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To: Members of the Executive Board

From: The Secretary

Subject: Recent Recruitment and Retention Experience

The attached paper provides background information to the 1984 staff compensation review (EBAP/84/122, 6/4/84) which has been tentatively scheduled for Executive Board consideration on Monday, July 2, 1984.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Goltz (ext. (5)7387), Mr. Swain (ext. (5)7462), or Mr. C. Ahl (ext. (5)7389).

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## INTERNATIONAL MONETARY FUND

### Recent Recruitment and Retention Experience

Prepared by the Administration Department

June 4, 1984

At the time of the discussion of the staff paper "Nature and Scope of the 1984 Staff Compensation Review" (EBAP/83/183, 7/8/83) on August 1, 1983, several Executive Directors expressed an interest in receiving information about the Fund's recent recruitment and retention experience. This paper has been prepared in response to these requests. A similar paper was prepared in connection with the discussion of the FY 1983 Administrative Budget (EBAP/82/106, 3/31/82), and Executive Directors receive information every six months briefly describing the backgrounds of candidates recruited in Ranges F-M. The most recent update of this kind was contained in EBAP/84/4, 1/6/84, which covered the period July-December 1983.

While the Fund needs to be competitive in terms of salaries and benefits in order to attract and retain high caliber staff, the relationship between compensation and the ability to recruit and retain is not a simple or straight forward one. Market wage rates are generally much more difficult to establish for an international organization than for a national organization, where the labor market is far more homogeneous and where expatriation factors and benefits do not have to be taken into account. Furthermore, the relevance of the compensation factor for recruitment may vary among the different occupations found in the Fund, although it certainly plays an important role in recruiting for the Fund's mainstream economist staff, who are recruited from a relatively limited and highly specialized market on a world-wide basis. The importance of the compensation factor also varies quite significantly for the different types of staff appointment offered by the Fund, i.e., regular staff, fixed-term staff, and the Economist Program. Statistics on the number of applications, the number of appointment offers accepted and rejected, and the decisions to leave the Fund are not always easy to interpret and to link directly to the competitiveness of the compensation offered by the Fund. Similarly, while the nationality distribution of the staff is a relevant factor which should be analyzed in a paper on Fund recruitment and retention, the achievements in this area may often only be related to compensation as regards a number of relatively higher paying countries. However, if adequate nationality distribution is to be achieved, remuneration must continue to be oriented toward these higher paying countries.

This paper, which deals exclusively with staff in Ranges F-M, provides an overview of the composition of the staff at the end of 1983, together with an indication of overall developments during the period 1974-83. A more detailed analysis by type of appointment is provided

for the more recent period 1980-83. Particular emphasis has been given to Economist Program recruitment, in which the Fund faces a good deal of competition and which offers the most indicative test of labor market conditions.

In line with the recommendations made by the Joint Committee on Staff Compensation Issues in 1979, the Fund has substantially increased the recruitment of fixed-term staff. The number of such appointees quadrupled over the past four years and many of these appointments were the result of arrangements with the authorities of a number of member countries, who actively supported the mutual objective of achieving a broader geographical representation on the Fund staff. However, experience from the recruitment of fixed-term appointees does not provide a very good test of labor market conditions, nor of the competitiveness of Fund salaries. Potential fixed-term appointees tend to be more sensitive to benefits and facilities more directly related to temporary uprooting than to direct remuneration. Moreover, fixed-term appointees often view a secondment to the Fund as an investment in their future career development with their national governments and, therefore, may be relatively less concerned about direct remuneration while at the Fund. Similarly, experience has shown that a number of member country governments also view fixed-term appointments as an integral element in the development of some of their most highly regarded staff, and are, therefore, prepared to strongly encourage their staff to undertake such assignments.

External hiring for regular appointments is more frequently used for noneconomist positions and, even in the case of economists, often for positions where a more specialized educational background and prior work experience are required. The observation that individual specialists, if they are highly regarded in their fields, sometimes prove difficult to attract would not constitute a very strong market test of general salary levels in the Fund. In any event, applicants for such positions are not normally actively pursued, unless there is a reasonable indication from the outset that the candidate is genuinely interested in Fund employment at the salary level which the institution is able to offer. Consequently, by the time developments have progressed to the stage of a formal offer to a regular appointee, the offer will normally be accepted.

This paper also provides information on the turnover rates for the Fund's staff. Turnover rates at the Fund have traditionally been low in comparison with a number of private and some public sector institutions in major member countries, whereas they have been similar to rates experienced in other international organizations. It must be noted, however, that turnover data may be less useful as a basis for conclusions than might be expected, partly because there is no reliable information as to precisely why staff members decide to resign or, conversely, decide to stay on after having seriously considered leaving.

1. Composition of staff as of December 31, 1983

Tables 1-3 provide a breakdown by nationality of various categories of staff in Ranges F-M at the end of 1983, and compare these figures with the corresponding ones for January 1, 1974 and January 1, 1980. In these tables, the proportion of staff from countries and regions are compared with current Fund quotas. While such a comparison provides a useful perspective for analyzing the Fund's recruitment efforts, it should be emphasized that the Fund has never adhered to formal nationality quotas for the recruitment of its staff. As stated in the Articles of Agreement, however, the Fund is required, "subject to the paramount importance of securing the highest standards of efficiency and of technical competence, to pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible."

As of the end of 1983, the total representation of Fund staff from developing countries compared quite favorably with the combined Fund quotas for these countries, which was 37.1 percent on May 1, 1984. The figures for total staff from developing countries in Ranges F-M (35.8 percent) and total staff in Ranges F-I (36.8 percent) were quite close to quota, while the representation among senior staff in Ranges J-M (31.8 percent) was somewhat below quota. Economists in Ranges F-I form the category that best reflects the Fund's recruiting efforts to achieve and maintain a broad geographical balance. At the end of 1983, the proportion of economists in Ranges F-I from developing countries stood at 40.4 percent. It should be emphasized that the nationality distribution of senior staff is not affected in the short term through external recruitment efforts, as senior vacancies do not occur frequently, and as approximately 80 percent of the vacancies at senior levels are filled through internal promotions. The current situation in Ranges F-I would, however, seem to augur well for an increased representation of nationals from developing countries on the senior staff, as these professionals move through the salary ranges.

