

CHAPTER SEVEN

RECRUITMENT AND RETENTION PROBLEMS

(The problems of recruitment and retention in the civil service are examined in this Chapter)

7.1 In Chapter 1, we have mentioned that problems of recruitment and retention of different degrees affect a number of grades in the civil service. At the request of the Administration, we have separately reviewed this subject during the first phase of our work.

Recruitment and Retention Problems in Perspective

7.2 From the information received by us, we note that the numbers of vacancies and resignations in the civil service have been on the increase since early 1987, with the situation worsening over the last twelve months or so. If this trend continues, the civil service will encounter increasing difficulties in meeting its manpower needs.

7.3 With regard to the impact on individual grades, we find that problems of recruitment and retention are prevalent in quite a number of grades, although the degree of seriousness and urgency varies considerably. It is noted that the problems for some particular grades have indeed affected efficiency and have led to substantial increase in workload for serving officers.

7.4 The trend noted in paragraph 7.2 above has coincided with a period of more rapid expansion in the civil service in response to a growing demand by the public for better services. At the same time, Hong Kong has been enjoying a sustained robust economy for a number of years. With an economy running near full capacity, the territory is facing considerable manpower shortages. A burgeoning service sector, in particular, adds pressure to the already tight demand in the labour market. The public and the private sectors are therefore in keen competition for the scarce supply of talents and skills.

7.5 To a certain degree, the civil service has to compete even harder with the private sector for its share of the supply of human resources. This is because of the inflexibility of the civil service remuneration practices which makes civil service pay less responsive to changes in market rates. Moreover, as represented to us by staff, the traditional popularity of civil service employment arising from job security and more attractive retirement benefits appears to have been eroded by concerns over the future of Hong Kong.

7.6 Notwithstanding the above, the point must be noted that there are signs that a re-adjustment of the economy is taking place. This may eventually lead to less pressure on the labour market.

Analysis of the Problems

7.7 We have conducted a preliminary examination of the representations from staff and departmental management in respect of the recruitment and retention problems facing their grades. Against the background of a territory-wide shortage of manpower, some grades are found to be affected to a greater degree than the others. The causes of their problems are quite diverse. For some of these grades, recruiting or retaining staff has indeed been a chronic problem for some years. In summary, these problems can be divided into two broad categories : those that may be tackled effectively by improving pay and those where solutions by pay may not be relevant.

(a) Problems that may be tackled effectively by improving pay

7.8 There are three common problem areas :-

- (i) New requirements of a grade or rank may lead to a significant increase in the complexity of work or level of responsibility. In these circumstances, the pay scale should be suitably revised to take account of these changes.
- (ii) Negative factors inherent in the job, e.g. hardship, obnoxiousness, adverse social perceptions, etc. may result in persistent recruitment or retention problems. Such factors should be duly reflected in the pay scale to increase attractiveness.

- (iii) A persistent imbalance in the supply and demand of particular skills in the market may result in chronic recruitment or retention difficulties. There may be a need to adjust the pay scale to enable the civil service to remain competitive. The ultimate solution lies in redressing the imbalance in the supply and demand situation.

7.9 Where a problem is related to (i) and (ii) above, the pay scale should be adjusted according to established principles and practices governing the determination of internal pay relativities between grades. In the case of (iii), a premium related to external relativities may need to be paid in order to keep civil service remuneration competitive. In this regard, we consider that the main determinant should be the existence of persistent recruitment or retention difficulties and not just a disparity in salaries between the two sectors.

7.10 In our last review in 1979, we have recommended that where recruitment and retention difficulties arise which are sufficiently serious to justify special treatment, the Civil Service Branch should be authorized to grant additional increments as a temporary arrangement. If and when the situation improves the award of additional increments should cease. Where such difficulties continue for an extended period, consideration should be given to adjusting the pay scale on a permanent basis. We still consider this practice reasonable. We do not however consider that such measures should be restricted to additional increments. In our view, the payment of special temporary allowances may provide more flexibility in some circumstances.

7.11 Other short-term measures which have been put to us by staff include the present practice of offering appointments on agreement terms. With their end-of-contract gratuities, such terms of employment may be more attractive to recruits in the short run. Furthermore, where appropriate, consideration may be given exceptionally to employing candidates who lack the required qualification, or the appointment of serving officers with experience in lieu of qualifications. Insofar as these measures may help to ease recruitment difficulties, the Administration may wish to consider employing them as appropriate.

(b) Problems where a pay solution may not be relevant

7.12 One point which strikes us in the course of our review is the inflexible and lengthy recruitment procedures

in the civil service. Attention should be given by the Administration to streamline further the recruitment process. Recruitment exercises should also be mounted more frequently where necessary. In addition, the hiring of part-time staff or of services from private sector companies should be resorted to more often where appropriate.

