Performance in the Civil Service Incentive Structure:

A Case Study of Tunisia

By

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"It always seems impossible until it's done." Nelson Mandela

This thesis is dedicated to my mother Rebha Ghandri and my father Noureddine Boutar.

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Abstract

This paper attempts to answer the question: does the current employment management system of civil service in Tunisia incentivize performance? This paper is a case study that provides background information on the Tunisian civil service employment, and offers analysis based on existing legislation and reports, as well as expert interviews. The paper's findings are: First, it does not have an evaluation system that separates high performers from low performers. Second, the current compensation structure and promotion mechanisms do not reward high performers.

Based on the Tunisian context and other different case studies, this paper makes suggestions regarding approach to reform, evaluation system and reward system. Recommendations include decentralization, design of a job catalogue and quantifiable evaluation metrics, as well as reform of compensation structure and promotion mechanisms to better tie them to performance.

Keywords: civil service, employment system, performance, evaluation system, reward

Discipline: Business

Introduction

Public services in Tunisia have generally been criticized by citizens. In February 2017, the satisfaction rate with public services in Tunisia was only 44% (Sondage: l'administration insatisfaisante pour 56% des tunisiens. Mosaique FM), significantly lower than the OECD 2012 average, which ranges from 60% to 72% depending on the service category in 2012 (OECD 2013). While public management involves different elements, this paper focuses on employment management, more specifically the management of incentives.

While industrial relations are different between the private and public sectors, and while this paper recognizes the existence of some degree of intrinsic motivation in civil service, there is a reason to believe that the management of incentives plays a central role in employee performance. This paper draws on "Agency Theory" – used in the literature - to justify the premise of this paper: that there should be a link between incentives and performance (OECD 2005). "Agency Theory", argues that "performance incentives are needed when the principal (the employer) cannot easily monitor the agent's (employee's) work effort"((OECD 2005). Monitoring being impossible (at least in the narrow definition of the term), public sector employment presents an example of a principal-agent problem where the government is the principle (which provides the economic sources), and the employee being the agent (who acts on the behalf of the principle) (Jensen and Meckling 1976). Many countries have acknowledged this reality, as demonstrated by an increasing adoption of the "New Public Management" (NPM), which introduces market-oriented governance mechanisms and private sector techniques of human resource management (Bordogna 2008).

This paper explores whether the current civil service employment management system in Tunisia incentivizes high performance. To answer this question, the paper draws on examination of Tunisian legislation, analysis reports and academic literature, as well as expert interviews. The paper finds that the current evaluation system does not separate low from high performers, and that the compensation structure and promotion mechanisms in place do not reward high performers.

The paper then proposes reforms that derive from the current analysis as well as the examination of relevant case studies. Recommendations include decentralization, design of a job catalogue and quantifiable evaluation metrics, more emphasis on Performance-related pay (PRP) and redesign of promotion mechanisms.

This paper aims to contribute an analysis-based perspective to individuals and entities interested in civil service employment reform in Tunisia. It also presents a case study of civil service employment management and public management. Finally, the paper gives substantial background details, which could help introduce unfamiliar and yet interested researchers, to the complex employment management system of the Tunisian civil service.

Background

1- Public Sector Structure:

Public sector, civil service and employment regimes:

Tunisia's public sector is constituted of both government administrative agencies and state-owned enterprises (SOEs) (Portail de la Présidence du Gouvernement – Tunisie n.d.), so public

sector employment includes both civil service and employment in state-owned enterprises (Saidi, Administrator Advisor in the eneral Committee of the Civil Service 2017). Civil service agents are (1) State Officials - or officials who work in ministries, (2) employees of local authorities (municipal and regional councils) and (3) employees in state institutions of administrative nature. These are state agencies that do not have financial autonomy or their own legal status: rights and obligations, but rather derive from the government. (Saidi 2017). The focus of this paper will be civil service because it is related to establishments that are less likely to be part of privatization discussions, at least in the near future.

More generally, the public sector employment is governed by eight different employment regimes, one of which is related to employment in state-owned enterprises, and seven of which fall under the civil service umbrella and include: (1) Officials of the State, Local Authorities and State Institutions of Administrative Nature, (2) Members of the Judiciary, (3) Members of the Administrative Court, (4) Members of the Court of Auditors, (5) Members of the Military, (6) Members of the Internal Security Forces and (7) Custom Agents (Zarrouk, Séminaire: "Les approches Comparatives sur la Modernisation de la Fonction Publique des Pays de l'OCDE" 2008). The focus of the paper is the first cited regime: Officials of the state, Local Authorities and State Institutions, because this regime covers most civil service employees and is not highly specialized, and will therefore not require technical knowledge of fields, unlike the military, internal security, customs or the judicial branch. This focus regime – generally referred to as "General Civil Service" - is further divided into officials ("fonctionnaires"), workers

("ouvriers")[1], temporary staff ("personnel temporaire") (Law 83-112, Article 16 1983). This paper will focus on officials and will refer to them as "civil servants".

The public sector employment regime is also divided into 130 "corps" or professional groups, including the corps of teachers, the corps of financial inspectors, the corps of general administrators ("corps administratif commun") (Brockmeyer, Khatrouch and Raballand 2015). This notion of "corps" will be relevant to future sections of the paper.

Governing authority and legislation:

All employment regimes are governed by the law. The body responsible for managing public sector employment policies is the General Committee of the Civil Service (CGFP), which is part of the Chief of Government Cabinet (Ministere de l'Action et de la Fonction Publique n.d.). The focus employment regime in this paper - the "General Civil Service" regime – is governed by the law 83-112 of December 12,1983, known as the "General Statute of Civil Service". This Statute is the foundational law that governs public employment management, ranging from compensation to recruitment and promotion mechanisms.

