Towards Enhanced Transparency and Accountability in Human Resource Management Processes in the Civil Service: A Matter of Favoritism

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Anti-Corruption Commission is a constitutional body, an oversight agency mandated to the fight against corruption in Bhutan. Established on 31st December 2005, ACC's mission is to eliminate corruption through leading by example, achieving excellence in partnership and mainstreaming anti-corruption strategies in public or private organizations.

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EXECUTIVE SUMMARY

Corruption is a critical factor which hinders economic development and affects poverty alleviation actions in developing countries around the world. As a developing country, Bhutan faces the issue of corruption in its different forms. Although ACC was created in 2005 to fight corruption in the country and has been quite successful, the fight against corruption has still a long way to go given that by principle there is no end to this fight. ACC alone cannot succeed in combating corruption without the proper involvement of all the stakeholders of the nation. A key stakeholder in this process is the Royal Civil Service Commission (RCSC).

Public corruption involves civil servants or any public official. With 26,320 civil servants, Bhutan has a powerful and energetic civil service. However, this important group of actors of economy could be subject to bribes, nepotism, favoritism or other related fraud.

The RCSC was initially started in 1973 as Department of Manpower and was later established by a Royal Charter in 1982. Since its initial stage a number of Human Resource Management (HRM) reforms were initiated. This includes policies, structure and implementation of initiatives to address the changing socio-economic mandates of various Ministries and agencies. Despite these reforms, the RCSC could face corruption in the HRM processes. It is for this reason that the management of the human resources of the civil service should be taken into account to understand any potential wrongdoings and prevent them.

In this context, ACC and RIM have launched a scientific project in early 2015 to study corruption in key HRM processes in the civil service. The main objectives of this research were to evaluate corruption in selected HRM processes in the civil service, calculate the cost of corruption in the HRM, identify gaps between HRM policies and practices and provide recommendations to improve transparency and accountability in HRM processes.

To achieve these objectives, various qualitative and quantitative methods were used. The three key methods were desk research including analysis of three illustrative case studies and complaints related to HRM received by ACC, conducting semi-structured interviews and administering a survey questionnaire. 52 Interviews with civil servants from different agencies in 12 *Dzongkhags* and 4 *Thromdes* were conducted. Further, a total of 1476 civil servants responded to the survey (1334 online and142 paper based).

Rather than corruption in the form of bribery, the research reveals that corruption in the form of favoritism is the key issue regarding the HRM processes in the civil service. The reasons for favoritism could be the weakness in the functioning of Human Resource Committee (HRC), misapplication of compassion in agencies, lack of integrity, some cases of weak enforcement of Bhutan Civil Service Rules and Regulations (BCSR), the disturbing influence of social ties in all HRM processes, irregular performance management and a practice of outstanding performance rating. The research shows that the perception of favoritism influences both job satisfaction and individual performance.

This study concluded that, corruption in the form of bribery is insignificant but exists in the form of favoritism in the HRM processes in the civil service. This has cost implication and adverse effects on meritocracy and performance.

Hence, the study recommends enhancement of the HRC's functions, practice of genuine compassion and not favoritism in all the HRM processes, strengthening HRO's integrity promotion role, improving enforcement, strict implementation of Conflict of Interests (CoI) to curb favoritism and enhancing core HRM processes. The HRM processes comprise of recruitment, performance management, promotion, transfer, short and long term training and executive selection.

MATRIX OF KEY RECOMMENDATIONS

	Issues	Recommendations	Cost Low/ High Cost	Term Short/ Long Term
Strategic (Policies) Level	1. Lack of Whistle Blowing System	1. Develop a policy on Whistle Blowing and protection of whistle blowers for wrong doings in Civil Service and incorporate in the BCSR.	Low cost	Long term
	2. Lack of effective coordination among the implementing agencies in terms of sharing information and taking actions on HRM wrong doings in the civil service	2. Develop a policy for effective communication and coordination among the agencies in terms of sharing information and taking actions on wrong doings particularly among the RCSC, RAA, ACC, Internal Auditors of agencies and the HROs.	Low Cost	Long term
	3. Lack of mechanism to manage Conflict of Interests (CoI) although the BCSR requires declaration of CoI	3.Include a section on management of CoI in the BCSR and amendment of current CoI declaration forms.	Low Cost	Medium Term
	4. Weak Enforcement of BCSR 2012 in terms of taking actions on breach of code of conduct/wrong doings	4.Amend Chapter 19 (Administrative Discipline) of BCSR 2012: Section 19.2.6; Section 19.9.10 of BCSR 2012; Section 19.9.4 and 19.9.5 for specificity and consistency of penalties for similar offences.	Low Cost	Long Term
	5. Absence of course/module on Ethics and Integrity in pre-service training programs	5.Incorporate an ethics and integrity module/course in pre-service training programs of Royal Institute of Management (Post-Graduate Diploma programs) and Colleges of Education, RUB (Post Graduate Diploma in Education).	High Cost	Long Term
	6. Lack of relevancy criteria in terms of	6. Review the current policy and system of executive selection process. Requirement	Low Cost	Long term