7.13 In examining the representations made to us, we observe that many problems are related to management systems and practices which are unsatisfactory. In many cases, staff claim that these unsatisfactory arrangements undermine their morale and commitment, prompting them to leave the civil service. We feel that these problems should be tackled properly and without delay. In general terms, we consider that management should be responsive to changing circumstances and the corresponding changes in requirements relating to staffing, working conditions and so on. There should also be more exchanges between management and staff on matters pertaining to the efficient operation of the department. All these would help to identify emerging problems, which may therefore be solved expeditiously. Management should also be aware of and take suitable measures to meet the reasonable aspirations of staff in such respects as job satisfaction, training, career development and advancement.

7.14 We also note that emigration is a factor contributing to the recruitment and retention of staff in some grades whose particular skills are much sought after globally. Such a problem cannot be tackled effectively by remuneration. We however note that attempts are being made by some departments to recruit candidates who have emigrated abroad as a means to tackle the issue.

7.15 It is evident from the above paragraphs that there is no panacea for dealing with the problems of recruitment and retention of each and every grade because of their disparate causes. In our view, each case must be considered in the light of its particular circumstances. Moreover, in the majority of cases, the problems are multi-faceted, calling for a combination of corrective measures.

7.16 The Administration has also requested us in our review of the subject to make particular reference to the difficulties faced by a number of grades, namely Analyst/Programmer, Executive Officer, Medical and Health Officer, the Nursing grades and Social Work Officer. Although we have stressed in paragraph 2.9 that it would be inappropriate to consider the pay and structure of a grade

on account of its retention and recruitment situation alone, we nonetheless appreciate the urgent need to deal with the serious problems of particular grades. We therefore agreed to look into the problems of these grades in our first phase of work. The following paragraphs set out our preliminary findings.

(a) Analyst/Programmer grade

7.17 We observe that the overall vacancy rate in the grade has been very high in recent years and the situation is deteriorating alarmingly. We have been informed that staff shortage is affecting the department's services as well as the wider application of office automation and information processing systems in the Government. It has also led to a considerable increase in workload for serving officers.

7.18 This shortage appears to be the result of a very fast expansion of the grade prompted by the increasingly widespread use of computer technology in the Government, and the failure to recruit and retain sufficient staff to fill the vacancies. We have been advised that as far as recruitment is concerned, there is no shortage of qualified applicants who regard the public sector as a very good training ground to gain experience. One of the main problems appears to be the lengthy recruitment process which has been discouraging candidates who are also in hot demand by the private sector. It has also been represented to us that the salaries for experienced analyst/programmers are unattractive vis-a-vis the private sector resulting in the loss of substantial numbers of experienced staff to the private sector. We observe that emigration is also a major factor contributing to the high wastage.

(b) Executive Officer grade

7.19 The Executive Officer grade is also affected by shortage of staff as a consequence of fast expansion in the grade and a high wastage rate. The problem of wastage is most acute among new recruits. This high 'induction wastage' is in fact quite natural for 'generalist' grades as fresh graduates may not have made up their mind about their career when they are first appointed, but may choose other jobs after a short period of time. Nonetheless, we are concerned about the magnitude of the wastage which frustrates the grade management's efforts in manpower planning, recruitment, training and posting.

7.20 It has been represented to us that some duties assigned to Executive Officers II are of a more routine nature which offer insufficient challenge and job satisfaction to university graduates. These duties could be given to another grade. In addition, some representations have attributed the high rate of wastage to unsatisfactory pay and promotion prospects.

(c) Medical and Health Officer grade

7.21 We share the Administration's concern that an increasingly large number of experienced doctors have left the civil service in recent years. The situation appears to be most acute among officers with five to seven years' service. We have been informed that if the present trend persists, the shortfall of government doctors by 1992 will rise to about 30% of the establishment. Such shortfall will undoubtedly have an adverse impact on staffing levels and undermine the quality of medical services.

7.22 Insofar as recruitment is concerned, we note that the public sector already recruits over 90 percent of local medical graduates as Government service is regarded as the best place to acquire training and experience. The key problem lies in retaining experienced doctors. Both staff and departmental management attribute the wastage to poor promotion prospects and unattractive salaries compared with the income of doctors in private practice.

7.23 Apart from pay and promotion, staff have also complained about unsatisfactory management practices and poor working conditions. They claim that poor working environment, heavy patient load and long working hours undermine staff morale and lead to resignations.

(d) Nursing grades

7.24 The information received shows a fast deteriorating trend in the staffing situation of the Nursing grades. We note that the intake of new recruits to the student ranks early this year has dropped drastically as a result of poor response from potential candidates, although the situation has improved recently. At the same time, wastage figures have gone up considerably. Taking account of the future expansion of the grades, there will be a very substantial shortage of nurses in the next five years unless the current trend is reversed.