Specifics of public employment management are governed by complementary decrees and corps-specific decrees, known as "Particular Statutes". Decrees are results of parliamentary voting, and are issued in the Official Journal of the Republic of Tunisia ("Journal Officiel de la Republique Tunisienne": JORT), signed by the Chief of the Executive Branch, previously the President of the Republic until 2011 and currently the Head of Government – equivalent to Prime Minister – as dictated by the new constitution of January 26th, 2014. Public-employment specifics in Particular Statutes only depend on the corps not on the organization per se, and are therefore

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[1] In a less technical word, workers can be thought of as blue-collar workers

uniform across all government administrative agencies if the corps is found in more than one agency.

Public employment management decisions of administrative order, such as recruitment opening, content of entry exams, announcements of promoted agents, are announced by the ministry of interest in an Order also published in the Official Journal of the Republic of Tunisia (JORT).

2- Civil Service Employment Overview

Civil service in Tunisia follows a career-based system, which is inspired by the French Administration, and is also followed by other Middle East and North Africa (MENA) countries, such as Algeria, Lebanon and Morocco (OECD 2010). In this system, an employee is typically recruited in a specific grade that correspond to their education degree, receives seniority-based pay increases, is tenured within a relatively short amount of time, and has limited mobility across government agencies (OECD 2010). This is different from the position-based system, which is the United Kingdom's Westminster model, and is followed by some MENA countries, such as Bahrain, Egypt, Jordan and UAE (OECD 2010). This system is generally characterized by more flexibility and recruitment based on technical skills (OECD 2010).

Education-based classification: Categories

When recruited, employees are places in grades that correspond to categories, exclusively determined by level of education. They could move up these grades through internal promotion. The specific grades depend on the corps that the employee belongs to, but these grades correspond to one of 4 categories: A,B,C and D. Category A is further divided into subcategories A1, A2 and A3 (Law 83-112, Article 16 1983). The table below summarizes these categories and corresponding levels of education. The third column is an illustrative example of how categories

translate into grades, using the corps of general administrators ("corps administratif commun") as the focus corps (Decree 85-261, Articles 2,3 and 4; Decree 85-267, Article 3 1985).

Category	Corresponding level of education	Grade
A1	Masters degree or equivalent	General Administrator ("Administrateur Général") Chief Administrator ("Administrateur en Chef") Advisory Administrator ("Administrateur Conseiller")
A2	Bachelor degree or equivalent	Administrator ("Administrateur")
A3	2 years of university	Administration Officer ("Attaché d'Administration") Executive Officer ("Attaché de Direction")
B	High school diploma	Secretary of Administration ("Secrétaire d'Administration") Executive Secretary ("Secrétaire de Direction")
C	Some high school: 4 years after elementary school	Administrative Clerk ("Commis d'Administration") Typist ("Dactylographe")
D	Completed elementary school	Typist Assistant ("Dactylographe Adjoint") Front Desk Receptionist ("Agent D'accueil")

In addition to grades, employees can be appointed to managerial positions, including Head of Service ("Chef de Service"), Assistant Director ("Sous-Directeur"), Director ("Directeur"), Managing Director ("Directeur Géneral") and Secretary General in the Ministry ("Secrétaire Général du Ministère") (Saidi 2017). These appointments are less automatic, as they are rather related to employees' experiences and careers as civil servants.

Civil Service Employment Management Overview

Before identifying the areas where performance and incentives are disconnected and the implications of these disconnections, we explain in this section the basics of employment management system in Tunisia: recruitment, compensation structure, promotion and sanctions.

Recruitment

50% of positions in the categories A, B and C are filled through external recruiting, the other 50% are filled through internal promotion (Law 83-112 1983). External recruiting for these

categories happens in two ways. First, employees may be recruited through competitive recruitment procedures ("concours"), which takes the form of exams or applications-based selection ("concours sur dossier") (Law 83-112 1983). Procedural details are determined by the Particular Statutes (Law 83-112 1983). Eligibility criteria usually include the required level of education, which is in many times defined by an exact degree, as opposed to being the minimum required. For example, a person who holds a Masters degree may not be eligible for a position that requires a Bachelor's degree. Second, employees may be recruited through direct appointment if they are students from approved schools such as L'Ecole Nationale d'Administration (Law 83-112 1983).

Recruiting for category D occurs only externally, and procedural details are determined by the Particular Statute in the specifically associated decree (Law 83-112 1983).

Compensation structure

Compensation for Civil Service employees is constituted of the base salary, allowances - including common allowances, corps-specific allowances and special allowances - and a quarterly performance bonus (Decree 72-358 1972). Employees with managerial positions ("fonctions") receive managerial allowances too (Brockmeyer, Khatrouch and Raballand 2015). Most the salary is based on the salary base and allowances; only about 2% of total compensation is based on performance.[2]

Each corps has a salary grid, constituted of two types of base salary increases: seniority-based increase and promotion-based increase. The seniority-based increase is automatic, and the increase rate and frequency are determined by the Particular Statute. In general, there is an

