

Administrative Reforms Impact on Public Sector's Human Capital: An Assessment of the New Public Management Era in Togo

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Abstract

Inefficiencies in public administration have forced governments to re-assess their governance structures and systems. In the Togolese context, a number of New Public Management programs aiming at building the capacity for sustainable development were adopted. However these programs were applied without proper consideration of their impact on human resources in the civil service and to a larger extent, on the brain drain phenomenon. High-skilled emigration represents an important policy issue. This paper examines the effects the NPM had on human capital essentially civil servants, fresh graduates and job seekers in Togo in terms of retrenchment and suspension of recruitment, which led to an aging workforce and skilled human resources migration. At a time when the NPM is considered obsolete, it is imperative to note that administrative reforms can negatively impact national human capital especially the skilled human resources. This paper urges government and public administrators involved in decision making processes to properly assess reforms impact on national human capital before implementation.

Keywords: Administrative Reforms, New Public Management, Brain Drain, Human Capital, Togo

I. Introduction

The 1990s have witnessed an expansion of the New Public Management (NPM), a shift from the New Public Administration (NPA), across its original frontiers in the developed world to become a standard for administrative reforms in the developing nations. As a matter of fact in both developed and developing countries there was a consensus that the NPM,

decentralization, and human resource management and development (HRM/D) were crucial in the implementation of reforms as strategic policy elements (Antwi and Analoui, 2008). It became urgent and necessary for nations in Sub-Saharan Africa like Togo to implement the NPM as basis for Public Administration Reforms. Connell et al (2009) inform that the aim of the NPM is to change human service organizations by redefining the role and working methods of these entities and the practitioners they employ. In the Togolese context the reforms were launched in 1992 under the Enhanced Structural Adjustment Facility (IMF, 1998). Togo, formerly Togoland is the thin strip of land in Western Africa borders by Ghana to the west, Benin to the East, Burkina-Faso to the North and the Gulf of Guinea in the South. Togo was first colonized by the Germans from 1884, then by a joint Anglo-French force early in the First World War. The country was administered by the French half a century before gaining independence in 1960. Under one-party rule for much of Gnassingbe Eyadema's presidency (1967-2005), political pluralism has gained ground in the country following a National Conference in 1992. As at its independence in 1960 the Togolese public administration was made up of central as well as centralized ministries and public administrative establishments which didn't change till date. The country has been facing a struggling public administration characterized by organizational, functional, material, logistic and human resources constraints. More than 25 years after the NPM elements were applied in Togo, the public sector is still facing inefficiency and a high level of dissatisfaction from the citizenry. The then minister of Public administration, Gilbert Bawara informed that Togolese were not satisfied with their public services revealing a dissatisfaction rate above 30% and even higher for education and health services, 89% (RepublicofTogo, 2015). As a result, the effectiveness of reforms already undertaken in the public sector since 2006 is being questioned. Because the effect of the reforms seem not to be significant enough to effectively solve the problems in the Togolese public sector. A study conducted by the National Institute of Administration (Ecole Nationale d'Administration, ENA) conducted from October 2014 revealed that the public administration in Togo is confronted with 2 important problems which are the poor human resources management and the organization of public administration structures. Shortage of skilled workers and Labor migration are serious problems confronting the Togolese public administration.

This research intends to depict the impact administrative reforms may have on civil servants. The first part will provide literature on New Public Management implementation in Africa. Findings will be described in the second part and the third part will focus on discussion of the findings with a brief conclusion.

II. Literature Review

Miller and Dunn (2006) define New Public Management (NPM) as a set of practical techniques and perspectives designed to solve the operational problems which confront governments. Since the 1980s, the NPM has influenced public administration not only in theory but also in practice (Vigoda, 2003). The aim of NPM is to overcome the inefficiencies of the traditional public administration (Piffner, 2004). In reference to the United Kingdom and New-Zealand, known as the two pioneers of the NPM (Polidano, 1999), Ayee (2005) highlights that NPM encompasses "the structural, organizational and managerial changes that took place in the public services" of these countries in the late 1970s. Piffner (2004) suggests that the New Public Management in order to improve performance favors decentralization, delegation of discretion, contract of goods and services, competition and customer service. With the NPM there is shift from the traditional model of public administration to public management (Ayee,