As regards individual regions, Africa was well represented among economists in Ranges F-I as of the end of 1983 (7.2 percent), and significantly above the quota for this region (5.2 percent); however, a far lower proportion of noneconomists in Ranges F-I from Africa reduced total representation in this range grouping to a level just below the quota. The representation from the Middle East was relatively low in relation to quota, regardless of the measure used. However, the country with the largest quota in the region, Saudi Arabia, was not represented at all on the Fund staff. If Saudi Arabia is excluded, the rest of the region was, in fact, represented above quota. The representation of the Asian region (13.5 percent) was almost in line with quota (14.3 percent), as regards economists in Ranges F-I, but a somewhat lower proportion of noneconomists reduced the ratio of total staff in Ranges F-I from the Asian region to 12.4 percent. However, if Japan is excluded from the comparisons, the representation of the Asian region exceeded the quota for all categories of staff. Japan was significantly underrepresented for total staff in Ranges F-M (1.6 percent) in relation to quota (4.7 percent), while nationals of the Indian subcontinent (Bangladesh, India, and Sri Lanka) with a total quota of 3.0 percent, represented 5.0 percent of total staff in Ranges F-M and 8.68 percent of

of the senior staff. The Western Hemisphere (excluding Canada and the United States) was represented well above quota for all categories except senior staff in Ranges J-M. There are, however, large variations within the region. Argentina, Chile, and Peru have always been well represented on the Fund staff, whereas the Fund staff traditionally had fewer nationals from Brazil, Mexico, and Venezuela. As of the end of 1983, however, Brazilian representation among economists in Ranges F-I exceeded the quota.

The representation of U.S. economists in Ranges F-I (17.1 percent) was below quota (20.1 percent) as of December 31, 1983, but the traditionally large representation among noneconomists (38.9 percent) brought the total representation of U.S. staff in Ranges F-I to 25.8 percent. The representation of U.S. nationals among senior staff in Ranges J-M was 23.5 percent. The staff representation from the European region was roughly in line with quota. Among the larger European countries, the Federal Republic of Germany, Italy, and the Netherlands have been under-represented in relation to quota at Ranges F-I, although at Ranges J-M, the representation of the Federal Republic of Germany and the Netherlands exceeded quota. Belgium, France, and the United Kingdom have historically been overrepresented. In the case of the United Kingdom, where the quota is currently 6.9 percent, the representation as of the end of last year was 8.9 percent among both economists in Ranges F-I and total staff in Ranges F-M, and 11.5 percent at the Ranges J-M level. The staff representation from Australia and New Zealand, especially at the senior levels (4.1 percent), significantly exceeded the combined quota of 2.3 percent.

## 2. Developments during the period 1974-83

Total Fund staff in Ranges F-M increased from 718 at the beginning of 1974 to 981 at the end of 1983, or by 37 percent. During this same period, the number of staff from developing countries rose by 61 percent. It is also noteworthy that during this same period total senior staff in Ranges J-M grew by 29 percent, while the number of senior staff from developing countries increased by 57 percent. Expressed differently, the share of the net increase in staff during the period 1974-83 which could be attributed to nationals from developing countries was 51 percent for total staff in Ranges F-M, 41 percent for economists in Ranges F-I, 63 percent for noneconomists in Ranges F-I, and 51 percent for total staff in Ranges J-M. The combined Fund quota for the countries which are defined in International Financial Statistics as developing countries, was about 31.6 percent at the beginning of 1974. As noted earlier, the figure has increased to 37.1 percent at present.

In 1974, total staff in Ranges F-I from developing countries (31.6 percent) and total staff in Ranges F-M from the same countries (30.4 percent) were at or just below quota. Consequently, the increase in staff representation from developing countries has followed closely the quota increases over the ten-year period, with some slight improvement being noticeable. On the other hand, the representation among economist staff from developing countries in Ranges F-I (40.1 percent) was well ahead of the combined quota in 1974, so that even a very modest increase to 40.4 percent has kept it clearly ahead

of quota as of the end of 1983. The most dramatic shift in the representation of nationals from developing countries is evident in the non-economist category which grew from 18.3 percent in 1974 to 31.7 percent in 1983. At the beginning of the period, the United States share in that category was about 48 percent and the European share about 28 percent. These two shares have fallen substantially since 1974.

As regards the geographical regions, most of the gains for staff representation from Africa and the Western Hemisphere (excluding Canada and the United States) among economists in Ranges F-I in the period 1974-83 were offset by declines for Asia and the Middle East. Among noneconomists in Ranges F-I, the decline in the proportion of U.S. staff is the most noticeable, whereas in all other regions, except Europe, the proportion of staff increased.

The proportion of senior staff in Ranges J-M from Africa, Asia, the Middle East, and the Western Hemisphere (excluding Canada and the United States) grew over the period 1974-83, with significant gains for Africa, Asia, and the Middle East. The gains for these regions were matched by a marked reduction in the proportion of senior staff from Canada and the United States, and a small decrease in the case of Europe.