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[2] Informal interview

increase every year for the first 4 years, then every 2 years thereafter. There exists 25 levels so that an employee who joins at age 18 and stays in the same grade until retirement at 65 would be able to keep receiving salary increases over the 47 years of their career (Saidi 2017). A promotion results in a promotion-based increase, but resets seniority-based level to the first level – unless this would result in a lower salary than the pre-promotion salary. In this case, the employee stays at their current seniority-based level (Law 83-112 1983).
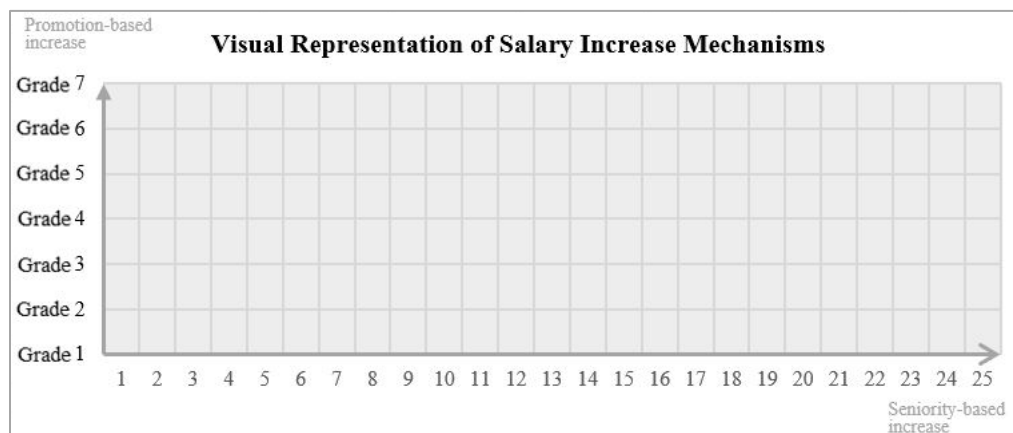
Promotion

When ministries decide to open positions, 50% occur through external recruitment, as previously stated, and 50% occur internally (Law 83-112 1983). Some ambiguity exists around promotions, based on different legislative texts (Law 83-112 and Decree 85-262). Combining article 18 from the Law 83-112 and articles 2 through 7 of Decree 85-262, there are three ways of promotion. The first is successful completion of a continuous training cycle. The second is an internal competitive recruitment procedure ("concours interne"), but only employees with 5 years seniority in their current grade are eligible for this promotion mode. The third, called "choice-based promotion", uses a point-based system and is only used for 10% of civil servants to be

promoted, who have at least 10 years of seniority in current grade, as an opportunity to be promoted if other means did not work out. It is only offered once in an employee's career. The minister from the ministry of interest announces the promoted employees in an Order published in the Official Journal of the Republic of Tunisia (JORT).

Tenure and Sanctions

Automatic tenure is implied after 4 years of employment (Law 83-112 1983). Disciplinary action includes warning, rebuke and termination of employment contract (even given tenure) without prior notice (Law 83-112 1983). It was found, however, that besides warning and rebuke, sanctions (such as temporary suspension, transfer with change of residence, and dismissal) are very rare (Brockmeyer, Khatrouch and Raballand 2015).

3- Civil Service Size:

Most recent statistics (2015)

The number of civil service employees across all civil service employment regimes reached 604,200 in 2015 of which 36.3% are women and 478,800 of which are civil servants (the focus employees in this paper) (National Institute of Statistics 2015).[3]
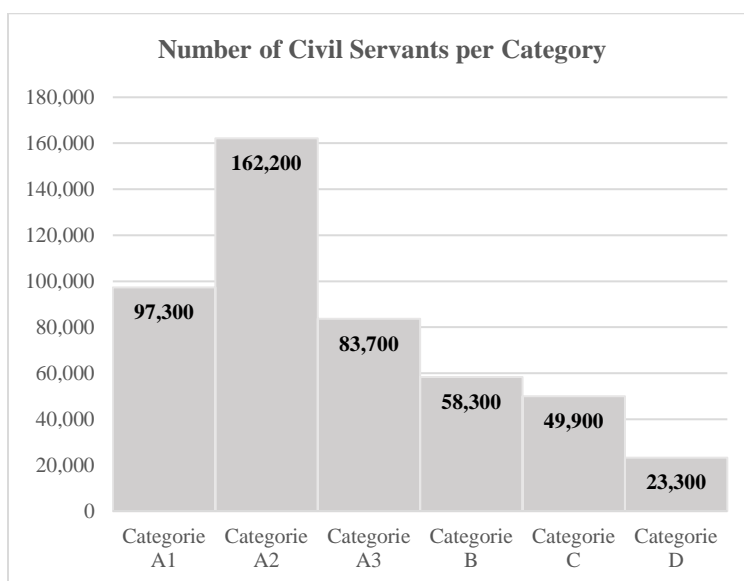
The number of civil servants is highest in the Ministry of Education, Ministry of Public Health, Ministry of Higher Education and Scientific Research, Ministry of Finance and Ministry of Youth and Sports, respectively.

Ministry	Number of Civil Servants	Percentage of Civil Servants
Ministry of Education	171,657	36.3%
Ministry of Public Health	57,941	12.2%

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[3] Caractéristique des agents de la fonction publique 2011-2015 – Partie 1 : L'évolution des caractéristiques des agents de la fonction publique 2011-2015 – par l'institut national de statistiques

Ministry of Higher Education and Scientific Research	25,166	5.3%
Ministry of Finance	16,453	3.5%
Ministry of Youth and Sports	15,607	3.3%

The number of civil servants is divided into categories as follows, showing that over 60% of civil servants have at least some university education. Moreover, A2 category civil servants represent the highest percentage of all civil servants, which may be partially explained by governments' efforts to limit unemployment of university graduates (A2 corresponds to holders of Bachelor's degrees).

Number of Civil Servants per Category

Categorie A1	Categorie A2	Categorie A3	Categorie B	Categorie C	Categorie D
97,300	162,200	83,700	58,300	49,900	23,300

Evolution of numbers since 2011:

Since the Arab Spring that concluded in a political change in Tunisia on January 14[th,] 2011, the country has been undergoing a democratic transition, and that also did not come without economic challenges. With declining foreign investment and GDP growth as well as increasing unemployment, the government played the role of employer of last resort (Brockmeyer,

Khatrouch and Raballand 2015). In fact, the number of civil servants increased by about 25%, going from 352,200 in 2011 to 474,800 in 2015 (National Institute of Statistics 2015).

