

Chapter 5.

Supporting human resources management in Costa Rica

This chapter examines the strengths and weaknesses of the human resources management policies and practices of Costa Rica's Civil Service Regime. It formulates recommendations in five key reform areas: timely and accurate workforce data; the development of a merit-based, transparent and financially sustainable compensation system; the introduction of a coherent competency framework; an enhanced performance management system; and the development of institutional and individual leadership. The chapter highlights the importance of these reforms to promote better governance and improved public service design and delivery.

Public employment: The institutional set-up

Costa Rica's public governance stands out in the region, due in no small part to the country's professionalised civil service underpinned by a commitment to merit-based public employment. Costa Rica consistently ranks highest in the region on civil service development indicators. Today, however, the country is facing a new set of modern challenges and is rightly questioning whether the workforce management arrangements it had established to guide progress in the years past are those that will continue to ensure progress and prosperity in the years to come.

The structure of public employment is divided into a number of administrative divisions. The Constitution of 1949¹ and the subsequent Civil Service Statute of 1953² established the Civil Service Regime (CSR) to regulate public employment in the national executive branch, which includes ministries and their subsidiary bodies – a total of 47 entities covering about one-third of public employees, including teachers, who make up approximately 70% of this group. The Civil Service Directorate General (CSDG) acts as the central co-ordinating agency for public employment and human resources management (HRM) policies for the 47 entities of the CSR.³ Within and across these 47 entities, there is a relatively consistent employment framework, with a common pay scale,⁴ job classification, and terms and conditions of employment.

Outside the CSR, most public institutions have their own legislation regulating public employment and HRM practices. In addition, collective agreements in various institutions give employees privileges regarding pay, bonuses, incentives and working hours, which vary from one institution to the next. This myriad legislation and collective agreements lead to a plurality of HRM systems and policies, which results in significant disparity in the treatment of employees across institutions. The “decentralised public sector” (outside of the CSR) tends to offer better salaries and benefits, with greater employment flexibility.

Many institutions outside the CSR still fall under the scope of the Budgetary Authority. The Budgetary Authority establishes and monitors the number of employees for each institution under its scope and determines payment policies according to guidelines issued by the President and the Ministry of Finance. Approximately 58% of the entities under the scope of the Budgetary Authority belong to the CSR; an additional 29% use the same pay scale and job classification system as the CSR but do not fall within the CSR, and the remaining 13% have their own pay scale. The scope of the Budgetary Authority does not include municipalities, state universities, the Costa Rican social security institution, the legislative and judicial branches, the electoral tribunal institutions, nor auxiliary bodies to the legislative authority such as the Ombudsman, Auditor General and various public corporations such as the telecommunications and power authority (*Instituto Costarricense de Electricidad, ICE*) and the postal service.

The 2015-18 National Development Plan includes public employment as a priority and recognises the role of effective human resources management to strengthen the public institutions of the Costa Rican government. To implement the priorities of the plan, the government is considering the creation of public employment status categories that support standardised principles and transverse objectives, but at the same time recognise and respect the special needs and characteristics of each sector and institution. This would be a guided by a National Employment Policy.

Improving data as a foundation of effective and strategic human resources management

Timely and accurate workforce data is essential to effectively manage, plan and control the size, costs and organisation of the workforce. Without basic information, the government of Costa Rica will be challenged to take informed decisions on how best to deploy the workforce to meet its goals and objectives. Without good management information, strategic workforce management is severely constrained. It should include factors such as level of education, skills and competencies, in order to best align particular capacities with the right priorities. It should also consider factors that impact cost, such as age and rank, and years of service.

In Costa Rica, it is difficult to get an exact picture of the structure of public employment and the number and distribution of public employees, as there is no central database to collect employee statistics in the CSR or beyond. A 2013 assessment of HR capacity in CSR organisations (CSDG, 2013) indicates a lack of capacity to maintain useful workforce data in most institutions. The workforce information management practices of several OECD Members like Belgium, Canada or the United Kingdom, which carry out whole-of-government assessment and analysis of the government workforce, may be of interest to Costa Rica. Costa Rica may also wish to look at a number of individual ministries' practices and consider the possibility of extending those that work well to other institutions. The Ministry of Health's HR information system may be worth studying in this regard.

