



Office Memorandum

December 12, 1991

To: The Staff

From: The Ombudsman *D. J. Hahn*

Subject: Twelfth Annual Report of the Ombudsman (1990-91)

The Fund and its Staff continue to suffer from the absence of effective human resource management. As a direct consequence yet another record number of Staff members sought advice and assistance from the Office of the Ombudsman during the last annual reporting period. Some 156 individuals, more than 7% of the Staff, consulted the Ombudsman, representing an 8% increase from the previous reporting period. Because of the addition of new Staff members, the rate of consultation has remained essentially constant over the past two years. There is, however, cause for hope that this unhappy situation may not long continue, as will later be discussed.

In my last annual report I mentioned that it was unclear whether the perceptions of those Staff members with whom I had spoken during the prior reporting period were "generally shared by that remainder" with whom I had not spoken. In response over 215 Staff members in the latter category, most professing to speak for their colleagues as well, contacted me to provide their assurances that the perceptions recorded in my report were indeed also shared by them. The spontaneity of that response and the enthusiasm with which the report's recommendations for change were greeted leaves no doubt in my mind as to the attitude of Staff.

The Staff's response to my annual report, coupled with the results of a contemporaneous Staff Association Committee (SAC) attitude survey make it clear that major change is necessary to prevent a situation which will ultimately result in damage to the quality of the Fund's product.

At the time of writing my last report, I was unaware that most of the serious problems mentioned in that document had already been identified by Staff to Management and the Executive Board as the result of an attitude survey conducted as long ago as 1978. No significant progress in resolving those basic problems is yet apparent.

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The Administration Department, many of whose members are engaged in a continuing effort to remedy those problems, remains shackled by an inappropriate policy of decentralized personnel administration. The power necessary to resolve these matters is in fact diffused among the various Departments each of which has its own peculiar method of dealing with them. The result is, often, basic unfairness to Staff.

The continuing widespread distrust by Staff of the Administration Department is based largely on the incorrect belief that that Department has ultimate authority to control personnel matters including recruitment, appointment, separation, position audit, promotion, performance appraisal, merit pay increases, mobility, training and development.

In fact, while it does play a significant role in all of these aspects of human resource management, the Administration Department does not have the authority, as merely one Department among many, to develop and administer a comprehensive human resource management system applicable on a Fund-wide basis.

As a result, few of the well-intended measures undertaken by the Administration Department to improve the personnel situation at the Fund can be considered effective.

The Temporary Assignment Program ("TAP") may hold promise for some Staff although it is too early to judge the extent or level of its effectiveness.

The Subordinate Appraisal of Supervisors program, because it is purely voluntary and confidential, provides no feedback as to result to the Administration Department or even the Department of which the Supervisor is a member. Serious questions exist as to whether the program provides any relief whatever to supervised staff or real assistance to the volunteering supervisor. No one knows.

The Performance Appraisal exercise, which annually generates more anxiety and stress as well as complaints to the Ombudsman than any other single event, has consequences which may, on the whole be more damaging than beneficial to the Institution. Although most supervisors make a sincere effort to make the appraisal process work effectively, many do not have the time, aptitude or training to conduct the yearly exercise in a manner which results in a better motivated Staff, conscious that their extra efforts are recognized and aware of what is expected from them in the forthcoming year. In some cases, supervisors delegate the appraisal responsibility as to a "second secretary" to their "first secretary." In others, the appraisals are "dictated" in the "front office" of the Department.

The advice to supervisors to include "negative" comments in the performance appraisal when appropriate has led to the creation of unnecessary animosity in some divisions to no purpose. The Administration Department does not act directly upon such adverse appraisals nor does it seek to investigate and substitute its judgment for that of the employing Department when the Staff member records objection to his or her appraisal. Some Staff members with alleged performance or other problems may be identified in this manner but the Fund is dependent upon the Departments to take remedial action.

The Departments, themselves without power to transfer the Staff member to a more appropriate position within the Fund, are left with the alternatives of intra-Departmental transfer, initiation of the probation

process or living with the status quo; however unpleasant that may be for all concerned.

In most such cases, there is no recourse for Staff beyond their own Department. This is particularly the case with non-economist A level staff who seek to escape an unpleasant work environment through transfer to another Department. No one, short of the Managing Director and his Deputy, has the power to arrange such a transfer without the approval of the receiving Department. Vacancies filled by "external candidates" are relatively few and the application process can take years before the candidate is successful. Many give up trying after several failed attempts.

If the candidate has "offended" those who hold power within his or her Department, the verbally transmitted information that he or she is a "troublemaker" or a "poor performer" will foreclose any opportunity of success in transferring. The charge need not be justified. Some Departments "take offense" when a Staff member is known to have taken a problem or complaint to the Administration Department, the Grievance Committee, the Ombudsman or the SAC. Administrative and Staff Assistants who, though qualified and competent, find it impossible to transfer out of their Departments are sometimes admitted to the Support Group Secretarial Staff (the "Pool") but there are budgetary limits on the size of that particular entity. The remainder is frequently "trapped" in positions they find intolerable.

The Mobility ("Swap") Program, despite the best efforts of the Staff Development Division personnel, is almost totally ineffective for non-economist staff. It should be noted, however, that the economist mobility program is an apparent success.

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The result is a demoralized Staff, with reduced efficiency, excessive "performance" problems, possibly fewer high caliber recruits, inadequate training and exacerbated health problems. Can the product not be affected in such circumstances?