### 3. Analysis of recruitment patterns in the period 1980-83

The 1980-83 period coincides with the introduction of a number of new policy initiatives in the recruitment area and some major changes in underlying economic trends in member countries which influenced recruiting patterns. During this period, policy decisions were taken to expand the number of staff recruited on fixed-term appointments, in part, to further diversify the geographic representation of the staff. There was also a widening of the scope and frequency of recruiting missions, particularly to developing countries, and the annual intake to the Economist Program was increased from 20 to 25 participants per year (Table 4). A number of additional factors affected recruitment patterns during this period. The Fund's turnover rate declined and the overall growth of the organization's personnel ceiling remained low. Exchange rate factors, which had made recruitment more difficult in a number of industrial countries during the 1970s, had the inverse impact as the U.S. dollar strengthened in the 1980-83 period. This development was partially offset at the beginning of the 1980-83 period by tight labor market conditions in industrial countries. However, these conditions began to ease markedly in 1981 with the growing world recession. Throughout this entire period, the Fund was very much in the limelight as the number of financial programs grew and the Fund took a leadership role in the area of external debt management. This had a positive impact on recruitment, as more candidates were made aware of the institution and the role it played.

The efforts undertaken during this period to establish new sources for recruitment, although beneficial for the longer term, did not yield immediate results. This was initially the case not only for fixed-term arrangements with member countries, but even more so as regards initial contacts with universities in regions which were visited for the first

time. It can normally take some time for students and faculty members to view the Fund as a viable employment alternative. Consequently, substantial changes in the nationality distribution of Fund staff could not realistically be achieved in the short term.

The relatively low staff turnover and the slow growth of the organization, leading to a limited number of vacancies, are also factors which would make rapid changes difficult. Indeed, in such a situation, individual departments faced with increased work pressures have tended to become even more specific in their recruitment needs, as regards academic specialization, work experience, and language skills. This often makes it all the more difficult to place a great deal of emphasis on the nationality of the candidates under consideration. The Economist Program, which is not directly affected by the overall vacancy situation, has a somewhat larger scope for a genuinely open competition. While recruiting on a broad nationality basis is an important criterion, the results in any given year can be somewhat skewed by the objective of recruiting the best possible candidates to meet the Fund's high standards.

The variety of factors affecting the Fund's recruitment during the period 1980-83, and their sometimes reinforcing, sometimes offsetting effects, makes it difficult to draw firm conclusions about the relationship between compensation and the effectiveness of the institution's recruitment efforts. Nevertheless, in an attempt to shed further light on some aspects of these recruiting efforts, an analysis is provided below for each of the main recruitment programs, or the Economist Program, fixed-term appointments, and regular appointments. Recruitment statistics for each of these categories are summarized below for the 1980-83 period.

Appointments in Ranges F-M, 1980-83

	1980	1981	1982	1983	1980-83
Regular	16	26	24	21	87
Economist	(10)	(14)	(14)	(15)	(53)
Noneconomist	( 6)	(12)	(10)	( 6)	(34)
Fixed-term	22	30	29	28	109
Economist	(15)	(25)	(19)	(22)	(81)
Noneconomist	( 7)	( 5)	(10)	( 6)	(28)
Economist Program	15	19	22	24	80
Total	53	75	75	73	276
Economist	(40)	(58)	(55)	(61)	(214)
Noneconomist	(13)	(17)	(20)	(12)	( 62)

a. The Economist Program

The Economist Program is the Fund's main vehicle for recruiting career economists. The total number of participants recruited for the Economist Program during the period 1980-83 amounted to 80. As a comparison, the total number of economists brought in directly on regular appointments during this same four-year period was 53. As approximately 90 percent of the Economist Program participants have joined the regular staff in recent years after completing the two-year Program, recruitment for the Economist Program plays a significant role in determining the composition of the Fund's career economist staff over time.

In 1983, approximately 500 candidates for the Economist Program were given consideration from among 1,500 applications of economists in the relevant age bracket. Following pre-screening interviews, either at Fund headquarters or during recruiting missions, 125 of the 500 candidates were invited to panel interviews with senior staff members, where knowledge, judgment, analytical ability, communication skills, and other relevant characteristics were assessed in more depth. On the basis of the interview results, evaluations of written work, academic records, and references, the files of 55 of the 125 candidates were brought to the attention of the Economist Program Committee, where the final selection decisions are made. The Committee agreed to offer appointments to 29 of these 55 candidates, of whom 24 accepted the offers and five declined.

Based on these statistics for calendar year 1983, it would appear that the Fund has a large pool of candidates from which selections for the Economist Program can be made. However, while it is true that most of the candidates who reach the later stages of the selection process could be described as "promising economists," not all of them are strong enough to be acceptable for the Economist Program. While there is always a very small group of candidates about whom there is no hesitation, it is normally quite difficult to select the desired number of recruits without deliberately taking risks in a number of cases. Similarly, when some of the top candidates decline the Fund's offer of appointment, there is normally a drop in standards when replacements have to be considered.

During the period 1980-83, appointments were offered to 103 Economist Program candidates of which 23 offers were declined. The total representation from developing countries among the 80 candidates who accepted offers of appointment was 29, or 36 percent (Table 5). There were either seven or eight recruits from each of Africa, Asia, and the Middle East, while the Western Hemisphere region (excluding Canada and the United States) lagged behind, due primarily to the unusually large number of rejected offers. The overall rejection rate of 22 percent in the 1980-83 period was not significantly different from that of the period 1972-79 (25 percent). Of the 23 candidates who declined offers of appointment to the Economist Program, 14 were from industrial countries, including 9 from Europe and 5 from the United States, or a rejection rate of 21 percent. Nine were from developing countries, representing a rejection rate of 24 percent. Of those from developing countries, 6 were from the Western Hemisphere or a rejection



rate of 67 percent from this region. The rejection rate for nationals from industrial countries was relatively higher in 1980-82, whereas in 1983, all five candidates who declined offers of appointment came from developing countries in the Western Hemisphere (two each from Argentina and Brazil, and one from Mexico). This very recent experience raises some questions about the view that the Fund has improved its competitiveness throughout Latin America. Job opportunities in many countries within this region continue to be very attractive and competitive, at least for young and promising economists.

