

**Seminar Report**  
**Esta Code, Governance, and Human Resource Management**

**Thursday, January 15, 2009**

**Islamabad**

## **Welcome Remarks**

### **Mr. Kashif Mumtaz**

Research Fellow, Institute of Social and Policy Sciences (I-SAPS)

Mr. Mumtaz welcomed the participants and thanked them for sparing time to participate in the seminar. He said though Esta Code was an extremely important document in the government system, not much attention had been paid to reforming it. The document, he said, had received scant attention by the academic community as well. He said there was a need to analyze Esta Code, which had been called as the backbone of personnel management system, from the standpoint of human resource management, and to explore its linkage with governance.

### **Dr. Syed Tahir Ali Hijazi**

Dean, Faculty of Social Sciences, International Islamic University (IIU), Islamabad

Dr. Hijazi started by narrating the tale of his years old interest in Esta Code as a PhD student in the US, though, he clarified, he was bale to concentrate on it more closely only after joining IIU, where he could get a number of his MPhil and PhD students to work on Esta Code. Coming to his presentation, he argued that the major problem from the stand point of human resource management in Pakistan was the over-centralization of powers whereas in many other countries the central agencies were no longer responsible for personnel management which had been delegated to the relevant departments which could themselves hire, fire, and promote the people. In Pakistan, he said, there was a central Public Service Commission but in those systems, he explained, central government was only interested in knowing that to what extent a particular organization had been successful in achieving its targets and was not bothered about who did the organization hire, though the government did provide guidelines to set the criteria for hiring the people.

Dr. Hijazi was of the view that though Pakistan's civil service had been asked to take on increasing responsibilities in a variety of areas over the years, its formal structure and management had not changed greatly since colonial times. The responsibilities, he explained, had changed as now the civil servants had to look after, in addition to administration, the economy as well, whereas in British India, economy was not the issue; law and order and revenue collection were the main issues. Now, he added, there were a lot more things to look at. Besides, he said, the gap between the responsibilities of the civil service and its capacity, organization, management, incentives, and orientation had progressively increased over time. He said that it was criminal to pay Rs. 25,000-30,000 to a Grade 17/18 government officer and expect him to perform better than his counterpart in the private sector who might be drawing a salary of close to Rs. 200,000. The biggest flaw in the system, he said, was that we had not created an environment where we could get the best people to work in the government. To bring home his point, Dr. Hijazi narrated the incident of the Accountant General of Pakistan's complain to the government that despite the fact that he looked after the accounts and audit of the entire

country, he was paid Rs. 60,000 only, whereas the City Bank's country manager who looked after only a fraction of the funds was paid Rs. 1600,000. So, Dr. Hijazi said, it was something very important that if you wanted a professional to look after the audit, then you needed to raise his salary level commensurately.

Dr. Hijazi then described the historical evolution of civil service reform efforts noting that after independence, in 1947, the newly created State had inherited a colonial style of administration from colonial masters, which was neither capable of handling the emergent problems of independence nor was fashioned to meet the growing demands of national development, necessitating a major overhaul of the whole system. It was, he said, Prime Minister Zulfiqar Ali Bhutto who took the major initiative towards the reformation of public administration; resulting in a provision in 1973 Constitution which provided for the establishment of Administrative Tribunals in the country. Thenceforth, he said, several reform efforts had been made, recalling that the number of such efforts was 34 at the time of his PhD research. Besides, he noted, there had been a number of minor reforms.

About the Esta Code which consisted of 1292 pages and whose latest version was published in 2004, he said that there was no concept of human resource management in this important document which regulated the entire career of a civil servant. Dr. Hijazi then briefly mentioned various areas covered under the Esta Code: Recruitment/Appointments; Seniority & Promotion; Transfers/ Postings and Deputations; Termination of Service, Reversion to Lower Grade/Post; Resignation and Desertion from duty; Performance Evaluation (a slightly modified version of Annual Confidential Report); Conduct and Discipline; Pay, Allowances and other benefits; Leave; Pension and Gratuity; Retirement and Re-employment; Appeals Petitions and Representations; Merger of Services/Cadres into a Unified Graded Structure; Rules and Procedures applicable to occupational Groups; Federal Public Service Commission and Service Tribunals.