	educational background and experiences for selection to Executive Positions	on relevancy of educational qualification and experiences to the agencies be considered particularly for agencies requiring technical expertise.		
	7. *Dzongkhags* and *Thromdes* with mostly new and inexperienced civil servants	7. Amend Chapter 14 (Transfer) of the BCSR 2012 to include a section on equitable distribution of civil servants in terms of experience to the *Dzongkhags* and *Thromdes*.	Low Cost	Long term
Organizational (Operational) Level	a. Lack of proper whistle blowing system at RCSC	a.1 Strengthen HR Audit Unit at RCSC in terms of institutional process and procedures, and HR capacity to manage complaints and investigate Administrative cases.	High Cost	Medium Term
	b. Lack of effective management of CoI in HRM processes	b.1 Implement the New ToR for HROs.	Low Cost	Short Term
		b.2 Require applicants to declare their close relatives/friends in the organizations at the time of applying for jobs/positions.	Low Cost	Short Term
		b.3 Establish a new rule of not allowing supervision between spouses and close relatives.	Low Cost	Short Term
		b.4 Implement New suggested CoI declaration forms after approval.	Low Cost	Short term
	c. Improve Human Resource Management Committee (HRC) functioning	c.1 Update CSIS and add features for cross checking information by HROs and Human Resource Committee (HRC) chair.	High Cost	Long term
		c.2 Develop and enforce a code of conduct for HRC members.	Low Cost	Short term
		c.3 Develop and enforce standard operating procedures for HRC.	Low Cost	Medium term
		c.4 Enhance professionalism of HRC members through programs on ethics and integrity, and orientation on CSA 2010 and BCSR 2012.	Low Cost	Medium term
	d. Inconsistencies in enforcement of BCSR 2012	d.1 Institute regular HR auditing of all agencies twice in five years.	High Cost	Long term
		d.2 Enforce displinary actions in case of HRM wrong doings across all agencies consistently for similar offences.	Low Cost	Short term
	e. Absence of Integrity role for HROs	e.1 Implement new ToR for HROs developed by RCSC.	Low Cost	Short term

		e.2 Enhance the HRO's and HRC role in promoting ethics and Integrity.	Low Cost	Medium term
Organizational (Operational) Level	f. HRM processes: Improve transparency and accountability in the HRM processes in civil servants.	f.1 Recruitment: ● Include external observers from private/corporate sector for recruitment to key positions.	Low Cost	Short term
		● Align HR plans with that of 5 year and annual plans of agencies through involvement of HROs in planning process	Low Cost	Short term
		f.2 Transfer ● Develop a guideline for effective coordination between ministries line agencies and *Dzongkhags*/*Thromdes* for transfer of civil servants.	Low Cost	Short term
		● Ensure equitable distribution of civil servants in terms of experiences in *Dzongkhags*/*Thromdes* and line agencies.	Low Cost	Long term
		● Strict implementation of transfer of vulnerable groups as defined in BCSR in terms of location	High Cost	Long term
		● Strict implementation of transfer of civil servants from remote postings after 5 years of service.	High Cost	Long term
		f.3.1 Training: Short term ● Consider relevancy of work positions for nomination to short term trainings.	Low Cost	Medium term
		● Institute HR committees at department and regional offices level for nomination to training opportunities in large ministries	Low Cost	Short term
		f.3.2 Training: Long term ● Revisit the current system of awarding points for remote posting.	Low Cost	Medium term
		f.4 Performance Management and Promotion ● Develop specific job ToRs for all the position levels.	Low Cost	Short term
		f.5 Executive Selection ● Institute a rigorous integrity vetting process for executive selection.	Low Cost	Short term