Attempts are always made to establish why a candidate declines an offer of appointment to the Economist Program and statistics have been compiled, even if it is understood that candidates may be somewhat reluctant to provide the Fund with specific information (Table 6). An important factor which does not appear in this data is that the declined offers typically involve the most highly regarded candidates. However *unfortunate, this should not be surprising, as these are, of course, the candidates who are likely to receive the largest number of attractive employment offers.* In such situations, it is generally difficult to determine whether salaries and benefits play an important role, as candidates who decline offers will normally respond in terms of preferred alternatives. Some of these candidates are leaving university and entering the job market, and it is not unusual that they prefer to remain in (or return to) their home country, in order to first establish career options that may exist there.

A large proportion of those who declined a Fund offer of appointment to the Economist Program indicated that they were accepting an offer by an academic institution. An important reason appears to be the value attached to greater independence and freedom to pursue research and other work of particular interest to the individual, as well as the fact that after several years of graduate school, remaining in the academic community is often both familiar and comfortable. However, the opportunity to augment the scope of activities and earnings through writing, lecturing, and consulting assignments is also an important factor in some cases. The most sought after candidates know their value and see little reason to ignore this factor in the comparisons. While it is difficult to quantify precisely the opportunity for additional earnings associated with academic positions, and even more so the accompanying individual recognition and prestige, it is certainly a factor to be considered when assessing the Fund's competitiveness.

While the nationality distribution of those recruited into the Economist Program in the period 1980-83 indicates a rather broad representation, the data on academic background shows a more traditional pattern (Table 7). Fifty two of the 80 recruits had a completed PhD degree when entering the Fund, while 15 were still PhD candidates with, as yet, uncompleted dissertations at the time of joining. Nine of the remaining 13 were studying in European countries, where it is somewhat less common to pursue a doctoral degree and where a Master's degree typically makes a candidate quite competitive. About one third of the Europeans recruited obtained their highest degree in the United States, while the others completed their studies either in their home country or in another European country. However, only one of the 29

nationals from developing countries completed his studies in the home country, while 21 obtained their highest degree in Canada or the United States, and the remaining seven in European universities.

A majority of the 80 Economist Program participants recruited in the 1980-83 period had relevant prior work experience, including 24 who held academic positions, 11 who were employed by the public sector, seven with the private sector, and six with other international organizations at the time of recruitment. The remaining 32 Economist Program participants were in student status at the time of recruitment.

Over the past three years, efforts have been made to bring a small number of candidates into the Economist Program with an academic and/or work experience background in areas of specialization other than economics, and two of the 25 budgeted positions in the Program have been earmarked for this purpose. To date, seven participants have been offered a position under this policy but only five accepted the offer, including two with graduate business degrees, one with an academic background in public policy, one in law and diplomacy, and one in journalism. Although our experience with this new recruitment policy is still too limited for assessment purposes, the objective is to bring to the Fund a small number of career staff who might approach policy questions from a new and somewhat different perspective. Compensation has been a factor in the recruitment of this "special" category of Economist Program participants. For example, quite recently a small number of business schools have been visited during our recruitment missions in order to interview candidates who might be considered under this policy. It was evident that the starting salaries for the Economist Program were not very competitive for the best graduate business school students. This lack of competitiveness may partially explain the relatively high rate of rejections of offers of appointment made under this category.

b. Fixed-term appointments

The total number of fixed-term appointees on the Fund staff at the end of 1979 was 21, a figure which almost quadrupled to 82 by the end of 1983. The average number of new fixed-term appointments was seven per year during 1977-79 while the corresponding figure for the 1980-83 period was 27. This development resulted from deliberate and intensive efforts to increase the number of fixed-term appointees in line with recommendations made by the Joint Committee on Staff Compensation Issues in 1979 to expand the number of mid-career staff recruited directly from the public sector.

The policy regarding fixed-term appointments has enabled the Fund to draw increasingly on well-qualified personnel employed by member government institutions. To some extent, offering appointments of a limited duration has made it possible to attract nationals of certain developing countries from which it might otherwise be difficult to obtain representation. It should be noted, however, that establishing such relationships with member government institutions may, in some instances, require a relatively lengthy period of time. Provided that fixed-term appointments do not go beyond a proportion where the need for

continuity in the work of individual Fund departments could be endangered, there are mutual advantages to giving experienced officials from member countries an opportunity to expose the Fund to new ideas and perspectives, while acquainting themselves with the work and the role of the Fund.

The target of 5 percent for the proportion of fixed-term appointees among the total Ranges F-M staff by the end of 1983, established in late 1979, was achieved well ahead of time, and the actual proportion of term appointees at the end of 1983 was 8.4 percent. There are signs, however, that many departments, which have been very helpful in making room for fixed-term appointees, have now begun to approach their maximum absorptive capacity, except possibly in some noneconomic departments. Fixed-term appointments are normally of a two- or three-year duration except for a small number of appointments at the senior levels, which have been made for five years. Many two-year appointments have tended to be extended for a third year, and a small number of fixed-term appointments have been converted into regular appointments at the end of the term. When applicable, such extensions and conversions are made only with the full agreement of all parties concerned, including the member government institution from which the term appointee is seconded.

In recent times, the use of fixed-term appointments has been extended beyond candidates working for member governments. For example, as a matter of policy, most external appointments to senior positions in Ranges J and above are being made on a three- to five-year fixed-term basis, with the understanding that such appointments will be converted to regular status at the end of the term appointment if agreeable to all parties concerned. In addition, for a few noneconomist positions, fixed-term appointments are being offered routinely to candidates coming from the private sector or universities, partly to provide for a somewhat longer probationary period before conversion to regular status, and partly to provide the institution with greater flexibility. The latter is considered particularly desirable in such areas as data processing, where technical skills can be outdated rather rapidly, as well as language services where fixed-term appointments provide the Fund greater flexibility in meeting changing personnel requirements.