2005). Vigoda (2003) cites Hood suggesting, in his “1991, A public management for all seasons?”, that the New Public Management has seven doctrinal components which are Hands on Professional Management, Performance Indicators, Output Control, Units decentralization, Greater Competition, Practice of Private-sector Management and Efficiency in resources allocation/use. During the 1990s, there was no doubt that many developing economies will embark on the New Public Management (Polidano, 1999). Vyas-Doorgapersad (2011) suggests that the NPM paradigm implies that traditional Public administration in the African context was neither democratic nor free-market oriented and as such failed to improve the institutional, administrative, organizational and structural role of government. However De Vries (2010) emphasizes that there was a great variety in NPM implementation across countries; suggesting that the variety was due to differences in political regimes and individual country institutional culture. Ayee (2005) adds that the application of the NPM in African countries was hindered by institutional constraints and capacity issues. NPM promote the principles of decentralization, democracy and free-market orientation (Vyas-Doorgapersad, 2011). Polidano (1999) cites privatization, downsizing or retrenchment and corporatization as the more adopted elements of the NPM agenda in Africa. Vyas-Doorgapersad (2011) on his part cites decentralization, contracting out, performance contracting and corporatization as the common elements of New Public Management practiced in African countries. Financial losses in States-Owned-Enterprises led to poor service delivery and increased the burdens on government budgets (Nellis, 2005). As a result, Buchs (2003) informs that during the 1990s, privatization was a central element of economic reforms in most Sub-Saharan African countries. Harsch (2000) adds that the number of privatization programmes in Africa increased significantly during that period of time. According to Wegner (2005), by the year 2002, the number of privatization transactions in Sub-Saharan Africa was 2535; with French-speaking countries like Côte d’Ivoire, Madagascar, Mali, Niger and Togo the first to carry them out, joined later by countries like Mozambique, Nigeria and Ghana. The aim was to improve economic performance and create a market economy (Suliman and Ghebreysus, 2001). However privatization remained controversial and government’s commitment to privatization was not always effective because it was considered a political risk (Harsch, 2000). When retrenchment schemes were introduced in public sector across Africa the target cuts in the numbers of civil servants ranged between 15% and 25% (Kiggundu, 1997). Kiggundu (1997) furthermore notices that Sub-Saharan Africa countries used different retrenchment methods ranging from the removal of ‘ghost’ names and workers from the government payroll and enforcement of retirement age to recruitment freezing, suspension of automatic advancement and dismissal of serving civil servants. Retrenchment has led to increased job insecurity and unemployment with more detrimental effects on women. In reference to corporatization, Polidano (1999) furthermore notes that “the merger of customs and income tax departments into corporatized national revenue authorities” was the trend in Africa citing countries like Ghana, Kenya, Malawi, Tanzania, Uganda and Rwanda. The World Public Sector Report however concludes that not only many of the local problems encountered in the developing world are quite different from those that NPM seeks to solve but also there is little evidence that NPM strengthens the quality and integrity of the civil service (Eldridge, 2007). Antwi-Boasiako (2010) adds that the complexity of public management calls for the cooperative effort of all the individuals who make up an administration.

III. Methodology

This research addresses the impact of administrative reforms on public sector's human capital during the NPM era. As such methods employed include a set of literature on the subject, governmental and institutional reports and online journal articles.

IV. Findings

1. *The NPM implementation in Togo*

In the Togolese context, the elements of the New Public Management implemented in the public sector were privatization and retrenchment and later corporatization. Wage bill control through civil service downsizing was the main focus of the Togolese government and already between 1982 and 1987 the overall civil service employment was reduced by over 5 percent (IMF, 1998). The African Development Bank (2000) document entitled "Country Strategic Paper" shows that