This change is more noticeable in categories A2 and A3 where numbers doubled in category A2, compared to drop in numbers by a third in the A3 category. This could be explained by the wave of recruitment and possibly the increased number of those automatically promoted from category A2 to category A3 category (National Institute of Statistics 2015). The increase is also noticeable in the C category, where numbers almost quadrupled, increasing from 14,000 to 49,900 between 2011 and 2015 (National Institute of Statistics 2015).

Category	2011	2015
A2	87,200	162,300
A3	109,400	83,700

The three ministries with highest increase rates in the total number of employees (including both civil servants and workers) between 2011 and 2015 are the Ministry of Public Health, Ministry of Agriculture and Ministry of Youth and Sports with percentage increases of 115%, 92% and 43% respectively (National Institute of Statistics 2015). While low in percentage increase, The Ministry of Education added a significant number of recruits (L'Ecole Nationale d'Administration n.d.).

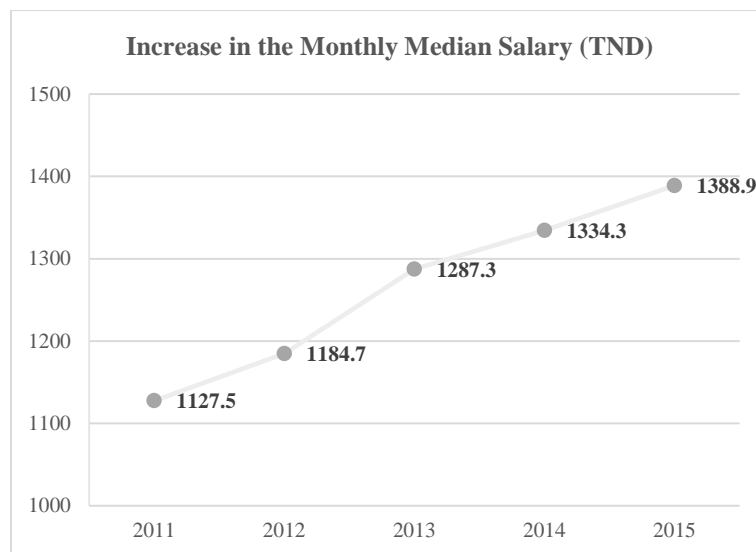| Ministry	Approximate percentage increase	Number of recruits
Ministry of Public Health	115%	14,570
Ministry of Agriculture	92%	13,900
Ministry of Youth and Sports	43%	5,450
Ministry of Education	0.5%	9,980

These increases are also reflected in the rise in numbers of "corps" (professional groups) from 114 in 2008 to 130 in 2015 (Zarrouk, Séminaire: "Les approches Comparatives sur la

Modernisation de la Fonction Publique des Pays de l'OCDE" 2008), which could be largely due to the desire of different groups to have additional specific rights or advantages.

Current "Wage Bill" crisis

After the revolution, the government has not only been pressured to increase recruiting but also to increase compensation. For example, 7 strikes were organized in June 2015 by State-Owned Enterprises employees alone (Temps 2015).

The median pre-tax salary of civil service employees (both civil servants and workers) increased from 1127.5 TND in 2011 to 1388.9 TND in 2015 (National Institute of Statistics 2015).

Increase in the Monthly Median Salary (TND)

Year	Median Salary (TND)
2011	1127.5
2012	1184.7
2013	1287.3
2014	1334.3
2015	1388.9

This increase in median salary is explained by a decrease in number of employees in the lower partition of salaries and increase in number of employees in the higher parition of salaries, reflecting an overall increase in salaries of **Civil Servants** (National Institute of Statistics 2015**).**

Salary range (in TND)	Percentage in 2011	Percentage in 2015
Lower than 700	3.2	0.3
700-900	17.8	2.5
900-1100	21.5	13.6
1100-1300	27.8	24

1300-1500	11.1	16.3
1500-1700	6.6	19.9
1700-2000	4.5	13.3
2000 and higher	7.5	10.1

Today, the wage bill is budgeted to 52% of the total 2018 budget.[4][5] With about 20% budgeted for external debt payment, less than 30% of the budget is left for development-oriented investments, and the government does not really have any fiscal space.[6]

That being said, we believe that the current crisis is a manifestation of an underlying structural problem, and the groups-led changes reflect a weak current system/non-systematic changes reflect flaws in the system. In this paper, we hope to shed light on some of the weaknesses and offer alternatives.

Analysis

This paper argues that a major weakness in the Tunisian civil service's employment management system is that it does not incentivize high performance. First, the evaluation system in place does not separate high performers from low performers in a systematic way. Second, the current compensation structure and promotion mechanisms do not incentivize high performance.

1- An evaluation system unable to separate high from low performers in a systematic way

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[4] Boukhayatia, Rihab. "32,705 milliards de dinars, c'est le budget de l'Etat pour 2017." Al Huffington Post. October 14, 2016. Accessed December 16, 2017. http://www.huffpostmaghreb.com/2016/10/14/tunisie-budget-de-letat-_n_12487036.html.

[5] Ben Achour, Houcine. "Tunisie: 2018, le budget de tous les records." Anadolu Agency. October 20, 2017. Accessed December 16, 2017. http://aa.com.tr/fr/titres-de-la-journ%C3%A9e/tunisie-2018-le-budget-de-tous-les-records-/943189

[6] Ibid.