Improving the quality and consistency of workforce data in Costa Rica should be seen as a fundamental step improving the transparency of the sector and enabling more informed HRM decision making. When linked to salary information, it will also help to better manage and control the costs of the workforce, an important challenge Costa Rica is facing.

Towards a more merit-based, transparent and sustainable compensation system

Costa Rica's commitment to merit-based hiring practices and a professionalised civil service have set it apart from neighbouring countries; however, the merit principle could be strengthened by ensuring that employees' compensation is based on the nature of their work and the competencies they bring to it. Currently the Costa Rican salary system is very difficult to control, adjust, target and manage, due in part to the lack of an integrated database on public employment, no fiscal ceiling that limits the pay envelope, complex combinations of bonuses and allowances that differ greatly from employee to employee, and an interrelated web of collective agreements and legislation that tie increases in salary of one group to another.

Pay determination in Costa Rica is a complex affair. For many of the more senior positions, base salary only accounts for as little as 20% of total pay. The system of "pluses", bonuses and allowances added to base pay enables organisations to raise pay through means that are less transparent and controllable. While the majority of decentralised institutions follow the CSR's job classification and base salary standards, there is no common standard for pluses and bonuses. Hence, it is easy to maintain disequilibrium through the use of such tools while still maintaining compliance with the overall framework.

The complexity of this system leads to a variety of pay distortions which diverge from the merit principle of equal pay for equal work. The misalignment of pay to the value of work can have a demotivating impact on the workforce, particularly for those who perceive their work as less valued by their organisation. These imbalances can also have a direct impact on the capacity of organisations to attract and retain the right employees. The youngest and brightest graduates are more easily attracted by organisations willing to pay more, and the CSR cannot compete. Furthermore, there is anecdotal evidence of CSR institutions investing in staff development only to have high-performing staff leave for better paying jobs in richer decentralised agencies. While a certain level of mobility between organisations can have a positive impact on the workforce, this kind of predatory staffing can result in capacity imbalances that are not driven by strategic objectives.

Costa Rica could simplify the system by beginning a slow transition towards a “single salary” system, meaning an amalgamation of base salary and pluses. Any additional payments on top of base salary need to be universal and made as transparent and simple as possible. This does not need to initially result in a reduction of salary for any staff, and given the legal constraints, it may only be possible to implement this policy for new employees. This means taking a long-term view (up to 35 years) and therefore increases the urgency to begin. The national bank and the Auditor General’s Office (Box 5.1) have already begun, and can provide models.

Controlling salary costs does not necessarily require a unified pay framework across all public sector organisations. In fact, completely uniform public employment and salary systems covering the entire public sector is not a common feature in OECD Members. All OECD Members struggle to balance salary coherence with organisational discretion to adjust salaries to meet their particular circumstances. They solve this tension differently, based on their unique administrative, political and constitutional contexts. Belgium and France, for example, use uniform salary legislation combined with adaptation in secondary legislation which enables adjustments to specific groups as required. Some OECD Members – such as Denmark, Finland, New Zealand and Sweden – have replaced traditional civil service systems with an extensive decentralisation of actual salary setting and enforced employer co-ordination linked to bargaining processes and collective agreements. These countries have also developed mechanisms for supporting and monitoring decentralised salary setting. These include supporting budgeting arrangements, guidelines and salary statistics.

The complexity of the pay system, the range of actors involved and the highly sensitive nature of the topic create a difficult working environment for reformers and can lead to a sense of paralysis. The approach of the national public employment policy would be to centralise control of pay under one authority for the entire public sector. While this may produce results in Costa Rica, this is not the direction that most OECD Members are moving towards. Costa Rica may wish to consider alternate approaches that link pay reform to broader budget reforms. This, however, would depend upon the development of more strategic HRM frameworks which would emphasise competency-based management, performance management and professional public sector leadership. These are taken up in the following sections.