Most of the problems and virtually all of the unresolved complaints presented to the Ombudsman for consideration relate directly to the personnel issues described above. Of the other types of problems presented, most have been resolved to the satisfaction of the complaining Staff member, typically with the active cooperation of the Administration Department. Few complaints regarding benefits administration, as opposed to benefits policies, were received during the reporting period.

Under the circumstances, can Staff have any real hope for future improvement in their working conditions? I believe so. Events which occurred during the past year should have far-reaching and beneficial results for the Fund and all its staff.

The massive and incredible increase in workload which resulted from the emergence of the nations of Eastern Europe into the free world has brought the defects of the present system clearly into focus. It is a great tribute to the integrity, professionalism and dedication of the Staff that they responded promptly and effectively to the many demands placed upon them by the Executive Board and Management in meeting this immense new challenge. Added to an already heavy burden, these additional, continuing and growing responsibilities have placed further stress on a weak and inadequate personnel structure. The expected introduction of several hundred new Staff into this system may severely test this fragile structure particularly in light of the additional training responsibilities which will be added to the existing burden. The clumsily handled reorganization of certain Departments provides convincing evidence of the failure of decentralized personnel administration.

At a time when Departments are being asked to expand their responsibilities, to carry out more missions, to provide more economic studies and to develop more solutions to complex problems, they also find themselves forced to manage complex personnel and administrative problems without recourse to professional assistance or even the assured cooperative assistance of all other Departments. The personnel management structure developed over the years has led to an atmosphere of competition rather than cooperation among Departments. There is no central human resource management at the Fund and, therefore, no place to which overburdened Departments can turn for much needed help.

Economists, many of whom are under intense physical strain and mental pressure to respond to the growing demands by the Fund for their professional advice and services, should not also be required to become human relations experts expending precious time attempting to resolve problems in their Departments or Divisions relating to issues of Staff performance, promotion, merit pay increase, training and development, probation, recruitment, job audit and mobility. That system is neither cost-effective nor fair. The result is not surprising. We do not expect or desire that a brain surgeon should also manage the hospital staff. Why should we expect or desire economists to manage Fund staff? Clearly, it will always be necessary for economist line managers to direct, supervise and appraise staff and to play a major personal role in their development but they should be released from much of the remaining burden.

Make no mistake, it is not only the supervised who suffer under this system but those who supervise as well.

The Fund consists of a gathering of some of the world's finest economists and those who support them. Nothing management does, or fails to do, should in any way impede the efforts of these economists. They should not be asked to perform tasks that are outside the sphere of their professional competence. They should be provided with support staff at every level whose performance capability is certifiable based on their prior Fund training. There should exist in each Department a Deputy Director for Personnel and an Administrative Officer who, reporting to the Management level, are there solely and exclusively to provide full support to the Department in the accomplishment of its mission and to relieve the

economists from much of the time-consuming and cost-ineffective burden of personnel management and administration.

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There is now, however, clear and convincing evidence of a significant change in Management's approach to these problems.

The more enlightened Executive Directors, Department Directors (and their Deputies) and, most importantly, the Deputy Managing Director appear to have recognized that major change in the area of human resource management at the Fund is vital to its continuing function and to maintenance of the highest quality product.

It now appears certain that, as a result of the Deputy Managing Director's recent welcome initiatives, there will be change.

The Staff Survey (recommended by the Working Group on Communications with Staff), which will be conducted late in 1992 is intended to be a comprehensive and sophisticated survey designed to identify both problems and their solutions. The fact that its objective is not merely to determine the attitude of staff (which is already well-known) and that great care and time are being taken in its preparation lead me to conclude that the Deputy Managing Director, with the support of key Executive and Department Directors, is committed to making those changes which the results of the Survey indicate are necessary. Anonymity of response will be guaranteed and Staff are, accordingly, strongly encouraged to actively cooperate, in their own best interests, in the production of a document whose results will have a direct and long-term impact on their lives in the Fund.

The establishment of the Advisory and Coordinating Committee on Personnel Matters ("ACCPM") is another indication of the seriousness with which the Deputy Managing Director views this subject. While it should not be expected to yield substantive results as presently constituted, that Committee could well serve as an initial framework for the kind of supra-Departmental centralized personnel office which alone will provide the Fund with the quality of human resource management it so desperately needs. Staffed by professionals and led by people who are trusted by Staff to act in the best interests of the Fund, the creation of such an office can be expected to reduce "performance problems" to a minimum level while raising Staff morale to a maximum degree in a relatively short period of time.

What should now be done? The members of the ACCPM should over time be freed from other Departmental responsibilities in order that they may devote full time to the vital personnel function. The Committee should be expanded to include the Director of Administration, the present Administrative Officers from each Department and with the Chiefs of the Recruitment and Staff Development Divisions in attendance. In some cases, it may be feasible for a member of the Committee to carry out this personnel function for more than one Department. Each member should receive intensive formal human resource management training. In some instances, it may be advisable

to replace Committee members who may be better suited to other roles in the Fund. Above all, to ensure their independence from undue Departmental pressure, it is essential that the performance appraisals of Committee members be conducted by the Deputy Managing Director after consultation with the relevant Department Director.

The new year should mark a watershed in Management's action on the most critical personnel issues of concern to the Fund and its Staff. Sadly, the changes will come too late for some. For other Staff they will be welcome indeed.