The system in place does not have systematic mechanisms to separate high performers from low performers, which is a prerequisite for establishing a link between incentives and performance. This is illustrated by weak evaluation metrics, which are partially explained by vague job descriptions that are neither task-specific nor skills-specific. Moreover, jobs are not specific to organizations but rather to "corps", which means they are - for the most part - uniform across organizations. This high degree of centralization makes jobs more dependent on industrial relations of that time and less dependent on organizations' needs. This section expands on these different elements and explains how they they interact with each other in a way that hinders the evaluation system.

Evaluation metrics

The evaluation system takes the form of two employee ratings, both based on vague and non-quantifiable criteria. The first rating is the annual professional rating ("note professionnelle"), which *de jure* plays a role in some promotion modes but has *de facto* been playing a less significant role. The second rating is the quarterly performance rating, which is tied to the quarterly performance bonus. The following table summarizes the criteria used in both ratings in the Ministry of Infrastructure, based on a case study conducted by researchers in the World Bank (Brockmeyer, Khatrouch and Raballand 2015).

	Criteria	Weight
Professional rating	Work quality	20%
	Work quantity	20%
	Interpersonal relationships and conduct	20%
	Attendance	20%
	Perseverance	20%
Performance rating	Work quality	40%

Work quantity	40%
Attendance	20%

Criteria such as work quality, work quantity and perseverance are not defined through a more detailed rubric. Since these criteria are rated by each employee's immediate supervisor, their definitions are left to the discretion of this supervisor who will use personal judgement in assigning ratings due to the limited guidance. It is therefore not surprising that attributing full ratings to all employees full is common practice. In fact, most employees receive at least 95 out of 100 in their professional rating, and the evaluation meeting that is supposed to be held once a year is almost never held (Brockmeyer, Khatrouch and Raballand 2015). It would also not be surprising for this rating to highly depend on the personal relationship between employees and their immediate supervisors. Similar practices can be inferred about the performance rating. The poor design of the evaluation system makes evaluation quasi-absent in practice and vulnerable to internal politics.

Job Descriptions

Employees cannot be evaluated based on specific criteria if their roles are not sufficiently specific to be translated into targets. While in practice many employees have assigned tasks, the lack of specification on paper makes it impossible to reform the evaluation system in a systematic way, and makes the recruitment system vulnerable to unnecessary recruits. As an illustration for the vagueness of job descriptions, the table below summarizes the different roles of the "corps of general administrators" ("corps administratif commun"), as described in Decree 85-267 of February 15th, 1985.

Grade	Role

General Administrator ("Administrateur Général")	Management, conception and coordination. They can also be charged of studies **or general inspection**.
Chief Administrator ("Administrateur en Chef")	Management, conception and coordination. They can also be charged of studies **or control or inspection**.
Administrator Advisor ("Administrateur Conseiller")	Administration, management, control and inspection tasks in specific services.
Administrator ("Administrateur")	Under the authority of their supervisor, they work on legislative projects - including laws, decrees, regulations and orders - and establish necessary modes for execution. They can also be responsible of ensuring the administrative or financial management of a specific service.
Administration Officer ("Attaché d'Administration")	Assist administrators and participate, under the authority of their supervisors, in completing tasks they are entrusted with.
Executive Officer ("Attaché de Direction")	Assit Administration Officers and participate, under the authority of their supervisors, in completing tasks they are entrusted with.
Secretary of Administration ("Secrétaire d'Administration")	Assit Executive Officers and participate, under the authority of their supervisors, in completing tasks they are entrusted with.
Executive Secretary ("Secrétaire de Direction")	Responsible of tasks related to their professional qualifications, namely typing and managing mails.
Administrative Clerk ("Commis d'Administration")	Responsible of administrative tasks, such as organization, accounting and simple communication.
Typist ("Dactylographe")	Responsible of tasks related to their professional qualifications, and could be responsible of organization and writing tasks.
Typist Assistant ("Dactylographe Adjoint")	Typing and basic writing tasks.
Front Desk Receptionist ("Agent D'accueil")	Serve as liaisons between bureaus and services.

The roles described above are not only generic but also overlapping. Responsibilities are often just referred to as tasks but without clarifying what these tasks refer to. Moreover, descriptions neither include the exact skills needed nor the way the role fits within an organization or overarching mission. These flaws are likely to make individual accountability more difficult and make the system more vulnerable to internal politics. More importantly, they are likely to inhibit reform attempts of evaluation metrics, because a non-clearly defined job cannot be properly evaluated.

Goals for agencies and for employees

It is probably difficult to make responsibilities specific when they are uniform across agencies. While there is implicit knowledge of the difference in the work at one agency versus another, the lack of systemization remains a problem. While members of the same "corps" in different administrations have parallels in their roles, the tasks are not likely to be the same. More importantly, the output – or the work they produce – is certainly not the same since administrations differ in purpose and activity. Currently however, organization-specific roles will not be sufficient because administrations themselves lack measurable goals and Key Performance Indicators (KPIs) (Labbaoui 2017). It is therefore difficult to design metrics for employees in absence of organization metrics.

High centralization

Centralization is demonstrated – for example - by the involvement of governing ministries not only in recruitment procedural details (Law 83-112, Article 16), but also in details related to promotions such as training program details, exams and conditions for passing these exams (Decree 85-263, Article 4). More importantly, it is illustrated in the uniform and generic job descriptions, as well as lack of organization-specific metrics. This degree of centralization may result, perhaps counter-intuitively, in an unexpected lack of accountability. In fact, the literature presents four major components which enforce public accountability (Haque 2000): First is the external-formal mechanisms, which include legislative instruments, executive means and judicial processes. Second is the external-informal mechanisms, including interest groups, opinion polls and media scrutiny. Third is internal-formal means, including codes of conducts, official hierarchies and performance reviews. Fourth is internal-informal mechanisms, such as organizational culture, professional ethics and peer pressure. While legislations representing external-formal mechanisms exist and while the role of media and different groups has been

increasing post-revolution, centralization weakens the third component that enforces public accountability.