Competency management as foundation for a more strategic human resources management in the Civil Service Regime

An integrated and coherent competency framework could help to guide strategic HRM in the CSR or beyond. This section will discuss how the development of such a framework could enable more effective and coherent workforce planning, recruitment and selection, mobility and employee development within and across CSR organisations.

Box 5.1. The implementation of a single salary scale scheme: The case of the Central Bank and the Comptroller General

As an effort to contain and gradually revert the profound disparities that pluses and annuities had created on their system of remunerations, the Central Bank and the Comptroller General implemented a single scale salary scheme for their employees. Below are some of the objectives behind such initiatives:

- to produce an employment system that attracts and retains talent
- to guarantee external competition by defining an objective percentile within which to place institutional salaries and be able to compare these against those in the National Financing Sector
- to ensure internal fairness, so that salary increases are proportional, or at least related to the level of responsibilities
- to have better instruments for training, classifying and evaluating staff.

In 1998, the Central Bank's Board of Directors approved the creation of a new salary scale that would be applied to all employees entering in 1999. Currently there are two wage scales operating: the single wage scale and the basic wage scale with pluses (depending on when the public servant started their career). The methodology includes: an inflation adjustment for two wage scales that function in parallel; an annual review of tendencies in the job market to adjust the global scale to those cases where salary is lower than those within the single scale; and finally, making adjustments on all wage salaries from changes resulting from inflation (i.e. reducing the loss of the salary's net worth against inflation). In the medium term, this approach has enabled the convergence of both scales, or at least has managed to close the wage breach between them. Currently, 60% of employees are employed under a global scale, so the challenge remains to eliminate the remaining disparities between employees in different wage scales.

The Office of the Comptroller General (Contraloría General de la República, CGR) implemented its single salary scheme in 2007 aiming for a unique wage scale amongst employees working in the head, management and administration offices. The single salary scale takes into account the annual wage and benefits under the Professional Career and Prohibition Regulation. Wage increases are implemented every two years in relation to cost of living and market adjustments. The CGR conducts studies of internal and external institutional wage imbalances. For external imbalances, a survey is conducted where internal salaries are compared to those of other institutions. On an institutional level, the wage objective for administrative and technical positions was set around the 40th and 60th percentiles, for professional positions between 60th and 80th percentiles, and for managerial and directive positions between the 80th and 95th percentiles. The CGR's unique salary scheme has been successful and transparent. About 40% of employees count with a unique salary. This reform has improved organisational climate, reduced costs and allowed for more merit-based recruitment processes.

Source: Information provided to the OECD by the Central Bank and the Comptroller General.

Costa Rica's CSR currently lacks effective workforce planning tools, and demonstrates various uneven levels of capacity in recruitment, mobility and workforce development. A recent assessment of HR capacity in 46 CSR organisations found that only the Ministry of Health and the Ministry of Finance have an active HR planning strategy and have incorporated competency management as part of their planning process (CSDG, 2013). This same report also found that most institutions are not able to evaluate

candidates with regards to specific competencies needed to meet organisational goals. Almost half of the institutions report not having generated any mobility in the preceding two years. In terms of training and development, the assessment concluded that less than a quarter of institutions align their annual training plan to a long-term strategy based on organisational goals.

Using a common competency framework for planning, recruitment and selection, mobility and development could provide Costa Rica and the DGSC with a foundation to address the issues identified above, linking these processes under a common set of standards and understandings. A competency-based selection process enables organisations to better fill competency gaps identified in the workforce planning process while maintaining a high level of objective merit in the process. Competency management also supports horizontal and vertical mobility and agility by helping to define common career paths. Competency management also provides an effective and efficient way of aligning staff development investments with identified organisational requirements.