In the period 1980-83, there were 109 fixed-term appointments made, of which 81 were for economists, and 28 for noneconomists. The nationality distribution for the 81 economists recruited on fixed-term appointments during the period 1980-83 is shown in Table 8. The proportion of economist fixed-term appointments from Japan and the United Kingdom is relatively high, in the former case reflecting special efforts in cooperation with the authorities to secure adequate Japanese representation on the staff. Among developing countries, the proportions from Africa and the Western Hemisphere have been relatively high, accounting for 83 percent of all economist term appointees from developing countries. Successful recruiting efforts in Africa and in certain Latin American countries, in the latter case partly in response to the growing staffing needs of the Western Hemisphere Department, are largely responsible for these results.

The fixed-term recruitment policy has permitted the Fund to draw increasingly on the public sector of member countries, as 92 percent of all economists recruited on a fixed-term basis from industrial countries and 87 percent of those from developing countries came from the public sector. Similarly, the objective of recruiting a relatively larger proportion of mid-career staff has been achieved as the average number of years of prior work experience of these appointees was ten years for both categories.

c. Regular appointments

As a result of the strong emphasis being given to fixed-term appointments and the recent expansion of the Economist Program, direct recruitment for regular appointments has come to play a less important role in the Fund's overall recruitment efforts for economists. Only 25 percent of the economists recruited during the period 1980-83 were offered regular appointments from the outset and the proportion for 1983 was only 22 percent. This compares with the average proportion of regular economist appointments offered in the late 1970s of approximately 45 percent. However, regular appointments still remain the primary vehicle for recruiting noneconomist staff. There were 34 such appointments during the period 1980-83, which represented a 55 percent share of the total number of noneconomist appointments. However, even within this group the proportion of regular appointments has declined somewhat since the late 1970s.

There were 53 regular economist appointments during the 1980-83 period. Of these, 36 or 68 percent came from industrial countries, including 17 from the United States. Just as in the case of fixed-term appointments, nationals from the Western Hemisphere were dominant among those recruited from developing countries. There were ten economists recruited from Latin America distributed among seven different countries.

The academic background and the number of years of prior work experience was similar for the economists recruited on regular appointments from industrial countries (58 percent had PhD degrees or were PhD candidates; and the average prior work experience was ten years) and the economists recruited on regular appointments from developing countries (53 percent had PhD degrees or were PhD candidates; the average prior work experience was 11 years).

There were 34 noneconomists among those who were offered regular appointments during the period 1980-83, of whom 28 were nationals of industrial countries, and 6 were nationals of developing countries. Asia, the Middle East, and the Western Hemisphere were evenly represented among the latter group. Administratively, it has proved more difficult to achieve a broad nationality distribution for the non-economist positions, which are normally filled as specific vacancies arise and often on the basis of specialized job requirements. By contrast, for economist positions, recruitment missions are sent to diverse areas of the world to identify a relatively larger number of candidates

within the same discipline. As noted above, however, it has been easier to attract nationals from developing countries for fixed-term noneconomist positions, where industrial and developing countries were equally represented among new recruits during the period 1980-83.

#### 4. Recruitment of female staff members

Over the past decade, the Fund has made efforts to increase the recruitment of females onto its staff in Ranges F and above. Although the number of female staff members has increased in absolute terms, as shown in the table below, in relative terms the expansion has been somewhat more modest.

Female Representation on the Fund Staff, 1974-83

	<u>Jan. 1, 1974</u>		<u>Jan. 1, 1980</u>		<u>Dec. 31, 1983</u>	
	No.	%	No.	%	No.	%
Female economists (Ranges F-I)	35	10.4	49	13.1	54	11.7
Female nonecon. (Ranges F-I)	95	44.6	123	45.9	147	48.5
Total female staff (Ranges F-I)	130	23.6	172	26.8	201	26.3
Total female staff (Ranges J-M)	7	4.2	11	6.0	15	6.9
Total female staff (Ranges F-M)	137	19.1	183	22.2	216	22.0

The total proportion of female staff members in Ranges F-M at the Fund (22.0 percent) as of the end of 1983, was roughly in line with the Inter-American Development Bank (23.5 percent) and the Pan American Health Organization (23.0 percent), and above the World Bank (13.6 percent). In Ranges F-I, female representation on the Fund staff has increased from 23.6 percent in 1974 to 26.3 percent as of the end of 1983, while in Ranges J-M, the representation of females expanded from 4.2 percent to 6.9 percent over the same period. The Economist Program, where a little over 10 percent of the intakes were females, has been a focal point in the Fund's efforts to expand the recruitment of female economist staff, and over time the proportion of females on the senior staff. Economist Program recruitment experience also points to some of the special difficulties which have been encountered in the Fund's efforts to expand the proportion of female staff, as 5 of the 23 offers of appointment to the Program which were declined in the period 1980-83 represented female candidates. In part, this reflected the constraints on spouse employment imposed by the G(iv) visa requirements, and, in part, the fact that competing institutions have undertaken similar efforts to expand their recruitment of female candidates. The relatively small number of female candidates also reflects the distribution of students in universities. For instance, the number of female

PhD candidates in North American universities represents only about 10 percent of the total.

5. Separations of staff in Ranges F-M during the period 1980-83

The turnover of Fund staff is primarily described in terms of the number of voluntary separations, which excludes early and normal retirements, expirations of fixed-term appointments, and other forms of involuntary separation. This measure illustrates the Fund's ability to retain its career staff. A measure of total separations provides an indication of the number of vacancies arising during a given period. The total separation rate in Ranges F-M has remained fairly stable at a level of 6-7 percent since the early 1970s. The rate of voluntary separations varied between 2 and 3 percent throughout the 1970s, but declined to an average rate of 1.7 percent in the period 1980-83. While it is difficult to identify all the factors which explain the decline in the turnover rate in the last four years, the relatively weaker job market in many countries, particularly in the public sector and academic institutions which represent the main alternatives to Fund employment, is likely to have been important.