Identifying the missing areas in Esta Code from the standpoint of human resource management, Dr. Hijazi mentioned: Training and Development; Career Development; HR Budget; Linkage of Performance and Compensation; Leadership Development; Employee Retention and Performance Evaluation. Among the above listed areas, he spoke at length about the absence of any linkage between performance and compensation noting that regardless of one's merits or demerits, a government officer would be promoted only on the basis of number of years he/she would have spent in the service. In fact, he said, the system was such as would discourage pro-active officers, recalling how a senior retired bureaucrat with an exceptionally successful career had told him that the secret of his success was that he never completed any task and kept things pending. He said that the system was such as would penalize, in one way or the other, any officer who would take on challenges. So, he said, anybody in the government who was proactive, under the Esta Code/government system he was the bad guy, a trouble maker who was breaking the harmony and disturbing the whole system.

Economy, Dr. Hijazi further said, was not at all an issue in the Esta Code, so the government officers would not be rewarded or penalized due to any good or harm done to the economy by them. He narrated a few examples to bring home his point. Recalling his involvement with the Planning Commission on some projects, he said once after lengthy discussions they had approved five projects out of 16, but later on it had transpired that none of the five approved projects were taken up. Upon inquiring, he said, he was told that all the projects approved by the Planning Commission had been sent to Economic Affairs Division, where the relevant officer told him that they had dropped the projects on grounds of national interest, which he was not ready to explain to Dr. Hijazi. All this happened because economy was not the priority, he said. If, he lamented, five economists and ten other experts sat down and worked on five projects, there was no value to that because the bureaucracy had got the authority to turn them down, and no one could question their wisdom because they professed to be acting under national interest.

Quoting example, Dr. Hijazi said, though we heard a lot about shortage of water in Islamabad, a study by IIU faculty and students showed that if it rained for three hours, there would be enough water to feed the entire population of Pakistan for more than three months. But we ended up losing all the water into rivers and the sea and kept on complaining about water shortage, because, he said, no one involved in making those decisions was qualified to think about water management. He said though Islamabad was considered to be water deficient, his study had shown that 63% of available water was wasted. By improving the water management, he said, Capital Development Authority (CDA) could afford to develop 12 more sectors in addition to the existing 12. Another study by NESpak, he said, had concluded that 54% of the water was being wasted in Islamabad. Why we were not thinking of wastage of water because whole of the bureaucratic system did not have economy as the priority, he said. Similarly, he continued, WAPDA employees got free electricity which meant that they were unlikely to use it economically. In fact, he said, many of them were believed to have given free connection to their friends or relatives in the neighbourhood. In this way, he said, huge amount of electricity was being doled out because for the people who were in the system, rules and regulations were very important, and not the economy or the targets as they had not been oriented to such concepts.

Proceeding to discuss why efficiency was higher in the private sector as compared to the government sector, Dr. Hijazi said that the only reason behind this gap was the private sector's concentration on human resources whereas the government sector was concerned only with the procedures. Dr. Hijazi showed the following table to illustrate his point.

<b>Private Sector</b>	<b>Government Sector</b>
Flexible working hours	Standard Working Hours
Promotion Based on Performance	Promotion based on Seniority
Performance Evaluation (a continuous process, no element of confidentiality)	Annual Confidential Report (ACR) (once a year, the system had failed even government circles recognized it, no

	justification for confidentiality)
Linkage of Performance and Compensation	Grade based Compensation (highly unjust system, the reason behind many DMG officers' switching over to donors)
Achieving targets (rewards hinging upon achieving targets, provides motivation to employees)	Standardized Time Consuming Procedures
Training and Development (most organizations provide)	Training and Development (totally missing)
Career Development (clearer career path)	Career Development (uncertainty after a certain level, political meddling)
Labor Relations	
Grievance Management	Grievance addressing through Tribunal
Health and Safety	
Equal Employment Opportunity	Quota Based Employment

Dr. Hijazi again highlighted the difference between ACR and performance evaluation as done in the private sector. An important aspect of the performance evaluation was 360 degree evaluation which meant evaluation by peers, subordinates and high ups though different weightage could be assigned to evaluations by different people. This system involved evaluation of an individual by a group of people and was therefore more important, he said. Explaining his point, Dr. Hijazi said that a boss might think that somebody was honest, but a colleague might know, and rightly so, that the person was not honest. Therefore, he said, this system could help ascertain the exact strength of an employee. Referring to his various research exercises, Dr. Hijazi said, exercises would normally see people giving fair assessment of their colleagues. ACR on the other hand did not take into account such useful methods.