Costa Rica could build on its standard job classification system, which has recently been simplified, creating an excellent foundation to go the next step in identifying competencies that fit within each job class, across job categories and which are common for the entire organisation/CSR. There also appear to be pockets within the CSR where competency management has been developed which may be worth exploring to identify successful practices that could be adapted and spread more widely across the CSR. Institutions cited by the CSDG as having developed some level of competency management practices include: the Ministry of Health; Ministry of Finance; Ministry of the Economy, Industry and Trade; National Registry; and Ministry of Labour and Social Security. One path forward could be to engage key representatives from each of the organisations listed above to put together a multi-organisational task force to explore the idea of developing a CSR-wide competency framework. At the development stage, it would be ideal to keep the focus on the core CSR, with some participation of decentralised organisations if they are willing. Once a core set of competencies is developed and implemented in the CSR, other institutions may implement the same frameworks as they see the benefits stemming from the approach.

To be useful, competency frameworks should be oriented to future needs and organisational change, not to the past ways of structuring HR profiles. In a rapidly changing policy environment, competencies cannot be static. Whatever approach Costa Rica takes towards developing competency management, the country can learn a number of important lessons from the experience of OECD Members. Competency management can help to ensure that the civil service of Costa Rica has the range of skills needed to achieve the government's long-term goals. This suggests the need to consider how the work of the civil service is changing and which competencies the government requires to meet its long-term goals. OECD Members identify a range of future competencies needed for an agile, innovative public service. These have been clustered into the following four meta-competencies:

- creative thinking (creativity and innovation)
- strategic thinking (vision and future orientation)
- flexibility (flexibility and change management)
- co-operation (working collaboratively across boundaries and relationship building).

Box 5.2. Competency management in the Belgian federal government

In the Belgian public services – both federal and regional – competencies are at the core of every HRM process, be it recruiting and selection, career management, performance appraisal and 360-degree feedback, knowledge management or the identification of critical functions. The greatest advantage of this approach is that competencies are linked to organisational needs – tactical or strategic – and that they provide a common language for all parties across the different services.

Competency management has been a central element since the launch of the Copernic Plan in 2000, focusing on a more integrated and strategic approach to HRM. It fundamentally changed recruitment and selection procedures, training and development, introducing workforce planning linked to organisational objectives.

The competency framework consists of:

- five key competencies that reflect the values of the federal government: service delivery orientation, team co-operation, loyalty, result orientation and self-development
- five groups of generic competencies considered necessary for all functions: information management, task management, management of employees, management of relationships and personnel management
- a large group of technical competencies which are specific to a type of work and supporting the profession itself.

A competency dictionary is available as a tool for HRM services, managers, chiefs and employees. There are 22 standard competency profiles, built around 3 roles: support, management and project management adapted to the employee level.

Implementing competency management resulted in some major recruitment system changes. The emphasis in entrance examinations shifted from testing knowledge to testing competencies. New procedures were put in place using a professional recruitment agency. Line managers and local HRM services are responsible for providing a job description and a competency profile for every recruit.¹

Providing a comprehensive and clear-cut framework for managers is an ongoing priority in which the appropriate competencies are key as they determine the profile and remuneration of a manager. The framework depends on 12 generic competencies to which competencies specific to the position can be added. The competencies are:

- thinking (analysis; flexibility and innovation; vision and capacity for integration)
- human resources management (coaching, motivation and development of personnel; team management)
- interaction with the environment (collaboration and development of networks; orientation to citizens, internal clients and society)
- objectives (sense of responsibility; achievement of objectives; persuasion and negotiation)
- loyalty and integrity.

There is a strong link between competency management and performance appraisal as the annual evaluation scheme includes a discussion on the required competencies leading to (individual and team) development plans and training. Knowledge management is built around competencies, especially the technical competencies forming the heart of each function.

Note: 1. Online standard profiles are available at: www.federalecartografie.be/web/p1.php?z=z&lg=fr.

Source: OECD (2007), *OECD Reviews of Human Resource Management in Government: Belgium 2007: Brussels-Capital Region, Federal Government, Flemish Government, French Community, Walloon Region*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264038202-en>.

