Region**

The critical incidents of malpractices and other deficiencies pertinent to public sector HRM analyzed earlier apply, although with various degrees and profiles, to the Arab countries. In the following, features characterizing the prevailing public sector HRM in countries of the region are delineated. Together they constitute a portrait of the need for reform of HRM in the region:

Government HRM is built on an extensive legal foundation, emphasizing centralization of personnel decisions with detailed regulations governing employment, promotion, and compensation. Many of the countries have modeled their public personnel systems after the old French Civil Service Law. This legalistic and bureaucratic tradition is contrasted with widespread misuse of the discretionary powers on the part of the line managers and HR officials. This situation is due to the lack of accountability for performance and impact assessment of HRM decisions and actions. Bureaucratic secrecy provides protection for nepotism, cronyism and administrative/ political favoritism as well as incidents of conflicts-of-interest.

Being rules-and-regulations oriented, the accountability for public administration performance in the region, including HRM, is low. This phenomenon penetrates all levels of the administrative hierarchy. The incentive structure applied in the government, (being tied to adherence to formal rules, regulations and procedures), further reinforces formal and bureaucratically-driven accountability. The lack of control over HR utilization and impact assessment of HRM decisions widens the opportunity for malpractices and corruption.

With the exception of Tunisia and Dubai of the United Arab Emirates, the civil services in the Arab countries suffer from being out-dated, a slow pace of modernization and ineffective reform attempts. (The political and governance structures in almost all countries of the region do not generate enough pressures for sustained administrative or civil service reform. The inability of the governments, especially in North African and Eastern Arab countries, to correct the public sector pay structure is a major impeding and constraining factor in this regard. This is why bribery and other forms of petty corruption are wide-spread in these countries, especially in agencies dealing directly with the public.)

Tunisia has launched a comprehensive administrative reform program more than ten years ago and has reformed various aspects of the public employment system. Yemen has recently started a comprehensive civil service reform, aiming at more systematic and modern government employment and HRM practices. The reform will enable the government to control a serious problem of “ghost employees”. However, it does not confront the widespread corruption in all branches and practices of the government sector. Jordan has also introduced various modernizations and reforms, including the introduction of more transparency in government recruitment (through online announcement of job vacancies).

However, all these reforms have not tackled directly the ethical dimension in HR practices and have not reformed the factors impacting on it (e.g. compensation, accountability for performance, and transparency of the decisions and processes). It will take major efforts to overcome the deeply rooted values and common practices embedded in the Arab culture, such as “*wasta*”<sup>24</sup>. Generally, reforms in the Arab region are progressing mostly along the traditional public administration paradigm, with few initiatives derived from the managerialism paradigm. There are a few exceptions such as involving the citizens in assessing public services in Tunisia (“The Supervising Citizens”). Dubai has been able to take a great leap in the direction of streamlining and adopting various aspects of managerialism. Greater flexibility, initiative, and an effective incentive structure were introduced in HRM to cope with the dynamic and competitive market forces introduced in the public agencies. The impact of these developments taking place in Dubai on ethics in HRM has not been examined, but the whole administrative system seems to be evolving into a potential benchmark for the Arab region.

HRM in Arab countries – although appearing to be based on objective criteria, merit and seniority – has failed to attract or keep high caliber personnel. This is primarily due to the relatively low compensation (except in Arab Gulf countries), bureaucratic restrictions on career advancement and the supremacy of seniority in promotion decisions. Such factors impact negatively on professionalism and the employment environment, prevailing in the civil service. Under these conditions, government HRM practices in the region fell back on popular culture, which tolerates favoritism and nepotism more than professionalism. The strong role of primary social organizations (e.g. the family and the tribe) and the relatively weak institutionalization of Arab societies have also led to high tolerance for these forms of corruption in HRM practices.