Attempts were made in the 1984 Staff Compensation Review to collect turnover data from comparator organizations. While most of them provided figures which were roughly comparable with the Fund's total turnover rate, the data must be used with caution due to differences in definitions, calculation methods, and categories of staff covered. It seems, nevertheless, that the total turnover rates for the public sector comparators in the Federal Republic of Germany, France, and the United States were in most cases of the same magnitude as the total turnover in the Fund. Furthermore, there was, in many cases, a particularly sharp decline in 1983 from the levels reported for 1980-82. As such, it appears that the Fund's experience was shared by many comparator organizations.

In considering turnover experience, it should be kept in mind that the Fund follows a similar policy to most central banks and other public sector organizations in that it tends to guarantee permanent employment to its regular staff. As such, the termination of unproductive career staff on regular appointments represents for the Fund a very lengthy, costly, and procedurally difficult task. The difficulties associated with terminating poor performers is certainly a serious impediment in personnel management especially in a period characterized by heavy work pressures.

An international organization might normally be expected to have a relatively low turnover rate as a result of the expatriation factor. Staff members may remain mobile during their first six to eight years of service, but the potential for becoming "locked in" increases significantly thereafter, and those who pass this "threshold" often remain until retirement. Diminishing contact with the job market in the home country probably constitutes the main obstacle, but family reasons, such as the education of children, also play a role in inhibiting a decision

to relocate again at a later stage in the Fund career. Furthermore, the mainstream of the Fund's work is highly specialized, and those who join with a career in mind often tend to stay on. These points can be illustrated by the fact that only 8 percent of all voluntary separations during the period 1980-83 involved staff members with more than ten years of service. The average length of service upon voluntary separation was 5.7 years and the median 5.4 years. The higher turnover rates during the first few years of service have continued completely unchanged from the 1970s, whereas the more modest turnover rates at later later stages in the career have decreased even further. The voluntary turnover rate among economists during their first eight years of service has remained at about 6 percent per year for over a decade.

There are no significant differences in voluntary turnover rates between economists and noneconomists (1.7 percent for both categories in the 1980-83 period), but there is a clear difference between nationals from industrial countries (2.2 percent for economists and 1.8 percent for noneconomists) and nationals from developing countries (1.0 percent for economists and 1.1 percent for noneconomists). Among noneconomists, the turnover rate has varied as between career streams, with relatively higher turnover evident for language staff and lawyers, and relatively lower turnover for accountants, administrators, computer specialists, and librarians. This may reflect the relative competitiveness of the remuneration paid to different occupations within the Fund. The Fund's career streams and their relationship to the salary scale is currently the subject of a major study which is expected to be completed by the early part of 1985.

Of the 59 staff members who left the Fund voluntarily in the 1980-83 period, 21 or 36 percent had performance records which suggested that they were very highly regarded. While not surprising, this high proportion is, of course, a cause of concern. The nationality distribution among these 21 staff members was as follows:

<u>Industrial countries</u>	
U.S.	5
Australia	3
Belgium	3
Fed. Republic of Germany	2
Italy	2
Iceland	1
Japan	1
U.K.	1

Developing countries

El Salvador	2
Colombia	1

Three very highly regarded staff members who have resigned since the beginning of 1980, including one at the senior levels, have taken positions with private banks at significantly higher salaries than they earned at the Fund. There is growing evidence that some of the larger private banks have taken an increasing interest in recruiting Fund staff, who may be able to provide an expertise which, in the context of the current environment, is quite scarce and not readily available outside the Fund. It may not be possible for the Fund to compete in cases where private banks are willing to provide almost any remuneration that is required to attract a desired candidate.

6. Summary and conclusions

While it is not possible to reach very firm conclusions about the relationship between the Fund's recent recruitment and retention experience and compensation, a few general observations can be made. Including the Economist Program, over 70 percent of the Fund's recruits in Ranges F and above are now hired on fixed-term appointments. This recent trend has provided the Fund with a great deal of additional flexibility in managing human resources and has implicitly provided a somewhat longer probationary period prior to offering an open-ended career position on the Fund staff. In addition, the traditional fixed-term policy has permitted the Fund to recruit nationals of countries from which it would otherwise prove very difficult to attract strong candidates, and has provided a means for tapping skilled individuals with a number of years of experience from within the public sector of member governments. When broken down by industrial and developing countries, and by geographical regions, the nationality distribution of the staff is fairly consistent with Fund quotas, and this is particularly true of the economist staff where the most significant recruiting efforts are made to ensure a wide nationality distribution. There have, nevertheless, been difficulties experienced in the recruitment of new staff members, particularly for the Economist Program, where the Fund faces severe competition for some of the very best candidates in the market. It is, of course, impossible to quantify the loss to the institution when a few of the most highly regarded Economist Program candidates decline the Fund's offers of appointment. Some of these candidates may have progressed very rapidly through the organization's hierarchy and had a very positive influence on policy formulation. Compensation is a factor, although, not the sole one, in these decisions to decline our offers of appointment and the maintenance of a competitive salary structure remains an important objective.



The Fund's overall voluntary separation rates have declined over the past four years, reflecting exchange rate factors and the decline in economic activity in a number of industrial countries. The voluntary separation rate for economists, however, within their first six years of service has remained virtually unchanged over the past decade. However, there are signs that the voluntary separation rate will increase in 1984 and over the next few years reflecting the impact of the recovery in industrial countries.

Atts.