Performance: Linking the investment in staff to better service outcomes

Performance management can play a vital role in linking the individual efforts of employees to larger organisational goals. It can also help to rationalise organisational structures and units by ensuring that each organisational sub-structure is capable of articulating its strategic goals in relation to those of the wider organisation, thereby enabling focus and clarity in mandate.

Within the CSR, the performance assessment system suffers from a high level of complexity and ratings inflation. The CSDG currently applies a performance rating scale for five “generic performance components” (service, efficiency, competency, flexibility and merit), where each organisation is asked to develop its own requirements and to rate each of these against a scale of 100 for individual employees. This is highly complex and moves away from the increasingly common OECD approach of simplifying ratings scales and using generic statements that are much easier for assessors and employees to understand. In order to work, the system needs to be simple enough that both the manager and employee understand what it means and how to use it. When a ratings scale is simple (e.g. 1-5), each score can be more easily understood. It also helps calibrate the scale so that the middle point of the scale is established as the norm. The upper levels should only be reserved for truly exceptional cases when employees have gone above and beyond the expectations of their employers and have, for example, worked extra time on a project beyond their job description or responded to shock or crisis in an exceptional way.

The CSDG and Ministry of National Planning and Economic Policy (*Ministerio de Planificación Nacional y Política Económica*, MIDEPLAN) are developing a pilot project to rethink the current performance assessment instruments, taking advantage of electronic databases and digital platforms currently under development to improve transparency and simplify the process. This is a promising opportunity to review OECD best practice in this area with a focus on simplifying the current guidelines and developing managers to implement the new programme. IT platforms can support performance assessment, providing a transparent mechanism to compile and share assessment information; however, the primary focus has to be first and foremost on developing an understandable tool that can be easily applied by managers and staff at all levels of the system with appropriate incentives for good performers. Pay for performance should not be an immediate priority. Instead, consideration should be given to improving the assessment instruments, training managers and staff to use them, and eventually linking them to career development and advancement. Finally, the CSR would benefit from a clear, transparent and fair policy for under-performers focused first on attempting to develop staff, with eventual dismissal for continued under-performance.

Building institutional and individual leadership for a more coherent and effective Civil Service Regime

As one of its recent actions to modernise the CSR, the CSDG notes a move towards increased delegation of some HRM responsibilities to the HRM offices of the institutions under its authority. This is driven in part by limited budgetary resources in the CSDG as well as the desire to enable a more proactive and specialised HRM at the organisational level. The move towards increased delegation is also seen across many OECD Members. Central HRM authorities increasingly delegate HRM responsibilities to managers across the administration, providing them with guidance and support, as well as shared systems; however, the extent of HRM delegation varies among OECD Members. The trend

towards delegating HRM responsibilities increases managerial flexibility, with the central HRM body taking a more strategic leadership role. However, it is important to note that delegation has happened to a greater extent in mature civil service systems in which core values are well-embedded and robust management accountability systems are in place. Experience in OECD Members shows that effective delegation of HRM authority has to be accompanied by:

- strengthening of the capacity of the central HRM body to monitor the implementation of HRM policy
- effective systems to hold managers accountable for their handling of delegated authority
- adequate managerial capacity and competence in ministries and other institutions.

Moving towards a delegated system in Costa Rica should not be primarily driven as a cost cutting exercise. While it is useful to recognise that the CSDG lacks the resources to manage all HRM across the CSR, delegation still requires a strong central HRM body, albeit a different set of competencies. It is also important to acknowledge that delegation can place significant strain on the HR offices of ministries and agencies, in particular in small organisations where the HRM capacity is limited. This could mean developing capacity in the CSDG to facilitate co-ordination, monitor, formulate policies and guidelines, and provide technical support to the individual institutions. In order to develop a stronger focus on these tasks, it could be worth assessing whether the current structure of the CSDG, which is primarily organised according to HRM sub-systems (e.g. salaries, recruitment, strategic development), prioritises the kind of responsibilities it needs to undertake and fully support delegated HRM.