Most countries of the region lack ethics regimes and professional integrity provisions to control discretion and to prevent/ regulate conflicts-of-interest in HRM decisions. It is common in the Arab region to find sons, daughters, and close relatives of influential appointed or elected officials occupying public posts. Sometimes this occurs in the same government organization that these public officials head or control. In other cases, close relatives are employees found in semi-public institutions with high employment privileges, benefiting from the influence of these officials or politicians. It is also common to find public employees or officials engaging in a business that is regulated by their employing agency. Also common are public officials who, upon resigning or retiring from an important or influential position, immediately hold employment or engage in a business which is regulated or has interface with his/her ex-employer. In some countries, such as Egypt, there are certain provisions that prohibit some of these practices. But these provisions are rarely enforced. The same is true for the declaration and verification of assets of public employees and officials. Weak enforcement has pre-empted the intended impact of these regulations.

Although anti-corruption initiatives are gaining momentum and strength in some countries in the region, either through initiatives by the legislature (Kuwait), by the executive (Jordan) or by an administrative control agency (Egypt), the actions are not integrated into a comprehensive

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<sup>24</sup> “Wasta” is a common Arabic word to mean using “social connections” to get special favors, preferential access to services or differential treatment from public organizations.

national strategy. In all the Arab countries, including those having these initiatives, corruption, in general, and malpractices in HRM, in particular, remains a serious challenge.

## **What Can Arab Countries Learn from International Experiences?**

Public sector HRM, although highly institutionalized through legal codes and regulations, is vulnerable to deeply rooted cultural norms that give rise to favoritism, nepotism, cronyism and various types of conflicts-of-interest. Weak HRM that does not adhere strictly to professional and merit criteria allows manipulations to serve personal and private ends. Corruption in government and in HRM is a serious threat to the development of the countries in the region. Most of these problems are related to the very slow pace of civil service reform and the lack of a national strategy to combat corruption and strengthen integrity in government. There is a pressing need to develop and adopt such a strategy to enhance the region's development prospective, and administrative reform represents an essential component.

Due to the late start in reforming the civil service and government HRM, the Arab region could greatly benefit from the international experiences in establishing and improving ethics regimes, in general, and HRM integrity, transparency and accountability, in particular. The following represents lessons drawn from international experiences:

1. **HRM reform should be integrated within an overall civil service/public sector reform.** To have an impact, HRM reforms must be part of an overall civil service or public sector reform. HRM reforms should be directed to provide support to the overarching goals of the overall reform. Within this context, justification for reforming the ethics regime has to be based on the link between the overarching goals and the performance, integrity, equity and satisfaction of people working in the public sector. There is abundant evidence that HRM reforms, including ethics, can contribute greatly to improving government performance, image and credibility.

A report has been recently issued by the World Bank (2003) on governance and development in the Arab Region. It noted that a major challenge is to make the civil service more accountable for results over mere bureaucratic action, for ensuring faithful implementation of policies, and for treating all citizens fairly and competently. The report emphasized the importance of public sector reforms towards a system that enshrines transparency and contestability. Within this context, such steps contribute towards overall civil service reform.<sup>25</sup> It made references to some evolving attempts in this regard (Jordan, Yemen and Morocco).

2. **The advantage of adopting an integrated approach to reform HRM.** HR policies and practices complement each other in impacting the outcomes of utilizing human resources. Ethics reform has to be part of a wider reform to install policies and procedures based on

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<sup>25</sup> World Bank, "Better Governance for Development in the Middle East and North Africa: Enhancing Inclusiveness and Accountability", MENA Development Report, 2003, p. 70.

competence, merit and professionalism. A competence-driven reform of the HRM provides the infrastructure and foundation for integrity, transparency and accountability and an associated ethics regime. Therefore, comprehensive reforms are needed in the various domains of HRM (e.g. HR planning, recruitment, selection, employment, compensation, etc.).