Table 1. Total Staff in Ranges F-M <sup>1/</sup>

	Jan. 1, 1974		Jan. 1, 1980		Dec. 31, 1983		Quotas as of
	No.	%	No.	%	No.	%	May 1, 1984
<u>By geographical region</u>							
Africa	16	2.2	27	3.2	45	4.6	5.2
Asia	88	12.3	102	12.3	121	12.3	14.3
(Japan)	(14)	(2.0)	(12)	(1.5)	(16)	(1.6)	(4.7)
Europe	279	38.9	322	39.0	370	37.7	39.6
(France)	(43)	(6.0)	(50)	(6.1)	(56)	(5.7)	(5.0)
(Germany)	(28)	(3.9)	(31)	(3.8)	(44)	(4.5)	(6.1)
(U.K.)	(64)	(8.9)	(71)	(8.6)	(87)	(8.9)	(6.9)
Middle East	39	5.4	40	4.8	59	6.0	8.6
W. Hemisphere	296	41.3	334	40.5	386	39.4	32.3
(U.S.)	(205)	(28.6)	(224)	(27.2)	(248)	(25.3)	(20.1)
(Canada)	(23)	(3.2)	(29)	(3.5)	(28)	(2.9)	(3.3)
(W. Hem. excl. U.S. & Canada)	(68)	(9.5)	(81)	(9.8)	(110)	(11.2)	(8.9)
Total	718	100.0	825	100.0	981	100.0	100.0
<u>By category <sup>2/</sup></u>							
Industrial countries	500	69.7	558	67.7	630	64.2	63.0
Developing countries	218	30.4	267	32.3	351	35.8	37.1
Total	718	100.0	825	100.0	981	100.0	100.0

<sup>1/</sup> Excludes Assistants to Executive Directors.

<sup>2/</sup> As defined in International Financial Statistics.

Table 2. Staff in Ranges F-I 1/

	Economists						Noneconomists						Total Staff						Quotas as of May 1, 1984
	Jan. 1, 1974		Jan. 1, 1980		Dec. 31, 1983		Jan. 1, 1974		Jan. 1, 1980		Dec. 31, 1983		Jan. 1, 1974		Jan. 1, 1980		Dec. 31, 1983		
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
<b>By geographical region</b>																			
Africa	14	4.2	23	6.2	33	7.2	0	0	1	0.4	4	1.3	14	2.5	24	3.8	37	4.8	5.2
Asia (Japan)	56 (13)	16.6 (3.9)	55 (11)	14.8 (3.0)	62 (15)	13.5 (3.3)	16 (0)	7.5 (0)	27 (0)	10.1 (0)	33 (0)	10.9 (0)	72 (13)	13.1 (2.4)	82 (11)	12.8 (1.7)	95 (15)	12.4 (2.0)	14.3 (4.7)
Europe (France) (Germany) (U.K.)	140 (14) (14) (25)	41.5 (4.2) (4.2) (7.4)	151 (15) (14) (29)	40.5 (4.0) (3.8) (7.8)	192 (21) (24) (41)	41.6 (4.6) (5.2) (8.9)	60 (19) (3) (16)	28.2 (8.9) (1.4) (7.5)	76 (21) (3) (19)	28.3 (7.8) (1.1) (7.1)	80 (20) (6) (21)	26.4 (6.6) (2.0) (6.9)	200 (33) (17) (41)	36.4 (6.0) (3.1) (7.5)	227 (36) (17) (48)	35.4 (5.6) (2.7) (7.5)	272 (41) (30) (62)	35.6 (5.4) (3.9) (8.1)	39.6 (5.0) (6.1) (6.9)
Middle East	27	8.0	24	6.4	27	5.8	2	0.9	5	1.9	14	4.6	29	5.3	29	4.5	41	5.4	8.6
Western Hemisphere (U.S.) (Canada) (W. Hemisphere excl. U.S. & Canada)	100 (56) (6) (38)	29.7 (16.6) (1.8) (11.3)	120 (67) (10) (43)	32.3 (18.0) (2.7) (11.6)	147 (79) (11) (57)	31.9 (17.1) (2.4) (12.4)	135 (102) (12) (21)	63.4 (47.9) (5.6) (9.9)	159 (113) (15) (31)	59.4 (42.2) (5.6) (11.6)	172 (118) (13) (41)	56.7 (38.9) (4.3) (13.5)	235 (158) (18) (59)	42.7 (28.7) (3.3) (10.7)	279 (180) (25) (74)	43.6 (28.1) (3.9) (11.6)	319 (197) (24) (98)	41.7 (25.8) (3.1) (12.8)	32.3 (20.1) (3.3) (8.9)
Total	337	100.0	373	100.0	461	100.0	213	100.0	268	100.0	303	100.0	550	100.0	641	100.0	764	100.0	100.0
<b>By Category 2/</b>																			
Industrial countries	202	59.9	220	59.0	275	59.7	174	81.7	202	75.4	207	68.3	376	68.4	422	65.8	482	63.1	63.0
Developing countries	135	40.1	153	41.1	186	40.4	39	18.3	66	24.6	96	31.7	174	31.6	219	34.2	282	36.8	37.1
Total	337	100.0	373	100.0	461	100.0	213	100.0	268	100.0	303	100.0	550	100.0	641	100.0	764	100.0	100.0

1/ Excludes Assistants to Executive Directors.

