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Top-Level Pay, Performance, and Competence: Do Theory and Reality Ever Meet?


Civil service has largely been on the defensive for more than a generation. In the United States, this is attributable to the prevalence of privatization and flexible employment relations, the public human resource management techniques most closely related to the increased dominance of market values
and mechanisms (Battaglio and Condrey 2006; Klingner and Lynn 2004). In Western Europe and the British Commonwealth, it has faced similar pressures as a result of Thatcherism and New Public Management. Yet at the same time, the capacity and performance of the senior civil service continues to interest these countries’ scholars and policy makers. This review examines three books on capacity, competence, and pay to determine why this apparent paradox exists.

Three Books on Capacity, Competence, and Pay
Individually, these three books deal with structural, personal, and economic variables related to administrative capacity and individual performance in a range of countries with different cultural, economic, and political characteristics. Together, they raise the expectation that researchers can reach some general conclusions about how these factors work together to induce good governance, and perhaps even that practitioners can develop some “smart practice” guidelines for applied development administration.

Government Capacity and the Hong Kong Civil Service describes the structure, policies, and practices of the Hong Kong civil service system and their relationship to administrative capacity. Its focus is “the impact of formal and informal rules that both facilitate and undermine Hong Kong government policies to boost the contribution of the civil service to government capacity” (ix). Unlike some aspects of government performance (e.g., policy making), the Hong Kong civil service is relatively transparent. Because this book focuses on transformation and continuity during a 20-year time span that includes the end of British control in 1999, it provides an extremely rich and detailed analysis of Hong Kong’s political-administrative relationships in general, and the impact of this larger political context on administrative accountability in particular. Its author is a University of Hong Kong professor who has been conducting research, writing and teaching about personnel management and public administrative effectiveness in this region for at least 25 years. His general conclusion—well documented by government documents and interviews with senior civil service officials—is that Hong Kong’s civil service system has retained considerable distinctiveness and autonomy despite its incorporation as part of China.

The Professional Edge: Competencies in the Public Service is the collaborative effort of four respected U.S. scholars of public management and public personnel management. It focuses on the core competencies that its authors believe public administrators must have in order to function effectively in this country. The first chapter sets the stage by describing the contemporary U.S. public service. It defines U.S. public administration as complex, contradictory, and competitive because of its multiple levels of government, public–private partnerships, nongovernmental organizations for public service delivery, and amorphous and shifting stakeholder networks. The following two chapters are a collective response to the familiar challenges of reconciling politics and administration within this challenging context. However, this book differs from most treatments of these topics because of its outspoken and personal focus on the technical, ethical, and professional competencies needed to be a contemporary public administrator. The last chapter is a series of vignettes and cases that illustrate how good public administrators apply these three competencies across a range of issues, organizations, and levels of government. Its tone and content indicate that the intended audience is students and young professionals striving to integrate the technical, professional, and ethical demands of a career in public administration. Its goal is to help them understand why contemporary public service delivery requires diverse competencies related to the effective functioning of networked public, private, and nongovernmental organizations.

Reward for High Public Office: Asian and Pacific Rim States is an ambitious effort to explain the variables that determine pay policies for top-level officials in seven countries (China, Hong Kong, Japan, Korea, Singapore, Korea, Australia, and New Zealand). Because these countries exhibit a broad range of cultural, economic, and political characteristics, the editors hope to reach some general conclusions that might serve as the basis for comparative research in other countries. Because two of the editors have extensive experience researching public sector reward systems in Europe and the United States (Hood and Peters 1994), this book is both coherent and readable, with a unified conceptual frame based on their shared experiences and values. Because their previous research concluded that the United States and Western Europe share the characteristic of vertical compression for top-level civil servants’ pay, it appears that this book might be intended to extend this hypothesis to other countries. Yet in the end, the country analyses do not allow the editors to reach any general conclusions about top-level pay in these countries. The title of their concluding chapter, “The Top Pay Game and Good Governance—Where Immodest Theories Meet Slippery Facts,” summarizes their findings with clarity and candor. Pay of elected and appointed top administrators varies considerably even within each country, as well as among them. Some countries—notably Australia and New Zealand—have more transparent reward systems than others. Some, such as China, combine relatively low base pay rates with relatively large and less public benefit packages. The only general conclusion possible is that political factors, mainly historical and institutional, have a greater impact on top-level pay than do economic or cultural variables. While some scholars (e.g., Heady 1996) have developed comparative models of public administration
based on political, economic, and cultural characteristics, these models do not highlight specific relationships between top-level pay and good governance in a way that makes them applicable by policy makers or senior administrators.

Why Is Civil Service Still Important?
Given that civil service systems have been under attack in the United States and Western Europe for the past generation, why are scholars and policy makers in these countries still interested in the links between pay, organizational capacity, and individual performance, particularly for high-level civil servants? Their interest lies in two different areas of research derived from different disciplines and largely conducted by different scholars. The first is a large body of primarily U.S. personnel management literature that is concerned with pay-for-performance policies and programs for public agencies. The second is a smaller, more global body of literature concerned with building governance capacity in the context of international development.