This first section of the analysis is summarized in the diagram below. Overall, a weak evaluation system increases information asymmetry, which makes the system vulnerable to the principle-agent problem – currently manifesting itself in a lack of satisfaction with services, paired with a large wage bill.
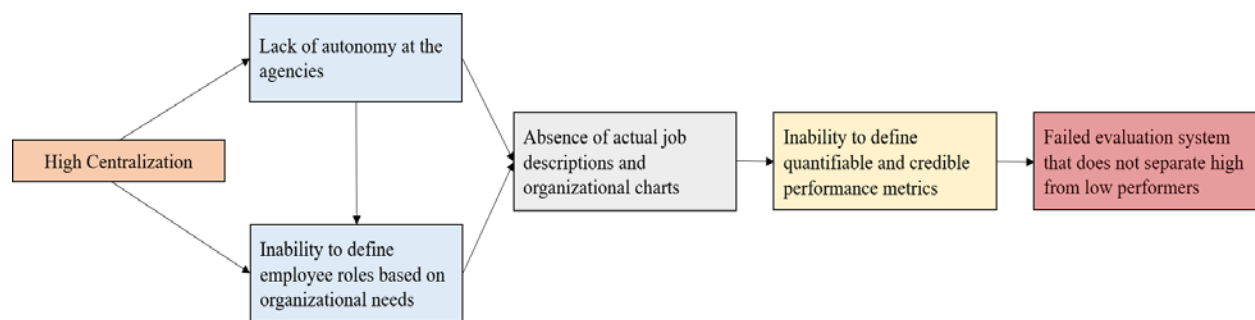
2- A system that does not incentivize high performance

Besides being unable to separate high from low performers because of weaknesses related to the evaluation system, the system in place does not incentivize high performance, and this is manifested in the current compensation structure as well as promotion mechanisms.

Compensation structure

"The current compensation structure prioritizes the notion of egalitarianism", as Minister Ahmed Zarrouk described (Zarrouk, Advisor to the head of government in charge of civil service, governance and administrative reform 2017). While the intention is well-noted, the egalitarian principle does not seem to ensure fairness to high performers since their efforts are not rewarded.

Currently, the most of the compensation is fixed – as mentioned in the background section – and the quarterly performance bonus represents about 2% of the overall compensation. For example, an inspection officer in the Bureau of Finances (category A3) receives a monthly salary of 1200 TND, a yearly allowance around 5000 TND and a quarterly bonus performance of up to 135TND. This means that over a year, this civil servant's performance accounts for only 2.78% of her compensation. Moreover, as referred earlier, little variation exists in the performance rating across all employees, which leads to the performance bonus to be considered as an integral part of the salary (Brockmeyer, Khatrouch and Raballand 2015). This means that compensation is 97-98% fixed on paper and 100% fixed in practice, which means that high-performers are not monetarily rewarded for their high performers, and low performers lose nothing for performing poorly.

This could potentially result in the highly undesirable outcome of adverse selection – that civil service attract low-performing employees. High-performers may become likely to choose the private sector instead in order to be rewarded for their performance – especially if economic conditions improve and result in more job creation in the private sector. While we do not have sufficient data to make a definite claim, come informal interviews indicated talent retention as a current challenge in Civil Service – even if this was mentioned more in the context of comparing senior management salaries with those of private sector.

Promotion

Continuous training cycle

Promotion through continuous training cycle is the one that most emphasizes competence development for the next grade.

Civil servants who wish to be promoted undertake continuous training cycles, which last 6 months for those who wish to be promoted from category A3 to category A2 or from category A2 to category A1, and 4 months for those who wish to be promoted from category B to category A3 (Hamam 2018). Currently, there is no continuous training cycle for employees in categories C and D (Hamam 2018).

While this promotion mechanism aims to develop competences needed in the next grade, it implies that promotion depends on performance on the training cycle, but not performance on the current job - as promotion depends on performance in the exit exam.

In addition, admissions to these training cycles present a set of issues. Admissions require a preparatory phases, which consists of distance-learning of modules that add up to 15 credits, and which can range from Public Finance and Fiscality to Constitutional Law, Commercial Law, Economics and Environmental studies (Order of July 14th, 1995 n.d.). The admissions exam takes place about twice a year, and requires a weighted average of 10/20 to pass (L'Ecole Nationale d'Administration n.d.).

This mode of admissions is problematic first because it bases admission to a promotion opportunity by studying, not by performing well on the job. Second, studying requires a high time commitment, which makes promotion difficult to access. In fact, no more than 300 civil servants pass the admissions exams each year (Hamam 2018). Accessibility is even more challenging for employees of interior regions, due to the absence of means of pedagogical support and due to commuting costs to take the exams. This n turn contributes to a slowdown in career advancement, because the training sessions are only offered if there is a minimum number of participants. Further, this promotion mechanism – in its current form – seems to be penalizing high performers. In Ahmed Zarrouk's words, "The promotion system in place does not

encourage those who work. On the contrary, it penalizes those who work" (Zarrouk 2017). As he further explained, hard-workers are given more tasks and responsibilities, and thus do not have the time to prepare for those exams; they are therefore less likely to be promoted.

