

CHAPTER 3

LONG-TERM VISION

(This chapter sets out our long-term vision for the civil service pay system)

Introduction

3.1 Before plunging headlong into the five specific areas which we have been asked to look into, we consider it important to pause to visualise what we think the civil service pay system should be like in the *long term*. While this vision provides a direction for reform, we do not intend to prescribe a rigid timeframe for its fulfilment. We are fully convinced that any reform should be implemented gradually and progressively, with stakeholders' buy-in and commitment secured throughout the process. Taking into account the experience in the five countries studied, the "long term" referred to above could well be a matter of a decade or more.

Our Vision

3.2 Our vision of the civil service pay system going forward is one which should be –

- (a) able to offer sufficient remuneration to recruit, retain and motivate staff of a suitable calibre to provide the public with an efficient and effective service;
- (b) regarded as fair both by civil servants and by the public which they serve;
- (c) able to complement, support and facilitate the effective and efficient operation of the civil service, and allow it to change

and evolve over time to keep up with socio-economic changes, yet stable enough to assure civil servants of their reasonable expectations;

- (d) simple enough so that an inordinate amount of resources is not required to administer it, yet flexible enough to allow managers to provide incentives as appropriate;
- (e) able to distinguish between performers and non-performers, and allow managers to act accordingly;
- (f) able to empower managers to manage staff resources effectively and flexibly, taking care of specific needs of individual departments; and
- (g) reviewed regularly to take account of the latest developments in international best practices which may be relevant to Hong Kong.

Elements of the Vision

3.3 The first two elements, (a) and (b), in the above list are taken directly from the existing policy statement of the Government. As principles, they are self-evident and are clearly the starting points of the pay policy and system of a responsible government. A fundamental question which the Administration should consider is the quality of persons which the civil service should aim to recruit and retain. For the purpose of this review, as we have discussed in the preceding chapter, the issue is whether the mechanism which has been used in achieving the said objectives with reasonable success over the years is still in step with rapid changes in the socio-economic and political circumstances.

3.4 The next three elements, (c) to (e), are meant to redress the rigidity which have developed over the years in the name of buttressing a stable civil service. The issue at stake is whether the existing structure is in keeping with the expectations of today's society and the best practices in modern human resource management. One needs to be watchful that an overly rigid system which provides little discretion to managers and

inadequate opportunity or incentive to staff is not conducive to a performance culture that emphasises ownership of responsibility.

3.5 Element (f) takes the concept of empowerment/ownership one step further. A highly centralised pay administration constrains the ability of departments or line managers to effectively manage their human resources (and the very significant fiscal resources involved). Viewed from another angle, it exempts the departments/line managers from taking responsibility to manage their human (and related fiscal) resources to produce the best results. The consequence may be such that departments/line managers become unable and unwilling to take ownership of human resource management, leading to an outside view that “civil servants are in effect paid for their job rather than for their performance”.¹

3.6 The empowerment of managers provides only half the answer to the question of taking ownership of human resource management. The question remains as to their willingness. In our recent discussion with departmental management, a common view expressed is that they would gladly leave pay administration to a centralised (or central) mechanism while they concentrate on the professional work or pursue their departmental objectives. This view ignores the reality that ownership of, and hence the exercise of discipline in, human and fiscal resource management is one of the most important elements in achieving the best deployment of limited resources to obtain the best results.

3.7 We fully understand the sentiments of departmental management, given their workload, the fast changes in the political scenario, the demand from the public and the relatively “smooth” operation of the highly centralised pay administration over the years. A critical step towards achieving the objective set out in (f) must be to nurture a change in the culture or mindset of the civil service in this regard. There is no point in pursuing this objective if stakeholders’ buy-in and commitment could not be secured. The enormity of the task should not be under-estimated. As a first step, there is simply no substitute for frank, constructive and

¹ Anthony B. L. Cheung. “Moving into Performance Pay for Hong Kong Civil Servants: Conceptualization and Implementation Problems”, in *Public Administration and Policy*, September 1999, Page 12

patient dialogue involving the Administration, departmental management and the staff sides, with a view to jointly mapping out the next steps. There should be a unity of purpose among all sides to ensure the provision of quality service and value for money to the public.

3.8 The last element, (g), is self-evident. Any effective reward system must be one that is subject to regular review to ensure that it keeps up with the times.

The Road Ahead

3.9 Having set our sight on a vision in the distance, we must remind ourselves that changes cannot be rushed. Given the long road ahead, even the vision we paint now may need to be adjusted and modified over time in response to ever-changing socio-economic circumstances.

3.10 We will bear the above in mind as we proceed to study the five specific areas which we have been asked to look into.