7.25 It seems that the shortfall of student nurses may be partly attributed to the unattractive pay. On the retention side, the main contributory factors suggested by staff and management are unattractive pay scales, poor promotion prospects, appalling working conditions, inadequate support services and the lack of training opportunities. In addition, we note that emigration might also add to the worsening wastage position.

(e) Social Work Officer grade

7.26 There have been consistently high vacancy rates in the Social Work Officer grade over the past few years due to the expansion of the grade and the difficulty in recruiting and retaining qualified staff. Indeed, we have been informed that demand has outstripped the current supply of trained social workers. The problem is aggravated by the fact that quite a number of newly qualified social work graduates do not take up the job for which they are trained.

7.27 Both management and staff claim that the problem is caused by inadequate recognition of the responsibility and other relevant job features of the grade, such as the stressful and unpleasant nature of the work. Poor promotion prospects have also been cited as another major factor contributing to a number of experienced officers leaving the service to join the voluntary agencies. It has also been represented to us that the workload for Social Work Officers in the civil service is considerably heavier than that of their counterparts in the voluntary sector. We note also that emigration has a direct bearing on the high wastage of the grade in recent years.

Conclusions and Recommendations

7.28 From the analysis above, it appears that the problems of recruitment and retention in the civil service have diverse causes and that they need to be addressed differently according to the particular circumstances of the grade concerned. Our findings on the problems of the five grades examined above confirm this view.

7.29 Among the measures which can be adopted to tackle the recruitment and retention problems, those dealing with non-pay-related problems should be pursued without delay. Indeed, we note that a number of measures have been taken to tackle the problems of individual grades. For instance, to improve the promotion prospects of the Medical and Health Officer grade, the Administration is working out

firm proposals to increase significantly the number of promotion posts of Senior Medical and Health Officers and Consultants by the end of 1989. We further understand that the Social Welfare Department has taken a number of measures to widen the recruitment field for Social Work Officers and to reduce the heavy workload of serving officers. We have been informed by the Administration that other improvements to management practices and systems are being pursued for application within the civil service. We feel that these moves are in the right direction.

7.30 We consider that pay-related solutions which will be applied on a more permanent basis have to be examined carefully in the context of an overall review, taking into account all the relevant factors including both internal and external relativities. In considering these factors, full regard must be given to their implications for the rest of the civil service. In our opinion, this can be achieved only when the individual grades are reviewed in the light of the general principles and practices governing civil service pay which we have just re-examined.

7.31 Taking into account the points made in the preceding paragraph, we have considered two alternative approaches in dealing with the problems of recruitment and retention in the interim. The first is not to make any pay-related proposals at this stage but to proceed with the review of individual grades as expeditiously as we can. The second approach is to recommend interim relief measures to alleviate the serious problems pertaining in particular grades pending our detailed review in the next phase.

7.32 We are conscious of the fact that any interim proposals are bound to be broad-brush and therefore not totally effective. On the other hand, we understand that there is an urgent need to deal with some of the more immediate problems. Having taken account of the Administration's request for interim recommendations, we have decided, on balance, to adopt the second approach. Accordingly, we propose that a temporary allowance set at an amount approximating to 10% of the starting pay of the first rank of the grade concerned should be introduced. We realize that this allowance may not be totally effective in tackling the problems facing each and every grade, particularly for those where the problem is related more to retention than recruitment. Nonetheless, in view of the interim and broad-brush nature of the allowance, we consider the amount appropriate as a stop-gap relief arrangement. We recommend that this allowance should be applied to the five grades examined above and such other grades identified by the Administration as having pressing

recruitment problems or where the Administration considers that the payment of the allowance could have a positive effect on retention. The proposed temporary allowance should generally apply only to ranks within those grades where direct recruitment takes place.

7.33 Clearly the proposed temporary allowance should not necessarily have a bearing on a grade's future pay structure, which we are to examine. Because of the interim nature of the allowance, it should cease to be payable when the new pay scales for the grades concerned are implemented. Furthermore, any amount of the temporary allowance paid after the common date* of implementing the final recommendations for the overall review should be recovered from the amount of the 'back-pay', if any, accruing from adjustment of the old pay scale. In the interest of good staff relations, we recommend that if the amount paid under the allowance is more than the amount arising from the 'back-pay', the shortfall should not be recovered. We also propose that should the staffing situation of these ranks or grades improve before the completion of the overall review, the Administration should consider discontinuing such an allowance forthwith.

7.34 We realize that for some grades a strict application of the proposed allowance rate could result in officers on the top point of an eligible rank receiving higher gross pay (i.e. salary plus allowance) than officers on the bottom point of the next higher rank which is not eligible for the allowance. This might be undesirable. We propose that the Administration should work out an appropriate arrangement for dealing with any such situations.

*Note : See paragraph 8.5.