- With 31827 agents in 1992, the public sector accounted for 30548 in 1997, a situation due to the suspension of recruitment in the public sector, the restructure of the public sector, the liquidation and privatization of States-Owned-Enterprises (SOEs).
- From 1994 to 1997, 29 States-Owned-Enterprises were either liquidated or restructured and privatized.
- A report on reforms of SOEs highlights that from 74 in 1984 the number of SOEs was 29 in 1998 among which 8 was in total control of the State.
- 4 states banks namely BTD (Banque Togolaise de Developpement – Development Bank of Togo), UTB (Union Togolaise de Banques - Togolese Union of Banks), BIA-TOGO (Banque Internationale pour l’Afrique au Togo – Africa International Bank of Togo) and BTCI (Banque Togolaise pour le Commerce et l’Industrie – Industrial and Commercial Bank of Togo) and SOEs like SOTOCO (Société Togolaise de Coton - Togo Cotton Company) and OTP (Office Togolaise de Phosphate - Togo Phosphate Board) were restructured and privatized.

These series of reforms resulted in a high level of unemployment rate as a considerable number of civil servants lost their jobs. The non replacement of retired and deceased staff members and those who have voluntarily abandoned their posts of work has been a factor in the rise of unemployment rate.

The IMF (1998) report shows that until 1997 the reforms in the civil service consisted mainly of maintaining recruitment and nominal wage under control. Since 1990 civil service recruitment has declined. On the IMF recommendations, reforms included the restructure and privatization of the Togolese Banking System and the States-Owned-Enterprises through the creation of a debts recovering authority (Société de Recouvrement du Togo - SRT).

Corporatization aiming at reorganizing the structure of states entities into a legal one with a corporate structure was also applied later in 2007; that involves

- the Togolese Fund Savings (Caisse d’Epargne du Togo) corporatized into BPEC (Banque Populaire d’Epargne et de Credits – People’s Bank of Savings and Credits) (BCEAO, 2011).
- The corporatization of the customs and income tax departments into a single tax administration body, "Office Togolais des Recettes" - Togo Revenue Authority (Icilome, 2012), which became operational in 2014. A merger followed by a reduction in employees especially those who have reached the retirement age but were still employed.

At a conference in Rabat in 2011, Gnongbo (2011) revealed that as at 2005 the Togolese public sector accounted for 23256 civil servants (not including the auxiliaries), a situation linked to an absence of replacement strategy for retiring civil servants.

- At the end of 2011, a census of civil-servants was conducted by the government and 50 498 employees were counted (African Economic Outlook, 2013)

2. Labour migration

Labor migration in Togo is considered to be one of the consequences of the NPM applications through retrenchment and suspension of recruitment, the poor human resources structures and the sociopolitical crises. The International Organization for Migration report on Togo shows that between 1990 and 2006 the country has witnessed a high level of migration and the Togolese diaspora accounts for 1.5 to 2 millions people (IOM, 2016). The economical challenges in the 1980s, the Structural Adjustment Programmes, the unemployment coupled with the sociopolitical crises of 1990 and 2005 are mentioned as the factors behind Togolese migration to other countries. The migration of skilled and highly skilled people has become a frequent component of migration in Togo. The mobility of skilled workers, medical and health professionals was on the rise as they were in search of better salaries and better living conditions. Bhargava et al (2011) informs that the absolute change in Togolese physicians brain drain rate (number of migrants Togolese physicians divided by the number of physicians trained in Togo) between 1991 and 2011 was 0.047.

V. Discussion

1. The NPM impact on human capital

In the Togolese public sector, the NPM elements were applied under the Structural Adjustment Programmes without proper consideration of its implications on human capital, a resource that was already scarce in low-income countries. It seems there was more interest in limiting government expenses in the public sector than making the public sector more efficient in a longer run. There was a number of factors which were overlooked in the process of privatization or liquidation of SOEs, retrenchment of employees and corporatization of entities. The freeze on recruitment and on nominal wages resulted in staffing imbalances in the public sector and a decline in the quality and coverage of public services (IMF, 1998). The direct effects of the NPM were the lay-off of civil servants and the suspension of recruitment in the public sector. An important number of experienced and skilled civil servants were out of jobs and fresh graduates were not given work opportunities in the civil service.

The retrenchment of civil servants

In Togo, retrenchment was the first phase of the NPM implementation and was enforced by lowering the retirement age. Lienert and Modi (1997) state that the retirement age in Togo has been reduced from 55 to 50 or to a 30 maximum years of service. Army demobilization also served the purpose of retrenching army personnel (Lienert and Modi, 1997). Through the retrenchment of civil servants, the main focus of the government was to reduce wage expenses with little or no consideration to the experienced and high skilled human resources that were being lost.