2/ As defined in International Financial Statistics

Table 3. Total Staff in Ranges J-M <sup>1/</sup>

	<u>Jan. 1, 1974</u>		<u>Jan. 1, 1980</u>		<u>Dec. 31, 1983</u>		Quotas as of May 1, 1984
	No.	%	No.	%	No.	%	
<u>By geographical region</u>							
Africa	2	1.2	3	1.6	8	3.7	5.2
Asia	16	9.5	20	10.9	26	12.0	14.3
(Japan)	(1)	(0.6)	(1)	(0.5)	(1)	(0.5)	(4.7)
Europe	79	47.1	95	51.6	98	45.1	39.6
(France)	(10)	(6.0)	(14)	(7.6)	(15)	(6.9)	(5.0)
(Germany)	(11)	(6.6)	(14)	(7.6)	(14)	(6.5)	(6.1)
(U.K.)	(23)	(13.7)	(23)	(12.5)	(25)	(11.5)	(6.9)
Middle East	10	6.0	11	6.0	18	8.3	8.6
W. Hemisphere	61	36.3	55	29.9	67	30.9	32.3
(U.S.)	(47)	(28.0)	(44)	(23.9)	(51)	(23.5)	(20.1)
(Canada)	(5)	(3.0)	(4)	(2.2)	(4)	(1.8)	(3.3)
(W. Hemisphere excl. U.S. & Canada)	(9)	(5.4)	(7)	(3.8)	(12)	(5.6)	(8.9)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	168	100.0	184	100.0	217	100.0	100.0
<u>By category <sup>2/</sup></u>							
Industrial countries	124	73.8	136	73.9	148	68.2	63.0
Developing countries	44	26.2	48	26.1	69	31.8	37.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	168	100.0	184	100.0	217	100.0	100.0

<sup>1/</sup> Excludes Assistants to Executive Directors.

<sup>2/</sup> As defined in International Financial Statistics.

Table 4. Countries Visited by Fund Recruitment Missions, 1980-83

Africa <sup>1/</sup>	Asia	Europe	Middle East	Western Hemisphere
Algeria	China	Austria	Egypt	Argentina
Kenya	Indonesia	Belgium	Iraq	Brazil
Malawi	Japan	Denmark	Lebanon	Canada
Morocco	Korea	Finland	Pakistan	Chile
Nigeria	Malaysia	France	Syria	Mexico
Senegal	Thailand	Germany		U.S.
Tanzania		Italy		Venezuela
Tunisia		Netherlands		
Zaire		Spain		
Zambia		Sweden		
		U.K.		

<sup>1/</sup> Among countries not visited in 1980-83, Lesotho and Mauritius have already been visited during 1984.

Table 5. Appointments to the Economist Program, 1980-83

Nationality	Offers Extended	Rejections	Acceptances
<u>Industrial countries:</u>			
U.S.	18	5	13
France	6	1	5
Germany	9	1	8
U.K.	8	1	7
Other Europe	17	6	11
Japan	3	0	3
Canada/Australia/ New Zealand	4	0	4
	—	—	—
Total	65	14	51
<u>Developing countries:</u>			
Africa	8	1	7
Asia	9	1	8
Europe	4	0	4
Middle East	8	1	7
W. Hemisphere	9	6	3
	—	—	—
Total	38	9	29
<u>Grand total</u>	<u>103</u>	<u>23</u>	<u>80</u>

Table 6. Economist Program 1972-83  
Alternative Positions Accepted by those who Declined Offers

Position Accepted	1972-79	1980-83	Total
University	20	10	30
Government institution	5	4	9
Other international organization	5	3	8
Commercial bank	1	1	2
Other (or unknown)	9	5	14
	—	—	—
	40	23	63

Table 7. Academic Background of Economist Program Participants  
(1980-83)

	Completed PhD or PhD Candidate	Master's Degree
<u>Industrial countries:</u>		
U.S.	11	2
Europe	22	9
Other	<u>7</u>	<u>0</u>
Total	40	11
<u>Developing countries:</u>	27	2

Country of Graduate Studies  
for Recruits from Developing Countries

Home country	1
U.S.	20
U.K.	5
France	2
Canada	<u>1</u>
	29



Table 8. Background of Fixed-Term Appointees, 1980-83

Industrial Countries		Developing Countries	
<u>Economists</u>			
U.S.	8	Africa	10
France	5	Asia	2
Germany	4	Europe	2
U.K.	11	Middle East	1
Other Europe	7	Western Hemisphere	15
Japan	8		
Canada, Australia, New Zealand	<u>8</u>		<u>—</u>
	51		30
Average age:	34 years	Average age:	36 years
Average years of prior work experience:	10 years	Average years of prior work experience:	10 years
No. of PhD/PhD cand.:	9	No. of PhD/PhD cand.:	14
No. coming from public sector	47	No. coming from public sector	26
<u>Noneconomists</u>			
U.S.	5	Africa	2
France	1	Asia	1
Germany	2	Europe	1
U.K.	1	Middle East	9
Other Europe	5	Western Hemisphere	1
	<u>—</u>		<u>—</u>
	14		14

Table 9. Separations: Staff in Ranges F Through M 1/  
(by calendar year)

	Average 1976-79	1980	1981	1982	1983
<u>Total Separations by Range</u>					
F	3.75	7	4	3	2
G	15.25	14	12	12	7
H	13.50	10	8	11	12
I	5.25	5	8	8	10
J and above	10.50	17	11	7	9
Total	<u>48.25</u>	<u>53</u>	<u>43</u>	<u>41</u>	<u>40</u>
Total as a percentage of all staff <u>2/</u> (total turnover)					
	6.1	6.5	5.1	4.6	4.2
<u>Voluntary Separations by Range <u>3/</u></u>					
F	1.25	4	1	--	1
G	7.25	10	5	3	2
H	6.25	6	3	4	4
I	2.25	1	5	2	3
J and above	2.00	1	--	1	3
Total	<u>19.00</u>	<u>22</u>	<u>14</u>	<u>10</u>	<u>13</u>
Total as a percentage of staff <u>4/</u> (voluntary turnover)					
	2.5	2.8	1.8	1.2	1.5
Number highly rated	7	7	6	2	6

1/ Excludes Assistants to Executive Directors.

2/ Average of total staff at beginning of year plus total staff at end of year.

3/ Excludes completion of fixed-term appointments, regular and early retirements, deaths, and other involuntary separations; includes Economist Program participants.

4/ Average of staff excluding fixed-term appointees at beginning of year and at end of year.