		• Announce criteria, shortlisted candidates with scores for each criteria, and the final selected list with scores, Declared CoI forms on website.	Low Cost	Short term
Civil Service Reforms		The study confirmed that the RCSC reform initiatives are perceived well by the civil servants and will address a number of issues identified in this study such as:		
		• Implement the new PMS of the RCSC with a new dimension on monitoring and mentoring rather than just target setting and evaluating against the set target at the end of the stipulated time period.		
		• Implement the New ToR for HRO with specific targets to promote ethics and integrity in organizations among others.		
		• Identify ways to involve specialist in decision making process. The reform initiative of Bhutan Civil Service System such as Super Structure will address issues of career stagnation and also provides opportunity to utilize the specialists effectively.		
		• Deploy HR Assistants in agencies based on OD exercise results to ease administrative support work of the HROs.		

- Short term: achievable within six months' time from the submission of the final report
- Medium term: achievable within the period of six months to one year.
- Long term: achievable only after one year.

1. INTRODUCTION

Corruption is a key factor that hinders economic development and dilutes the effect of all poverty alleviation activities throughout the developing countries around the world. The negative effects of corruption on the economy could be due to several reasons such as wrong allocation of resources or lower private investments (Mauro, 1995; Aidt, 2009, 2011; Venard, 2013). A range of corrupt practices like petty bribery of officials and misuse of authority by officials hold back developmental progress. Ultimately, it is the population who suffer inexplicably as the funds necessary for satisfaction of basic needs gets diverted into the pockets of a few.

The governments around the world are doing everything to curb the problem of corruption; exhausting every alternative that they can think of through framing various policies and their implementation. But despite the enormous efforts to curtail the issue of corruption, it is still a major issue for many countries and Bhutan is no exception. Among the various reasons to explain corruption, academics have stressed the influence of public administration both in terms of the key goals of public administration, people involved (civil servants), administration process and governments. For example, researchers also highlighted that when the reward system is not commensurate to the cost of living, it could result in an increase of active bribery. As a result managing the human resources in the public administration is a critical step towards reduction of corruption. This is because HRM is the catalyst that can both stimulate and eradicate corrupt practices. However, HRM is more than often out of the picture in majority of the anti-corruption policies.

For example, if new civil servants are recruited without paying attention to their integrity, they could be involved in corrupt practices. On the contrary, when people with a strong sense of public service and integrity are recruited, the new recruits are going to work without indulging in wrongdoings. HRM is thus, a critical factor to fight corruption.

His Majesty the King of Bhutan, in his address on 25 February, 2015 to the Graduates attending the Convocation of the Royal University of Bhutan (RUB), highlighted that *"The greatest and the most valuable wealth we have in Bhutan is our people"*. His Majesty also stated that *"We can never go wrong if we invest in human resources – no matter how much it costs, that investment will give our Nation rich dividends"* and *"What we lack in number, we must make up in talent"* (Kuensel, 2015).

Thus, it is important to research on the current HRM policies and practices and identify the gaps that breed corruption as one of the approaches to address corruption. This research examined whether selected HRM processes, namely, recruitment, promotion, transfer, selection for training, performance management, and executive selection were undertaken in an equitable, transparent and accountable manner in the civil service.

Against this backdrop, ACC and RIM has decided to conduct a research on the topic of corruption in the civil service with a key research question: Are some key selected HRM processes subject to corruption?

1.1 RESEARCH CONTEXT AND RESEARCH QUESTION

History and Reforms

The RCSC was established in 1973 as Department of Manpower under the Ministry of Development. With socio-economic advancements in the country and the growing complexities in managing human resources, the Royal Government of Bhutan (RGoB) recognized the need to strengthen the central personnel agency with clear mandates. Thus, the RCSC was created in June 1982 under the Royal Charter from His Majesty the Fourth King Jigme Singye Wangchuck (RCSC, 2012).

The Royal Charter formed the legal basis for framing rules and regulations to manage human resources in the civil service and also marked the beginning of planned and coordinated development and management of human resources for various government sectors in Bhutan. The Royal Charter bestows upon the RCSC among others, the authority to formulate, review and ensure implementation of personnel policies and civil service rules and regulations in order to ensure efficiency and effectiveness in functioning of civil service (RGOB, 1982).

