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Concluding Remarks by the Acting Chairman
Human Resources in the Fund—Issues and Policies
Executive Board Seminar 98/4—June 2, 1998

I thank Executive Directors for a lively and interesting debate. Executive Directors agreed that, on the whole, the Fund's human resource policy had served the institution well. Nevertheless, they noted that the human resource policy faces difficult challenges at the present juncture, particularly in light of increased work pressures, changes in the required skills mix, the need to strengthen human resource development, and an external work environment with increasingly flexible labor. While drastic changes in the overall strategy were not necessary, those factors highlighted the need to address certain weaknesses, as identified by the staff. In that context, Directors endorsed the proposed work program on human resource issues.

Executive Directors emphasized the importance of diversity in the Fund's staff. They warmly welcomed the 1997 Annual Report of the Special Advisor on Diversity, agreed with the analysis provided, and endorsed the report's recommendations. Directors noted that the diversity of the staff in terms of gender and nationality had improved in recent years, but that further progress was needed with respect to both the representation of women, especially at senior levels, and of countries that continued to be underrepresented. They supported the approach the Fund had taken to improving diversity, and stressed that diversity considerations should permeate all aspects and areas of human resource policy. Noting that spouse employment had become an increasingly important issue for recruitment, retention, and improving diversity, Directors expressed the strong hope that the United States and other countries that host Fund offices would substantially ease administrative procedures for the provision of work permits for spouses.

Directors considered that the current mix of recruitment of young university graduates through the Economist Program and of mid-career economists was broadly appropriate. Executive Directors agreed that for economists, who constitute the large majority of professional staff, a first-rate training in macroeconomics and quantitative methods and policy experience are the key requirements. They continued to attach importance to broadening the skills mix. They noted that the need for specific skills has changed over time, and that at present there is a particularly strong demand for expertise in banking and financial sector issues, as well as in matters relating to governance and second generation reforms. Directors believed that the shifts in skill requirements that the Fund had experienced, including in the current situation, could be accommodated largely within the training and recruitment strategies. A number of Directors stressed the need for greater movement of staff into and out of the Fund to promote skill renewal and bring new blood to the institution.

Directors referred to the recent departure of a large number of economists from among the Fund's best performers, who had joined private sector financial companies. They observed that there had been a sharp increase in the demand by those firms for the expertise of Fund economists. Although this demand might fluctuate in line with conditions in financial markets, it probably also reflected a structural shift. They agreed that this change in the external environment should be taken into account in the review of some aspects of the Fund's compensation system, although the Fund clearly could not and should not match private sector compensation levels. The departure of many good performers also added to the urgency of improving the Fund's work environment.

Also with regard to compensation, Directors expressed concern about the serious erosion in recent years of the competitiveness of salaries at mid- and senior levels with respect to the U.S. market. They recalled that it had been agreed in the 1998 compensation discussion to review the shape of the Fund's payline and the salary comparators, jobs and weights, given the possibility of the Bank and the Fund adopting different pay structures in the future.

With respect to the Quadrennial Benefits Survey, most Directors saw no need for significant changes in Fund benefits at the present juncture, although some felt it would be useful to consider strategies to improve the flexibility of benefits and bring them closer in line with the evolving needs of the staff. While noting the changes in staff retirement policies introduced recently by the World Bank, Directors expressed the view that any changes that might be indicated in the Fund's Staff Retirement Plan should be carefully considered, taking account of the Fund's multinational environment, employment policy, and other personnel objectives: they recommended a greater degree of "portability" of pension rights. Directors welcomed the recent expansion of the Separation Benefits Fund and stressed the need for a firmer approach to separating weak performers and staff with obsolete skills.

Concerning employment policy, several Executive Directors expressed concern that an ad hoc application of employment policy with regard to contractual relationships and vendor arrangements may have led to unfair treatment. They looked forward to the planned review of employment policy and practice, and they stressed that employment policy must be based on the principles of fair and transparent labor practices.

Directors expressed concern about the heavy work pressures in the Fund, which had been intensified recently by the crisis in Asia. They agreed that work pressures should be eased and that this was first and foremost a matter of setting the right priorities for the institution, streamlining work procedures, and providing adequate staff and dollar resources. To help the staff cope with a work environment that was expected to remain demanding and fast-paced, Directors supported exploring more flexible work arrangements. They also emphasized the need for a strong follow-up on the report on employee health in the Fund. Directors called for further improvements in the indicators of work pressures.

Directors agreed with the need to improve the Fund's work environment. They observed that it was vital for a knowledge-based institution to give staff sufficient recovery time and opportunities for intellectual renewal, including through more active use of sabbatical leave and secondments; they also expressed support for more active encouragement of staff to spend part of their career outside the Fund to acquire additional skills and relevant experience. They also supported efforts to improve management and supervisory skills within the Fund as well as initiatives to enhance training and career development programs and improve the effectiveness of subordinate feedback exercises. They welcomed the expanded and improved program of formal training in economics. Directors agreed with the need to review the distribution of tasks between economists, research assistants, and staff assistants.

Referring to various changes that have been made, or are planned, in the World Bank's human resource policies, Directors said that these changes should be studied, where appropriate, and some Directors considered that the principle of parallelism may need to be reexamined.