Supporting ministries and agencies in an increasingly delegated environment also suggests the need to consider new tools and methods to support line ministries and agencies. There are a number of approaches that OECD Members use to enable this. These include: 1) fully delegating responsibility for some functions and monitoring them through management accountability frameworks; 2) simplifying centralised policy frameworks for more individualised implementation in the ministry; and 3) the use of communication tools and forums to ensure effective dialog and sharing of best practice experience.

Communication tools are also essential to develop a strong network of HRM professionals across the CSR who have the opportunity to exchange experience and input into policy development processes. The CSDG should ensure that it is using mechanisms such as its Human Resources Chief Management Assembly (where all 47 human resources chiefs are present), and the smaller Technical Advisory Council (made up of elected HR chiefs from the larger body) to their full potential. The focus should be on ensuring both two-way communication between the CSDG and institutions through information sharing and genuine consultation, as well as providing a forum for ministries and agencies to discuss and share experience amongst them.

Due to their strategic roles in government, there is an increased tendency among OECD Members to group senior civil servants separately and manage them under different HRM policies. While a great deal of variation exists across OECD Members in their approach to senior management, a number of trends exist. These include the development of specific management competencies which are applied to managers across all functions and support staffing processes for senior management positions.

Box 5.3. Personnel Officers' Network in Ireland

Function of the Personnel Officers' Network

The key function of the Personnel Officers' Network (PON) is to provide a forum for personnel officers and HR managers in the civil service to discuss best practice human resources management procedures. The PON provides regular active networking opportunities which allows members to share their experience and address issues of mutual concern. In this way, the PON serves to identify and build upon administrative and policy initiatives, as well as develop and assist in the delivery of members' training needs, which improve HR management in the civil service.

The quarterly meetings of the PON comprise a mix of presentations and focused discussion regarding a variety of topics. They are structured in such a way that members have ample opportunity to network. The objectives of the meetings are:

- to discuss and develop best practice HRM in the civil service
- to agree cross-departmental approaches to implementation of HR processes
- to provide the opportunity for personnel officers to present their experiences and learn from each other
- to invite speakers to inform on strategic issues relating to HRM
- to provide feedback and ideas on the development and implementation of HR policies to the Department of Public Expenditure and Reform.

An electronic workspace has been provided for the network and is used for discussions, sharing of ideas and initiatives. This workspace stores presentations and meeting agendas, records membership and contact details, provides opportunities to engage on work items, allows queries to be posted and contributed to, provides a facility for surveys and questionnaires, and ensures more productive formal meeting outputs and outcomes.

The Executive Committee is drawn from members of the network and must consist of at least eight members. Committee meetings are held prior to each meeting and as required to discuss and agree the agenda and future workplans. A quorum of five attendees is required for an Executive Committee meeting.

Secretarial support to the network is provided by the Civil Service Human Resources Directorate to assist with administrative and logistical arrangements.

There are sub-committees of the Personnel Officers' Network which meet and discuss topics as they arise. Such topics have included reform of sick leave, anti-bullying and harassment, and recruitment policies.

Source: Information provided to the OECD by Natasha Cray, Public Service Sick Leave Policy, Civil Service HR Division, Department of Public Expenditure and Reform, Ireland.

Costa Rica does not currently target training programmes towards managers or future managers. However, this is a new priority of the CSDG which has recently created a new division for management training. The emphasis of management development in Costa Rica should include both formal training to close gaps in leadership and management capabilities, and active learning methods to ensure managers' competencies remain up to date. The CSDG could take the lead on identifying priorities, setting the overall strategy of leadership development and designing the development framework. However, leadership and management development activities are most likely to be effective when they are defined as a high priority by the government, and could be guided by a task force of senior managers to ensure their buy-in from the beginning.

Box 5.4. Chilean *Sistema de Alta Dirección Pública*

In 2003, the Chilean government, with the agreement of all political actors (opposition political parties, non-governmental organisations, civil society), created the *Sistema de Alta Dirección Pública* (ADP), a central senior civil service system. The aim of the ADP was to establish a professional senior management. Following the reform, there are three distinct groups:

- The most senior positions which are filled by direct designation by the government (1 000 positions out of 2 000 000 in central government).
- The ADP, for which recruitment is based on public competition (1 000 positions in central government). There are two levels within the ADP: approximately 1% at the first hierarchical level (heads of service, directors general), and the remainder at the second hierarchical level (regional directors, heads of division).
- Middle management positions (2 000 positions in central government) at the third hierarchical level, which form part of the career civil service.