Since then the RCSC has initiated a number of reforms in policies, structure and implementation to meet the demands of changing socio-economic mandates of various Ministries and Agencies. Some of the key milestones are institution of Civil Service Examinations in 1983 for recruitment of university graduates, adoption of Cadre System in 1989, launch of the first BCSR in 1990, adoption of Position Classification System (PCS) in 2006 which replaced the Cadre System, appointment of full time five member Commission by His Majesty in 2009 and 2013 as per the provisions of the Constitution and enactment of Civil Service Act (CSA) in 2010 (RCSC, 2012).

The Civil Service Act 2010 among others, aims to "*establish a unified apolitical and merit based Civil Service that is professional, efficient, effective, transparent and accountable in the service of the Tsa-Wa-Sum*" (CSA, 2010) and repealed all other laws, rules and regulations pertaining to civil service that are inconsistent with it. The RCSC revised the BCSR 2010 to BCSR 2012 and an online Civil Service Information System (CSIS) was adopted to enhance e-governance in civil service management. With the appointment of new commissioners in 2013, RCSC has embarked on major reform initiatives to transform the Civil Service from "better to best" (RCSC, 2015). The five key reform initiatives launched were Organizational Development (OD) Exercise, Bhutan Civil Service System, Succession Planning and Leadership Development, Performance Management System (PMS) and Civil Service Welfare, and some other reforms such as improving conditions for females and young parents in the work place, internal re-organization within RCSC secretariat and New Terms of Reference (ToR) for Human Resource Officers (HROs) (RCSC, 2015).

Year	Events
1973	Establishment of Department of Manpower under Ministry of Development
June 1982	Establishment of Royal Civil Service Commission by Royal Charter issued by His Majesty the Fourth King Jigme Singye Wangchuck
1983	Institution of Civil Service Examination
1989	Adoption of Cadre System
1990	Launch of first BCSR
2006	Adoption of PCS in 2006
2009	Appointment of 1st full time five members Commission by His Majesty as per the provisions of the Constitution of the Kingdom of Bhutan
2010	Enactment of CSA of Bhutan in 2010
2013	Appointment of 2nd full time five member Commission by His Majesty as per the provisions of the Constitution of the Kingdom of Bhutan
2015	Civil Service Reform Initiatives

Table 1: Summary of key historical events of RCSC. Source: RCSC, 2014.

Key Regulations

In terms of legislation, besides the CSA 2010 and the BCSR 2012, Section 3 (1) of Anti-Corruption Act 2011 (ACAB 2011) also enshrines the objectives of the Act as "to promote integrity and accountability of administration, whether public or private, by establishing an independent and accountable commission to prevent, educate and investigate corruption involving or affecting authorities and officials, whether public or private" (ACAB, 2011). Therefore, ACC has adopted multi-pronged approaches to prevent corruption in various sectors in the spirit of collaboration and partnership with multifaceted stakeholders to plan, nurture, own and internalize anti-corruption systems (ACC, 2015).

In the field of HRM, the key ACC interventions are integration of National Integrity and Anti-Corruption Strategy (NIACS) into the 11th Five Year Plan by the Government, institution and implementation of Asset Declaration Rules, Gift Rules, e-learning program on ethics and integrity with Royal Institute of Management (RIM) and RCSC, initiatives to rationalize HRO's job responsibilities, training on ethics and integrity for HROs and executive leaders (Annual Report 2014). Similarly, Chapter 3 of BCSR 2012 details out the civil service code of conduct and ethics including the values and a section on requirement to declare CoI and assets (RCSC, 2012). It also has a CoI Declaration Form (RCSC, 2012) to prevent issues of favoritism and nepotism in the discharge of duties by civil servants. However, how relevant, effective and sufficient these processes are and how effectively they are being implemented in preventing corruption in HRM is yet to be studied.

Work Force

The labour force participation has remained within the range of 65-68% from 2007 to 2013 (National HRD Advisory Series 2015). In 2014 almost 7.5 % of the total labour force of 348,742 was employed in the civil service excluding 4,674 Elementary and General Service Personnel and Consolidated Contract staffs (RCSC, 2014).