Internal Competitive procedure

Internal competitive procedure normally takes the form of application or exam. While the exam itself has a set of imperfections, there has been increasing use of the application-based competitive procedure, which is problematic for three reasons. First, it promotes the use of a budget-based promotion, instead of promotion based on organization needs (Saidi 2017): promotion budgets are negotiated between ministries and the Ministry of Finance, then each ministry decides how many promotions they will offer and for which grade based on the budget they receive. Most grades are decided based on budgets and distributive efforts, not on agencies' needs. Based on the number of eligible candidates, the percentage of promotion is pre-announced. While it has historically been around 30 to 50% rate, it has often become around 100% in recent years (Saidi 2017) due to union negotiations and pressures. This is evidence of the flaw in the way number of promotions is determined, as it becomes vulnerable to industrial relations and political climates, and less institutionalized. Second, this easy process could be crowding out the demand for continuous training cycles, which has been decreasing in recent years (Hamam 2018). Third, this mechanism emphasizes seniority, which effectively means that civil servants with more seniority are promoted, and no further effort is required.

By having promotion mechanisms that do not reflect performance, high performers interested in career advancement and more responsibilities are unlikely to find what they look for as civil servants. This could make it difficult for government to retain those desired talents, where these

types of employees would leave for other opportunities, which further increases the risk for adverse selection.

In summary, even if high performers are successfully identified, there are no mechanisms to reward them. The current compensation structure is fixed both by design and by practice. Different promotion mechanisms also have different flaws. Continuous training cycles have demanding admissions criteria, which hinders its accessibility, but also makes promotion tied to competence acquired in the training, instead of job performance. The next section of the paper proposes solutions, based on this diagnosis, as well as practices in other case studies.

Proposed Solutions

Overall Approach to Reform

The first significant reform was attempted in 1989, followed by different reform initiatives. However, the problems identified in 1989 – as identified in the Seminar on Modernizing the Administration in 1989 - persist today (Brockmeyer, Khatrouch and Raballand 2015). While this could be attributed to multiple factors, two possible explanations may be offered.

First, the publicly available information from the seminar's conclusions comes in the form of weakness-recommendation pairs, not in the form of specific steps. To overcome this issue, reform proposals need to take a process approach and come in the form of action plans instead, by outlining specific steps, as well as the prerequisites they need to be executed.

Second, this could be explained by the Behavioral Economics concepts of Planning Fallacy and Optimism Bias (Raballand and Anand 2013). Planning Fallacy stands for "the tendency of people and organizations to underestimate the time it will take to complete a task" (Raballand

and Anand 2013). Optimism Bias is the "belief that despite the evidence of past projects, the current project is somehow exempt from the risks that affected previous attempts" (Raballand and Anand 2013). In the context of civil service reform, these biases mean that governments tend to underestimate the time to implement reform projects and to be overoptimistic about the project outcomes, and the Tunisian government is probably not an exception (Raballand and Anand 2013). This contributes to ambitious visions that are difficult to translate into small actions and observable improvements. Smaller scale projects may be effective in reducing these two biases, as suggested by a World Bank project in Cameroon's Customs (Raballand and Anand 2013).

While much of the reform involves systemization, the actual implementation may need to be delegated and piloted on small scales. In the mentioned World Bank project, the pilot project was effective in engaging and onboarding stakeholders, improving the outcomes in an observable and significant way, measuring progress in a tangible way, and collecting feedback. Such small scale projects have therefore the potential to provide feedback on the envisioned time frame and results, helping reduce the two biases. That being said, this approach will challenge the egalitarian culture, as the success of such approach depends on the small scale, and thus on an active decision to choose one pilot organization and not others. Communicating the vision and collaborating with international organizations such as the World bank could help navigate the politics of reform.

Reforming the Evaluation System

The Tunisian government needs to pursue decentralization in order to design a job catalogue, and design better evaluation metrics that will be able to separate high performers from low performers.

Decentralization

The Tunisian government needs to decentralize the civil service employment system in order to improve the evaluation system. The first step of decentralization is between the head of government and ministries. Some governments have been decentralizing their employment management systems. For example, the employment system in Denmark consists of a central unit – the Agency of Modernization of Public Administration at Ministry of Finance – which is responsible for defining human resource (HR) policy. However, recruitment, management of bonuses and performance appraisals are managed by HR units in ministries of interest (OECD, Denmark 2012). Denmark is referred to as an example because it has among the highest citizens satisfaction rates with public service OECD satisfaction. The second step of decentralization is between ministries and related agencies. Furthermore, Canada's reform project in the 1990s showed that holding specific decision-makers in these agencies, namely directors and managers, accountable for implementation results has proven more effective in increasing accountability (Labbaoui 2017). Decentralization at the government level and further delegation to related agencies, while holding specific decision-makers accountable could make decentralization effective and help set a foundation for the reform of evaluation system.

Job Catalogue Design

The generic and overlapping job descriptions need to be replaced by a job catalogue that defines the nature of the job activity as well as the way the way the role fits into the organization. In addition, it should not be based on education as the only eligibility criterion for applicants, but rather on skills and competences required to perform the job. This reform step has proven feasible in Morocco, which is also a career-based system that uses a corps-category-grade structure (OECD 2010). In a multistep reform that started in 2004, the Moroccan government

redefined a job catalogue where positions are classified based on 6 characteristics: activity, tasks, skills, place in organization, objectives and level of responsibility (OECD 2010). To take into account the common activities of members of the same corps, these jobs are further classified into "whole of government corps" and "specialized corps" (OECD 2010). They also assign civil servants to each of four "ranks": managerial positions, expertise-based positions, supervisory positions and front-line positions. This enabled to make jobs agency-specific while recognizing their commonalities, but also introduce useful segmentation criteria such as tasks, skills and places in organizations. While the Tunisian context is not exactly identical, the Moroccan case study shows that this step is feasible and presents an opportunity for collaboration and specific exchange of actionable knowledge.