The ADP system has been implemented gradually by recruiting by open competition whenever a post falls vacant and by expanding it over time to additional groups. For example, it has been expanded to include 3 600 municipal education directors and 2 800 new senior management posts in municipalities.

Key features of the ADP are:

- competitive selection based on professional merit
- profile based on competencies which are evaluated by expert consultants
- three-year term of office, renewable for two subsequent terms
- right to severance pay
- assessment under management performance agreements
- possibility of removal by the President for poor performance or loss of confidence.

Most of the selection process for the ADP is contracted out to specialised recruitment agencies. The National Civil Service Directorate (DNSC) is responsible for management of the ADP. However, the Senior Public Management Council (*Consejo de Alta Dirección Pública*) is in charge of guaranteeing the transparency, confidentiality and absence of discrimination of the selection process. It is chaired by the director of the DNSC and has four members proposed by the President of Chile and approved by the Senate. The selection process, which takes about four months, begins with the publication of the vacancy notice in the media. A specialised enterprise commissioned by the Senior Public Management Council analyses the curricula vitae of the different candidates and prepares a shortlist for the council or a selection committee (under the council's supervision). Professional competence, integrity and probity are some of the criteria used in the selection process. Subsequently, the council or the committee selects the best candidates for interview and prepares a final shortlist for the competent authority for the final appointment.

The ADP system was based on international experience. In particular, the experience of OECD Members such as Australia and New Zealand strongly influenced the Chilean model. The system is considered one of the main achievements of the modernisation of Chile's public management. One effect has been the decline in the number of political appointees in the central government; they currently represent only 0.5% of the total public workforce. It is also argued that the presence of women in senior positions has increased under the system; they occupy 32% of positions, compared to 15% in the Chilean private sector.

Source: Weber, A. (2012), "Alta Dirección Pública", presentation given at the seminar Fortaleciendo la Capacidad del Empleo Público Colombiano, Bogota, 27 July.

Implementing human resources management reforms for improved and sustained performance

One key lesson from OECD Members is that HRM reforms are more effective and stand a better chance of succeeding when they are based on an overall view of how government should function in order to meet emerging challenges. This means framing them in the context of a compelling vision of the future, based on an understanding of how the nature of public administration is changing and what kind of workforce Costa Rica needs to meet future challenges. It also means linking the design of HRM reforms to broader public administration initiatives and positioning HRM reforms as crucial supporters of these.

Costa Rica has begun the development of an integrated approach through the development of the sector-wide National Public Employment Policy (NPEP). The NPEP's ambition is commendable and, if implemented successfully, the plan may go a long way towards improving the coherence, efficiency and agility of the Costa Rica's public sector. It is a holistic approach driven by strategy. Its focus is on both the effectiveness of each individual sub-system as well as the connections between each. The NPEP could evolve towards a compelling and shared vision of the future that could help to bring together social partners and frame the dialog as a positive process of co-creation rather than beginning with current problems which lead too quickly to blame and protective reactions. Furthermore, rooting the HRM reforms in a larger programme of public administration modernisation would help to ensure effective co-ordination and visibility of HRM reforms.

It may be advisable for Costa Rica to give careful consideration to which venues and stakeholders should be involved in the future NPEP visioning and development process. In OECD Members, HRM reforms have often lagged behind because structural HR reforms tend to be politically sensitive and sometimes require difficult negotiations with unions. In order for the NPEP to be successful, it will require a high level of political will and support and must be dealt with as a political issue as much as a technical one. Costa Rica may wish to designate a strong minister to lead the reform at the Cabinet level, specific Cabinet committees to ensure broader buy-in and a similar structure at the administrative level. Organisational venues to support these structures should be fit for purpose – this may involve careful consideration of whether it would be useful to develop a new organisation for the oversight and implementation of reforms to give them more visibility and priority or whether existing organisations are adequate. Given the strength of unions in Costa Rica and their ability to block reforms at the Constitutional Court, reform success will also require early and genuine co-operation with the unions and other stakeholders. This role would likely need to be more than consultative to ensure genuine buy-in and long-term commitment.