Compensation's linkage with the performance was another point Dr. Hijazi choose to highlight. He said that people would work only when they had some motivation, which might be of many types – patting on the back, recognition, financial rewards etc. Combination of all these elements was necessary to improve performance of employees. In the private sector, the focus was on the individual whose output would determine

his/her compensation, whereas in the government sector perception, the performance of an employee played more important role in determining his/her performance.

Dr. Hijazi further stated that many of the major problems afflicting our society had arisen because we never gave a serious consideration to human resource management, noting that even what Establishment Division described as HRM was nothing more than rules and procedures. Quoting the examples from Canada, Australia, and UK, he said, its solution lied in empowering the organizations to hire, fire and promote their employees, and government restricting its role only to setting targets for the organizations. In Pakistan, he said, though government had set the targets, it would continue meddling with the affairs of the organizations making the system unable to deliver. He highlighted the need for developing specialization. So, for example he said, if a person specialized in tourism he/she should remain in the tourism. But unfortunately in Pakistan, he said, this was not happening.

**Mr. Slaim Jehangir Mirza**

Director General (R), Management Services Wing, Establishment Division, Government of Pakistan

Mr. Mirza started by appreciating Dr. Hijazi's presentation which he said highlighted a number of issues and gave several suggestions with some references to Esta Code. He said he agreed with Dr. Hijazi's point that the formal structure of civil service had not changed and that the gap between the responsibilities of the civil service and its capacity, organization, management, incentives, and orientation had progressively increased over time. He said he would reaffirm that being proactive was thought to be very negative in the government; initiative was not encouraged. In fact, he said, the existing system did not let any body grow; its over-centralization would retard the growth of any aspirant.

Talking about the missing areas in the Esta Code, he said, it did mention career planning. Esta Code, he said, was in fact a compilation of rules and regulations. He described these rules and regulations as operational instructions. The approach behind the compilation of these rules and regulations, he said, was reactive rather than proactive. Whenever a situation arose calling for some attention, he explained, the Establishment division would issue some instructions to facilitate the government servants working in various ministries and divisions in running day to day affairs. Whenever a problem arose, it would occasion come collective thinking, leading to some instructions which later would be incorporated into Esta Code, he summarized the storey of the evolution of Esta Code.

He suggested that the government should concentrate first on Human Resource Planning (HRP), setting out clearly what sort of people were required in the government in the light of the role carried out by the government as provided for in the principles of policy under the Constitution and also under the rules of business. Rules of business carried the charter of every division which, he said, itself needed to be reviewed. The entire government business, he said, was running under the rules of business and the principles of policy.

HRP, he said, was needed to ascertain what type of manpower was needed by the government in light of government's future plans and what was the skill inventory in the government. In this regard, he informed the audience, that a project on the job content analysis was being undertaken by the government to ascertain the type of manpower available with the government and the type of skills needed for the government. Until that was done, Mr. Mirza said, it was not easy to design any training and development policy or to know the future needs of manpower in the government.

## **Discussion**

Mr. Mirza's remarks were followed by a lively discussion during which participants showed their keen interest in issues broached by the speaker and the discussant by asking several questions and making some pertinent remarks. It was remarked that the system in the country appeared to have been heading towards total collapse as rules and regulations had lost all meaning for people who would take pride in flouting them. The participants wondered if there was any way out of this imbroglio short of a bloody revolution. The failure of the government in ensuring effective service delivery was juxtaposed with what Taliban had done in Afghanistan and their Pakistani counterparts were successfully doing in some parts of the country. One of the participants cautioned against blindly following foreign or imported models saying that these models might have succeeded due to the particular socio-economic context and might not yield same results in Pakistan. He urged the policy makers and intellectuals to come up with home grown responses to policy challenges faced by the country. The universities in the country were said to be churning out graduates who were divorced from the country's ground realities and therefore unable to help it meet various challenges.

Another participant suggested that each organization within the government should have its strategic planning setting out its strategic goals and then its policies should be geared towards meeting those goals. The need to build institutions was also highlighted. One of the participants was of the view that to help country get rid of persistent governance crisis there was a dire need to ensure an effective mechanism of accountability so that nobody could deviate from the prescribed path. It was also suggested that the bureaucrats and academicians should join hands to study business of government and public administration in Pakistan.

(The audio report of the Seminar, available on I-SAPS' website, contains the complete discussion)