Researchers into personnel management in the United States agree that pay is linked to individual performance and the individual performance is tied to organizational productivity, an assumption that appears at odds with the conclusions of Hood et al. It is not surprising that they are doubtful as to the exact connections, or if they do exist, how to strengthen them through specific pay and benefit policies (Klingner and Nalbandian 2003). Similarly, international development researchers generally agree that improving governance capacity is a viable route to economic growth and political stability, particularly for the world’s poorest countries (Collier 2007). However, because good governance involves a number of complex and interrelated structures and systems, including civil service (Caiden and Sundaram 2004; Klingner 2006), they are not always sure what specific actions, particularly civil service reform, will actually be effective in any given case.

Dominating the discourse is an ideological debate between civil service and market models in both advocacy for pay-for-performance programs and international development strategies. Civil service systems generally base pay on a combination of job worth, personal competencies, and seniority, with some adjustments for performance, cost of living, and other market-based variables. Their biggest advantage is their ability to link payroll to agency budgets in a manner that is rational, transparent, and internally equitable. Market models generally base pay on supply, demand, and current performance, with some adjustments for internal equity. Thus, theories how to set pay for top-level officials are influenced not only by research about the relationship between pay and performance but also by the ideological preferences and perceived means-end relationships of a range of actors with different values and roles. Most U.S. scholars and administrators concerned with pay-for-performance in public agencies and civil service systems share a preference for public sector rather than market-based solutions, particularly civil service reform (Battaglio and Condrey 2006; Lindquist and Condrey 2006; Rainey 2006; Selden 2006). And a smaller but broader group of administrators and scholars view civil service reform—particularly any demonstrable links between organizational capacity, personal competence, and pay—as a potentially fruitful area for diffusion and adoption of “smart practice” public management innovations (Bardach 2000) toward building global governance capacity (Stiglitz 2001).

This, then, is the answer to the question raised at the beginning of this essay. Despite the general prevalence of market-based values and mechanisms in the United States and Western Europe, research into the civil service is still important because it allows scholars and administrators in both public personnel management and development administration to explore the inter-relationships among pay, performance, and productivity. Moreover, even those who generally favor market mechanisms over civil service systems regard setting pay for top-level public administrators as important because market-based models are based on a presumed relationship between the performance of senior officials and the program performance and organizational capacity of the agencies they administer.

Three current trends accentuate the importance of this insight. First, proponents of both government- and market-based personnel systems have to take account of the customer-focused and results-oriented agency performance goals advanced under the general rubric of the New Public Management (Kettl 2000). Such New Public Management models generally include performance measurement and incentive systems that link rewards to individual performance and organizational productivity.

Second, though they follow different lines of argument, both sides agree that the “hollowing out” of the state increases the need for qualified and competent top-level administrators (Kettl and Fesler 2005). For public administrators and other proponents of government, program oversight and legislative accountability are only possible through the cooperative efforts of top-level administrators with elected and appointed officials. For those who favor privatization and contracting, the presence of top-level officials to can negotiate and enforce good contracts is required to prevent waste, fraud, and abuse.

Third, the widespread use of contractors adds notions of accountability that make it even more difficult for top-level administrators to maintain organizational capacity or effective agency performance (Klingner, Nalbandian, and Romzek 2002). Top-level public officials now have to be able to view reality from...
political and market perspectives as well as the traditional administrative viewpoint. Thus, “professionalism” itself becomes a more complex variable. In the “ambiguous public domains” characteristic of present-day professionalism, “pure” administrative professionalism is transformed into a “hybrid” model reflecting the ethical values and perspectives of multiple sectors and levels of government (Noordegraaf 2007). Both of these consequences, in turn, increase the importance of setting pay for the top-level officials, who in the end must have the technical, ethical, and professional competencies needed to manage networked public agencies effectively.

Together, these trends support the need for enhanced government capacity and the role of senior public executives in providing it. The broader question of linking pay to performance, let alone organizational capacity, is by no means settled. The link between relative job worth and pay in general is unresolved, particularly in light of the salaries and benefits that go to many executives in the private sector. The public sector is unlikely to match these, and there is a serious issue of loss of talent in public service because people find the rewards incomensurate with what they could get elsewhere.

In sum, these three books all speak to the need for public administration professionals to continue to focus on pay and performance issues. They have differing objectives and target a range of readers including area specialists, young professionals, and scholars of comparative personnel management and international development. Burns focuses on the capacity of the Hong Kong civil service system under conditions of political change; Bowman et al. emphasize the need for ethical, technical and professional competencies; and Hood and Peters seek to determine the cultural and economic factors that affect pay for top-level administrators. Collectively, they demonstrate the importance of connections among organizational capacity, personal competence and pay for top-level officials amid a larger global and domestic debate between governmental and market-based reform models.

References