The suspension of recruitment

One of the means through which governments try to control wage bill during the NPM era was the suspension of recruitment. The direct consequence of the public sector

suspension of recruitment was that unemployed individuals and fresh graduates were limited in the search of available jobs. This situation coupled with the private sector limitations to create jobs resulted in a high level of unemployment and thus giving way for migration.

2. Institutional environment

The absence of administration tools, the labor migration, the inadequate working environment and the unstable structures make it difficult for the Togolese public administration to deliver quality services to the citizenry (Gnongbo, 2011).

Lack of Succession Plans

The lack of succession planning was very problematic during the period of NPM implementation in the public sector in Togo. As a result, retired and deceased staff members and those who have voluntarily abandoned their posts of work were not and could not be replaced. The dissatisfaction of the citizenry in regards to the inefficiencies of the public administration has to do with inexperienced civil servants because they could not gain enough training from retiring staff members or aging workforce civil servants. The IMF (1998) states that the long duration of the freeze on recruitment has resulted in problems linked to the age profile of civil servants. A number of civil servants reached the retirement age but the lack of experienced succession made it difficult for such people to retire.

Low level of Remuneration

In general the low level of remuneration of civil servants does not favor the employment and retention of highly skilled employees. Lienert and Modi (1997) inform that civil servants in Sub-Saharan Africa were often underpaid led to the difficulty for governments to retain the most skilled workers. The skilled workers rather migrate to more developed countries with highly remunerated work, to offer their services, a situation which led to a shortage of skilled human capital in Togo. Measures undertaken by the Togolese government during the NPM period include a freeze on nominal wages which led to a decline in per capita incomes (IMF, 1998). Annual increases and Automatic increases were limited and promotions were suspended (Lienert and Modi, 1997). A situation which led to difficulties in attracting and retaining skilled human resources.

Politicization of the Public Sector

Civil servants also involved themselves in political issues therefore resulting in administrative inefficiency and unprofessionalism (Otenyo, 2006). The Economic Commission for Africa on that note insists that in the African public sector, rewards are based on political loyalty rather than merit. The scrutiny of the sociopolitical framework in developing nations reveals the existence of not only weak political systems and low levels of citizen participation but also ambivalence about public authority and faith in government to target citizens benefits (DESA, 2013).

3. Sociopolitical Crisis

The outbreak of sociopolitical turbulence in 1991 and 1998 created a non-conducive environment for overcoming the challenges in the public sector. Ayenagbo et al (2013) suggest that the suspension of cooperation in the 1990s with most of development partners and the drastic reduction of external financing due to sociopolitical crisis led to a socioeconomic collapse of the country. The 1991-1993 sociopolitical crises in Togo was a

major obstacle to the NPM implementation. The resistance to NPM adoption was linked to the fact that it emerged at a time when the wind of democracy was blowing across African nations where system of governance was as suggested by Otenyo (2006) a “single party and big man authoritarianism” style. Readjustment efforts to revitalize the Togolese public administration from 1995 could also not be sustained due to the political instability in the country (African Development Bank, 2000). The crises lasted more than a decade from 1991 to 2007 hindering any effort for effective reforms, limiting both foreign and local investment programmes and the creation of jobs in the different sectors of the economy.

VI. Conclusion

The New Public Management implementation in Sub-Saharan Africa has been limited to the aspects of privatization, retrenchment, corporatization and decentralization for much of the 1990s and early 2000. A situation which was not different in the Togolese context. These reforms ended up in a series of civil servants being out of job and graduates not getting the opportunity for employment in the public sector. The lack of productive opportunities at home especially a small and low income country like Togo could not offer the necessary gains to civil servants and their families. As a result the phenomenon of ageing workforce, unemployment and skilled workers migration have been amplified leading to a shortage of human capital in Togo was. It is therefore imperative for governments to become proactive in dealing with human resources in the public sector and put in place a strong succession planning programme for civil servants. It will ensure that up and coming talent in the public sector have sufficient knowledge and experience to step in and fill openings created by retirements or unexpected departures.

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