The total number of civil servants was 26,320 as of December 2014 (RCSC, 2014). A consolidated statistics regarding population, civil servants, GDP per capita and labour force of Bhutan for the period 2009 to 2014 is presented in the **Table 2**. The number of civil servants has increased from 2009 to 2014 from 21,113 to

26,320, an increase by almost 25%. This growth has been faster than the 9% growth of population over the same period. Over the same period, the percentage of civil servants to population increased from 3.1 % to 3.5 % and percentage civil servants of national labour force increased from 6.5% to 7.5 %.

Year	2009	2010	2011	2012	2013	2014	2015
Population of Bhutan [1]	683,407	695,822	708,265	720,679	733,004	745,153	757,042
National labour force	325,700	331,900	334,200	336,391	345,786	348,742	NA
Persons employed	312,800	320,900	323,700	329,487	335,870	339,569	NA
Number of civil servants	21,113	22,512	23,170	23,909	24,856	26,320	26,699
GDP per capita	1,851.6	2,277.8	2,571.0	2,532.8	2,440.4	2,611.0	NA
Ratio of civil servants to population	1:32	1:31	1:31	1:30	1:29	1:28	1:28
% of civil servants to population	3.1	3.2	3.3	3.3	3.4	3.5	3.5
% Civil servants of national labour force	6.5	6.8	6.9	7.1	7.2	7.5	NA
% Civil servants of persons employed	6.7	7.0	7.2	7.3	7.4	7.8	NA

Table 2: Consolidated statistics related to Labour Force and employment in Bhutan.

Source: (NSB, 2014a; NSB, 2010a; NSB, 2014b; NSB, 2010b; MoLHR, 2014; MoLHR, Labour Force Survey Report 2013, 2013). ***NA-** Information Not Available at the time of the study.

Corruption: An important issue in the civil service

Despite the progress and development through various reforms and initiatives in terms of policies and implementation of interventions, the RCSC is also faced with issues and challenges such as keeping the civil service apolitical, maintaining "Small, Compact and Efficient" civil service, independence of the constitutional bodies and corruption in civil service (RCSC, 2015).

Sometimes the researchers make the mistake of investigating a topic without defining the key concepts. Thus, it is also the case in reports and research about corruption where some authors consider the concept to be too obvious to be clarified. Torsello & Venard (2015) stated "Organizational researchers use the concept of corruption in three ways: without definition, with a focus on the misuse of public power, or with a broad understanding as any fraud". In this report, corruption is defined as in the ACAB 2011 wherein it is defined as "an act which constitutes an offence under Chapter 4 of this Act" (NAB 2011). For example, World Bank defines Corruption as "Abuse of public power for private gains".

The practice of favoritism is common in different countries (Bian, 1997; Williamson et al., 2003, Padgett, Morris, 2005). When people have to take decision such as allocating resources among different persons, they often based their final decision on specific characteristics of the possible recipient, individual attributes that have sometimes nothing to do with the objective performance of the recipient (Buttelmann, 2014). Predengast and Topel even argued that since objective measures of performance are not available, supervisors more than often take their decisions on subjective assessments and "this subjectivity opens the doors for favoritism" (1993). For example in some national contexts, recruiters may prefer to hire a member of their ethnic group whatever his / her qualification (Liu et al., 2015).

As a form of discrimination (Duran, 2014), favoritism is usually defined as the preferential treatment to acquaintances, friends and relatives in the employment (Arasli et al., 2008). It is crucial to study favoritism in the human resource management context due its numerous associated costs. Indeed, favoritism could increase job stress (Arasli et al., 2008), employees' turnover (Arasli et al., 2006), arbitrary rewards, wrong recruitment or demotivation (Predengast, Topel, 1993).

An act of favoritism is considered an offence as stated under section 58 of ACAB 2011 which states "A public servant who knowingly abuses functions or position by performing an act amounting to favoritism, nepotism or patronage, etc in violation of laws, in discharge of his or her functions to obtain advantage for himself or herself or for another person shall be guilty of an offence" (NAB, 2011).

From April 2014 to June 2015, 38 civil servants were investigated for corruption cases, 3 cases referred for administrative actions and one was sent on compulsory retirement (RCSC, 2015). Considering the number of civil servants in Bhutan, this number does not seem very high. However, within the total number of complaints received by ACC related to HRM, the corruption complaints revealed the civil service as the highest with 46% for the period 2006 to March 2015.