3. **HRM reform must recognize and correspond to the variations among different categories of public officials and occupational groups in each country.** The definition of the personnel and occupation groups to be covered by the reform is important to determine its scope and responsiveness to the particular needs of these groups. Experiences of countries that have recently introduced reforms (e.g. Eastern European transitional economies and some African countries) indicate the importance of defining the scope of the reform by recognizing the differing contributions of the various occupational groups to the overall the performance and integrity of the public administration. Although the various occupational groups may be governed by the same general rules, integrity and corruption issues could vary widely. Conditions and policies relating to recruitment, career development, remuneration, and their respective rights and duties may vary.<sup>26</sup> It is recommended that a study be conducted in the Arab region to identify factors influencing performance and integrity of these various occupational categories and implications for HRM reform. Variations are likely to be found among managers, administrators, teachers, health specialists (e.g. doctors, nurses, etc.), clerks, customs/tax officials, police, judges, lawyers, accountants and members of the armed forces.
4. **Establishing a balance between ministerial and organizational autonomy and decentralization and accountability in HRM.** There is an emerging reform movement to allow ministries/agencies and other public organizations and local units some degree of autonomy in handling matters of recruitment, employment, training and performance management and incentives. In some countries, the autonomy has gone further to include employment contracts, promotions and compensations. Such transformations are likely to be associated with restructuring of the public sector and the adoption of managerialism. Concern has been expressed on the increase of corruption and ethical lapses due to an increase in discretion without corresponding accountability for results, actions, means and conduct. The increased freedom may result in gross political, administrative and personal favoritism, providing opportunities in employment and careers to favored people. To safeguard against misuse of the devolved authority in HRM, certain measures have been found effective in curbing possible corruption and malpractices:
  - Having a central body/entity with the authority to coordinate and control the policies and practices of various public organizations. The absence or the weakness of such entities results in not just great diversion of HR practices among various government organs, but also malpractices. The devolution of authority taking place in a number of Arab countries (e.g. UAE, Kuwait and Morocco) to ministries, agencies and local

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<sup>26</sup> OECD, 1997.

units in personnel matters should be balanced by increased coordination and control by the central civil service or public employment agencies.

- Accountability measures should be introduced and enforced. These may include:
  - Reforming the appeal and grievance procedures on personnel decisions, including having an independent unit to receive complaints and monitor actions.
  - Enhancing the transparency of personnel decisions through reporting, justifying decisions and informing concerned parties. Abolishing the secrecy and enhancing the openness and transparency of personnel decisions are necessary steps. The use of “appraisal” and “exit” interview enhance openness and transparency.
  - Providing protection to “whistle blowers” (those reporting on and informing about wrongdoings), installing channels to report and procedures to investigate wrongdoings in personnel matters.
- Improve the validity of various assessment procedures and criteria used in recruitment/selection, performance evaluation, training, separation/discharge, and rewards/sanctions. Basing these assessment procedures on clearly defined and measurable criteria channels accountability towards rational ends and reduces opportunities to abuse discretion. International experience with such procedures is rich in those countries that have achieved great advances in assessments such as USA, Canada, Malaysia, Singapore and Hong Kong. There is also a rich body of applied knowledge in organizational/personnel psychology and HRM in the public and private sectors that can be utilized to improve assessment and measurement, related to personnel decisions. This body of experience and applied knowledge is almost untapped by the public sectors in the Arab region.
- Competition in recruitment/selection, promotion and career development opportunities have proven to be effective to ensure equal opportunity and reduce abuses.
- Group, joint, or multiple decision-makers in recruitment, selection, appraisal, compensation, and career development curb and protect these areas from individual abuses.
- Accountability of line managers for HR assets and decisions should be greatly strengthened through:
  - Reporting and justification to various parties: superiors, individuals concerned and coordinating HR unit/ staff.
  - Introduction of criteria such as HR capacity utilization, HR productivity, satisfaction, equity and subordinates' ethical conduct. When such accountability

criteria are not incorporated in the responsibilities of line supervisors and managers, HR malpractices can be found in their units.

In the Arab region and in developing countries suffering from corruption and abuses in HRM, reform efforts should seriously consider introducing the above provisions to strengthen the HR accountability of line managers.

5. **The advances taking place in establishing and developing ethics regimes provide alternative approaches/options to countries suffering from corruption in general and HRM malpractices in particular.** Four categories of alternative typologies have been identified in the OECD study (1996), mentioned earlier. These categories are<sup>27</sup> :

- Traditional public administration systems containing a compliance/ rules-based ethics regime. Portugal and Mexico represent such a category.
- Traditional public administration systems containing an integrity-based ethics regime. The OECD study did not identify countries representing such a category among the nine countries studied. However, it is possible to have a public sector relying on the traditional public administration approach, but having an administrative culture and societal values emphasizing high moral standards. In such a situation, corruption may be relatively low and the integrity-based approach would be applicable.
- Managerialism/results-based systems containing an integrity-based ethics regime. Examples are New Zealand, the Netherlands, Australia, Norway, Finland and the UK.
- Managerialism systems containing a compliance/rules-based integrity regime. The U.S.A is an example.