The sequencing of a future NPEP implementation process is another factor that requires careful consideration. The NPEP is highly ambitious and commendable in its scope, but success will require skilled and committed leadership to implement effective change management as well as an engaged workforce which understands and supports the future vision. MIDEPLAN needs to carefully consider whether these preconditions are sufficiently established across the public sector and what can be done to build and develop these. A careful assessment of the current strengths and challenges in this regard may result in MIDEPLAN developing a more strategic sequencing of the implementation process in two respects: 1) choose a number of initial priority areas where quick wins can establish a positive reform experience to build upon; and 2) begin with improvements

within the CSR and among other decentralised institutions whose missions, mandates and activities most closely align with and resemble those of the CSR, while leaving more autonomous institutions for possible incorporation at a later date.

Recommendations

Costa Rica could use the collection and use of workforce data as a foundation of effective and strategic HRM. This could begin within the CSR and then be extended to additional agencies on an incremental basis. This should build on current effective approaches wherever possible to minimise additional burden to organisations.

Costa Rica could improve the merit focus of its compensation and improve control over workforce costs by first clarifying the interrelated webs of regulations and collective agreements to ensure a broad and consistent understanding of the existing situation among those responsible for the system. Next, the system could be simplified by incorporating existing pluses into a clear and simple base salary for new employees (the so-called single salary system). Finally, the salary envelope could be controlled through budgetary measures and controls.

Costa Rica could move towards more strategic management of its human resources by building on its job classification system to incorporate a competency framework and eventually integrating this into planning, recruiting/selection, mobility and development practices. A first step may involve engaging key representatives from each of the organisations listed above to put together a multi-organisational task force to explore the idea of developing a CSR-wide competency framework.

Costa Rica could improve performance management by simplifying and rethinking its performance assessment process for employees. Consideration should be given to improving the assessment ratings, training managers and staff to use them, and eventually linking them to career development and advancement. This would need to be accompanied by a clear, transparent and fair policy for under-performers focused first on attempting to develop staff, with eventual dismissal for continued under-performance.

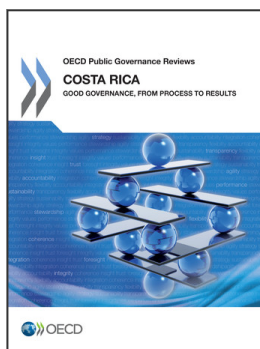
Costa Rica could enhance the coherence of its CSR and beyond by focusing on institutional and individual leadership capacity. This could involve developing management accountability structures to ensure delegation is met with capacity and accountability at the agency level. Additionally, the Human Resources Chief Management Assembly and the Technical Advisory Council should be more leveraged to enable and support a strong HR community at the ministry level. Finally, Costa Rica could develop more strategic management of senior civil servants by designing a specific competency framework for this group and providing leadership training and development opportunities for senior managers and potential managers.

Notes

1. Articles 191 and 192, Political Constitution of 7 November 1949.
2. Civil Service Statute, Law 1581 of 1953.
3. Article 7bis, Civil Service Statute, Law 1581 of 1953; and Article 4, Regulations of the Civil Service Statute, Executive Decree 21 of 1954.
4. MIDEPLAN (2012), “Estado de Situación en Materia de Salarios y Remuneraciones del Sector Público Costarricense”, <http://documentos.mideplan.go.cr/alfresco/d/d/workspace/SpacesStore/10db0638-c2b8-4bca-8816-2ef55367c4d1/Estado%20de%20situacion%20en%20materia%20de%20salarios%20y%20remuneraciones.pdf>.

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