Evaluation Metrics Redefinition

A job catalogue will make it easier to determine an evaluation grid of quantifiable metrics. Once the job is related to an activity that is clearly defined, agency-specific and skill-based, it will become possible to develop quantifiable metrics. While profitability makes designing these metrics in the private sector easier, case studies show that governments are able to find ways to implement such metrics. For instance, Denmark uses a more output-driven approach (OECD, Denmark 2012), while Bahrain uses a competence-based approach (OECD 2010). Bahrain started implementing a competency-based model for evaluation, as part of an HR reform agenda for the period of 2008-2014, which takes the form of a dictionary of 92 competencies with 5 levels of competency ranging from basic to expert. Using a competence-based system has also the benefit of identifying gaps between the competence level that a job requires and the competence level that the civil servant has, which can then inform training sessions (OECD

2010). Overall, more specific criteria that are based on competences, as well as outputs dictated by the job description, could make the evaluation system less vague and more credible.

Reform the Reward System

The reward system could be reformed by addressing issues in the compensation structure and by reforming promotion mechanisms.

Compensation Structure

The compensation structure will be able to reward high performance through the introduction of Performance-related pay (PRP) (OECD, The State of the Public Service 2008). While PRP can take the form of both merit increment (equivalent to pay raise) or one-off bonus (a one-time bonus), the latter is better suited for the Tunisian context – especially given the budget limits. That being said, the performance bonus should represent a larger percentage of the total compensation than the current 2-3%. In countries that use PRP for most their government employees not only to senior management, and that use the one-off bonus form not the merit increment form, this bonus represents up to 10% (Germany) or even 20% (Hungary, which has also been reform reforming its civil service employment system (Hazafi 2016)). In addition, a stronger evaluation system will serve as a reliable foundation for a credible and fair bonus system. Another idea to consider is to design tiers of bonuses, depending on different performance levels, to ease the acceptance of a more important role of PRP and to reinforce the notion of differentiation in the assignment of bonus payment.

Promotion Mechanisms

Promotion system needs to be redesigned to be reflective of performance. First, the law needs to be changed to reflect the current practices in order to limit deviation from the *de jure*

mechanisms. Second, "grades" schemes need to be regenerated to better reflect organization needs and clear differences between the contributions of different grades; in other words, they should reflect a well-designed job catalogue.

Lastly, since a more robust evaluation system would facilitate a performance-based promotion system (Zarrouk 2008), promotion should be based on criteria that draw on performance-related evaluation metrics, and training cycles should shift from being a promotion mode to a competence development mechanism. This recommendation is based on a strong belief that promotion should reflect the current job performance, not the performance on the training itself.

Recognizing the value of L'Ecole Nationale d'Administration, this paper envisions three programs. The first is a continuous training cycle for non-senior civil servants, which would be offered to top-performers, and replace the education requirements of the next grade, and develop the competences needed by the next grade. The second is a continuous training cycle for senior civil servants – or a leadership program; this would be offered to senior civil servants who have strong track records and are on leadership track. The third is a general training program that consists of short-term training cycles to reinforce employees' competences; there would be a list of training modules to be completed for promotion eligibility, but only as one among many performance criteria. This would not be a unique practice. In Denmark for example, public employees receive 5-7 yearly training days on average (OECD, Denmark 2012).

In summary, the existing system could reward high performers through promotions if "grades" reflect a well-designed job catalogue and promotion criteria reflect a well-designed evaluation system. In the long-term, the other promotion mechanisms should be abandoned.

Some suggested immediate steps

There are also some more immediate steps – that are not entirely structural – but could help with a structural reform.

First, an immediate and feasible step to undertake is to compile the decrees and orders related to civil service employment and map the complementarity of those different legislative texts in one accessible online directory. While there has been progress on facilitating online access to such resources, they are not mapped in a way that shows their interrelation. Undertaking such a project could facilitate the engagement of different stakeholders, scholars and organizations to start a reform dialogue, as it would increase transparency and make the topic more accessible to people who are not expert in Tunisian Law. The French Ministry of Public Accounts for instance compiles all information related to Employment Management System under the Portal of Civil Service (Ministere de l'Action et de la Fonction Publique n.d.).

Second, reducing the size of the government by incentivizing voluntary retirement may be a necessary step to address the immediate pressure of the wage bill but also as an intermediate step to make structural reform possible. This policy was followed by Morocco in their reform project (OECD 2010). That being said, this will not be sufficient in altering the view of government as employer of last resort: changing this view will job opportunities in the private sector, enabled through a business-friendly environment – which is an entire project reform in itself.

Conclusion

The Tunisian Civil Service Employment System needs to undertake a series of structural reforms in order to identify and reward high performers, and hence improve overall performance of Civil Service. While the wage bill and fiscal deficit make reforms challenging, fiscal crises can push

for greater efficiency, and recent democratization can generate promises of "more service oriented, less corrupt and more accountable public administrations" (Bunse and Fritz 2012).

Such reforms will require managing politics of reforms and aligning interests of different stakeholders around a unique vision. While this is challenging, dialogue between stakeholders is what earned the Tunisian National Dialogue Quartet the 2015 Nobel Peace Prize.

Furthermore, through successful reform steps, Tunisia has the opportunity to show leadership since these problems exit in other countries, including countries in the MENA region.

Next research steps could involve focusing on one ministry or agency for in-depth primary research. Projects like compiling legislative texts or creating an organization chart of all state agencies could also contribute in facilitating access to information and understanding of the Tunisian Civil Service.

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