The conditions in Arab countries, being characterized by various types and forms of corruption in general and HRM malpractices in particular, would best benefit from reforms within the traditional public administration paradigm and the introduction of compliance/rules-based ethics regimes. This is not to exclude integrity/motivation-based efforts to unleash the inner potentials, based on moral and strong religious beliefs prevailing in the region. The latter should be provided to complement the needed institutional (compliance-based) reform to curb corruption and misuse of public authority and resources. There is also a need for each country for specific legislation to guarantee the neutrality, stability and efficiency of a corps of professional HR specialists. Corresponding incentives and enforcement mechanisms are also needed to ensure that the spirit of that legislation is translated into everyday practice.

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<sup>27</sup> OECD, 1996, op. cit.

6. **An overall HRM strategy, defining the goals and the framework within which the central civil service (HR) and line agencies operate.** The principles, policies and practices of integrity and professionalism and the leeway allowed to line agencies are essential to effective HR reforms. Such elements constitute the bases for monitoring practices and ensuring good HRM, thus contributing to public sector performance and integrity. Lessons can be drawn from some OECD countries, Singapore, Malaysia and from the ambitious reform efforts taking place in South Africa. South Africa has included a provision to strengthen the integrity by incorporating the principles of merit, equal opportunity in employment and conflicts-of-interest in its Constitution of 1996.<sup>28</sup>

There are emerging reform experiences in the Arab region that are worth studying such as Tunisia and Dubai of the UAE. However, there is a need to reform HRM, policies and practices to contribute to and complement overall public sector reforms.

## ***Conclusions***

The paper has attempted to show the link between integrity, transparency and accountability in the public sector and the institutional environment under which its employees work. Eradicating corruption requires, among other actions, changing this environment. HRM constitutes a major component of the institutional environment since it directly affects and impacts on peoples' behavior in public organizations. Therefore, a greater focus should be given to reforming HRM in government. The HRM reforms needed should be formulated within an overall administrative strategy. Such reforms are prerequisites to combating corruption and strengthening integrity in government.

The paper has also found that corruption in HRM can impede an overall anti-corruption campaign. It is not possible to ensure fair personnel practices by HR specialists if they lack competence and integrity and gain their employment privileges through unethical means. Identifying the forms and types of malpractices, corruption, and conflicts-of-interest in HRM decisions and diagnosing their institutional roots would be a useful first step in formulating a reform strategy.

Building a sound HRM – based on merit and competence, ethical conduct and equity, and utilizing a contemporary body of applied knowledge – is the most powerful and comprehensive basis for reform. Within this context, an ethics regime needs to address the conditions surrounding the existing levels of corruption. Such a regime needs to complement the overall public management philosophy, its reform orientation and become integral to HRM.

Reforming HRM in the above-mentioned directions improves the chances for building and strengthening integrity in government. Developing countries, including countries of the Arab region, lose out from delayed attention to corruption in HRM and the need for reform. They

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<sup>28</sup> Pope, op. cit. , p. 105.

would benefit greatly from benchmarking with best practices existing worldwide and within the region, itself.

The public sectors in the Arab countries require overall reform in HRM and policies. Although most of these countries have central civil service agencies/ministries, a legal framework governing HRM, the performance and the integrity of public organizations leaves much to be desired. As in many other developing regions, HRM in the region suffer from almost all of the malpractices illustrated throughout this report. The institutional arrangement to promote integrity, transparency and accountability is weak. The relevant laws and regulations have not been integrated to strengthen the immunity of HRM against lucrative self and private-benefiting opportunities. HRM and the society-at-large are at risk to nepotism, cronyism, favoritism and non-existent or weak organizational ethics that easily penetrate and corrupt decisions and practices. Improving public sector performance and credibility requires a comprehensive but a well-orchestrated institutional reform that combats corruption and unleashes the latent potentials of public organizations, redirecting their practices to serve developmental ends. Serving these ends requires competent, professional and ethically strong public servants.

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