Allegations of favoritism and abuse of functions or authority in various HRM processes such as recruitment, transfer, promotion, performance management and training and misuse of staffs by supervisors are some of the common complaints.

Research question and objectives

It has been increasingly recognised that the management and quality of an organisation's personnel is a major key to prevention of corruption. Corruption in organizations and on the whole can be prevented to a large extent if the employees recruited are with high ethics and integrity. Thus, HRM has assumed increasing importance for organisations in the public sector that are ever more concerned with fighting corruption and enhancing efficiency, effectiveness and responsiveness.

As already highlighted, corruption is one critical driver of economic development. The impact of the civil service is very important for the development of the country and for the fight against corruption. The complaints received by ACC related to HRM in the civil service are the highest of all other HRM complaints.In view of the above reasons, ACC and RIM decided to conduct a research on corruption in the civil service, with the following research question:

Are some selected HRM processes subject to corruption?
The selected HRM processes for this study are recruitment, transfer, performance management, promotion, training and executive selection.

The objectives of the research are to:
- Evaluate the existence of corruption in selected HRM processes in the civil service;
- Calculate the cost of corruption in HRM in the civil service;
- Identify gaps between HRM policies and practices and
- Provide recommendations to improve HRM processes in terms of transparency and accountability.

2. DATA COLLECTION METHODS

This section presents the data collection methods used in this research. Drawing upon the main objective of investigating the existing HR policies and practices in the civil service and to understand the nature of transparency and accountability, a mixed approach was selected consisting of qualitative and quantitative methods. The data collection and analysis were done from April to December 2015.

The three key methods were:
- Desk research including three illustrative case studies and analysis of HRM complaints,
- Extensive semi structured interviews, and
- Survey questionnaire.

As with any research project, this research had some limitations. First, the scope is limited to the civil service. It could be interesting to extend for further scientific inquiry, the same research design to private and corporate sectors and also to other countries.

Secondly, the research lasted only for a duration of 8 months. It could be stimulating to replicate the same research after 2 to 3 years. This will be extremely relevant to evaluate the effect of both the 2015 RCSC reforms and also the recommendations of this research.

Thirdly, the research team noticed difficulties in understanding questions by some respondents. Lack of proficiency in English may have made it difficult for some respondents to clearly describe their in depth point of view. However, the problem was resolved with several tests of the research instrument and multiplication of the respondents.

Fourthly, due to lack of research culture in Bhutan, the research team was constrained by the difficulty of access to reliable data. Some data collection that could be done in few hours in developing countries, took weeks.

Finally, given the sensitive topic of corruption and its structurally hidden nature, the respondents were, most of the time, reluctant to share their views and knowledge on this sensitive subject. This problem was resolved by building trust with respondents, ensuring to maintain strict confidentiality of interview and indirect questioning.

This research project followed seven steps process. Each of them is described under relevant subheadings.

Step One: Understanding the HRM Framework
The first step of the research was to analyze the HRM framework in the civil service. The goal was to understand the HRM framework of the civil service in the Bhutanese context. Interview method was selected and used to collect data. Interviews are an important source of data as they are an extremely efficient method to collect rich empirical information, particularly, *"when the phenomenon of interest is*

highly episodic and infrequent" (Eisenhardt & Graebner, 2007, p.28). The present study had questions related to "what" aspects of the key topic. For example*,* "What are the priorities (Initiatives) of your agency in the HR domain at present?" or "In an agency like yours, could you describe a specific situation where abuse of power could influence HR decisions without giving any name?"

A copy of the semi-structured interview questions is given in **Annexure 1** of this report.

Semi- structured interview was used to collect the primary data for the current study since, as Yin stated, they are fluid in nature to permit context-driven, sensitive, flexible and rich collection of data (Yin, 2003). To succeed in conducting interviews, it is important to build trust between the researcher and the interviewee in semi-structured interviews (Meyer, 2001). One of the ways of building trust is to construct a procedure of approaching the interviewees (Meyer, 2001). In the Bhutanese context, the existing practice is to use both formal and informal ways of communication in order to obtain more inside stories in the civil service.

