



Public service remuneration: keeping workers motivated

Key Points

- Evidence shows that public servants in lower- and middle-income countries are often demotivated at work, by insufficient remuneration
- Pay-related demotivation may detract from workplace performance, undermining human services and hindering attainment of the Millennium Development Goals
- There is currently no reliable evidence to either support or to rule out the utility of raising base salaries as a means of motivating work performance
- The policy option of raising base wages has yet to be properly evaluated. At present, it cannot simply be dismissed in favour of performance-based pay,

The Millennium Development Goals (MDGs) have stimulated interest in civil servant remuneration and poverty reduction through improved civil service performance and what the International Labour Organisation (ILO) calls 'Decent Work' (MDG1b). A growing emphasis on market forces has directed attention to results-based pay, namely "pay-for-performance". An alternative policy option exists, however: paying decent, i.e., fair and liveable wages that trust public servants to deliver performance that is congruent with higher pay, rather than vice-versa. Practically and ethically, the alternative policy option cannot be dismissed until there is evidence linking the effects of raising base salaries to improved, unchanged or diminished public servant work performance. Though salaries are often low they usually account for a major proportion of the budget for delivering basic services and therefore it is worth investing in more work to see how to make this expenditure more effective.

The evidence-base concerning public servant performance is extensive. It focuses in the main on a range of health workers, and to a lesser extent, on teachers. Some of the knowledge it provides is unequivocal - these workers are often demotivated by their pay levels, and distracted from their work by a need to 'moonlight' (e.g., in a second job) to help meet their basic financial needs, or both. Nonetheless, evidence on whether raising salaries would increase, decrease or make no difference to performance itself remains elusive. In cause-and-effect terms, our systematic review failed to find much rigorous work to include. In fact from 158 articles retrieved for appraisal, only one was eligible to be included. Despite notions to the contrary therefore, *fixed salary reforms have yet to be evaluated conclusively*, and it would be *premature to dismiss them in favour of pay-for-performance*.

A number of factors are constraining work performance

Workers in the public service in lower- and (to an extent) middle-income countries face a range of challenges in their daily work conditions. These include low wages; irregular payment; poor recognition for extra qualifications obtained; poor promotion prospects; and working with depleted resources. Even with the highest of motives for entering public service, material shortfalls such as these, and a need to take a second job, can lead

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Acknowledgement:

Thanks to Jo Stone and Maureen McWhirter for editorial input. We are grateful for our reviewer feedback, incorporated directly into the brief.

to demotivation and disengagement from regular work roles. Theories of work motivation stress the importance of both professional identity and work justice for maintaining work performance, supported by key environmental features like decent work conditions, fair appraisals of work performance, and clear career trajectories. Due to their potential to derail poverty reduction, remunerative concerns have prompted many to consider performance-based pay or pay-for-performance (P4P). The evidence on P4P remains to be determined, both for teachers and those working in health, partly because of unintended effects such as the undermining of intrinsic, e.g. pro-social motivation. Meanwhile, a second type of policy pathway is probably less well assessed, but may be complementary to the first: improve basic pay; with the intention of enabling performance.

Basic salary reform has the potential to stimulate work performance

Decent salaries, if well-designed, can facilitate public service performance, by alleviating some of the above constraints.

Improving work motivation

Decent wages are a necessary condition in order to avoid dissatisfaction with pay, work de-motivation and potential drops in work performance. A range of environmental features may amplify or reduce the risks, including levels of poverty, organisational cultures of entitlement, and workplace injustices, such as dual salaries - where international workers are paid more than their local counterparts for doing the same public service job.

Reducing dual employment

Another way in which insufficient base pay can affect workplace performance is directly; by taking time or resources away from work performance because the employee has to (as distinct from choosing to) find a second income stream, just to make ends meet. Examples of dual employment would include a teacher who runs a taxi service during class hours, or a health worker who charges under-the-counter payments for medical supplies or services.

Enhancing service levels

It is essential that policy-makers focus on the potential for salary increases to motivate teacher, doctor, nurse and mid-level cadre work performance, for improving workplace performance and attaining the MDGs.

What we know and what we don't know

Similar to workers elsewhere, we know that most public servants do not work simply 'for the money'. Adjusting salary levels is a crude lever for adjusting workplace performance, especially when a range of other systemic factors - from endemic poverty to lack of basic equipment - are more pressing influences. Yet decent work requires decent wages, and without the good will of public servants, other interventions may flounder. Knowing what we don't know is just as important as knowing what we do. It prevents hasty, possibly harmful policy decisions, and directs researchers to stop describing the problem and start getting to grips with clear before-after, performance, and motivation measures.

This PRG Policy Brief was written by Stuart C. Carr, Mike Clarke & Malcolm MacLachlan

This policy brief is based on: *What is the evidence of the impact of increasing salaries on improving the performance of public servants, including teachers, nurses and mid-level occupations, in low- and middle-income countries: Is it time to give pay a chance?* DFID-funded Systematic Review by Stuart C. Carr, Chez Leggatt-Cook, Mike Clarke, Malcolm MacLachlan, T. S. Papola, Jesim Pais, Steve Thomas, Eilish McAuliffe, & Charles Normand. The views expressed in this policy brief do not necessarily reflect the views of DFID.