Formally, a joint official letter from the ACC, RIM and RCSC signed by one of the RCSC's commissioners was sent to the targeted organizations, namely the Chief Justice, Government Secretaries, the Chairpersons and Directors of the constitutional bodies, Heads of the autonomous agencies, *Dzongdags* and *Thrompons*. The letter explained that the focus of the research was mainly on HRM of the civil service with a view to provide evidence-based support in HRM and to build an internationally reputed academic research culture.

In addition to the letters to all civil service agencies, for the interviewees starting from the executives to the operational level employees, interview appointments were made and reconfirmed through telephone calls ahead of the interview dates. This was systematically and meticulously carried out throughout the field work. Some people did not accept to be interviewed since they were not available or disagreed with audio recording. As a result, the final response rate was 91% (**Table 3**).

Semi structured interview guides for four different intended groups were developed and a test with 10 identified samples was conducted. The target sample categories were HRO, HRC members, Legal Officers and employees of three different target agencies, namely, Ministry, Autonomous Body and *Dzongkhag/Thromde*. The test interview sample consisted of seven men and three women who participated for an hour and half on an average. The tests were tape recorded. The interview guides were finalized based on the observation of the ten tests. The interview guides were improved in terms of clarity, simplicity, opportunity to exercise probing questions, use of the interview language and time taken to answer the questions. For example, the test indicated that it is important to ask probing questions when the participants open up and share key information related to the research objectives.

The test also showed that it is practical to use the national language: *Dzongkha* and English simultaneously as university educated professionals had the norm of using *Dzonglish* (a combination of *Dzongkha* and English). In addition, civil servants with high school education and working in operational and support categories preferred to use either Dzongkha or local dialects like *Sharchopkha/Tshanglakha* (a dialect spoken in Eastern Bhutan). The respondents found conversation in English difficult.

For the interviews, purposive sampling technique was used. This means selecting specific respondents that are purposely chosen since they have interesting and diverse views on the relevant research topics. The selection of respondents was shown to represent various key functions or hierarchical level or Autonomous Agencies, Ministries, *Dzongkhags* and *Thromdes*.

A total of 52 interviews were conducted from April 2015 to December 2015 with civil servants from different Ministries, Constitutional Bodies, Autonomous Agencies, *Dzongkhags* and *Thromdes* in 12 *Dzongkhags* in the Western, Central, Eastern and Southern regions. This was done to understand the difference between HRM processes in the central and *Dzongkhags* and between different regions. It was also done to get a deeper understanding of corruption in the HRM processes in the civil service from varied hierarchical levels based on the actual reality during the field work. The structure of the final sample is shown in **Table 3**.

Interview Category	Target Sample	Respondent	Response Rate in Percentage
Employee	16	16	100%
HRC members	16	16	100%
HR Officers	14	13	93%
Legal officers	11	7	64%
Total	**57**	**52 (14 females, 38 males)**	**91 %**

Table 3: Description of Interviews.

The 52 civil servants consisted of 14 females and 38 males. As shown in **Table 3**, interviewee sample comprised 14 HROs, 16 HRC members, 11 legal officers and 16 employees across all 19 major occupational groups. This includes the 10 respondents for the test of interview guides. However, 5 respondents (4 legal officers and 1 HRO) were either not available or declined to be audio recorded.

HROs are responsible for facilitating HR initiatives in the areas of recruitment, organizational development, professional development, performance and change management in alignment with organizational strategy (RCSC, 2015). The HRC's role is to guide and address HR actions in the agencies and promote wider participation and ensure merit based just and transparent HR decisions (RCSC, 2012). Legal officer's roles are to advise government agencies on the requirement of legislation for implementing government policies and disseminate information on laws to government agencies to create legal awareness (RCSC, 2015).

Prior to conducting interview, the consent of the respondent was obtained as a part of ethics. The interviewer introduced the theme of the research and highlighted the confidentiality and anonymity of the respondents' answers. All the interviews were conducted in respondents' office. The average duration of the interviews was 59 minutes. The interviews were tape-recorded and where objected to, audio recording were left out. All interviews were transcribed word-to-word. In the transcripts, all interviewees were given pseudonyms to protect their identity. The interviews were analysed manually and using NViVo software. The data's themes were coded in tandem with the overall research objectives and then content analysis was done. The study also used constant comparison analysis and thematic analysis.

Step Two: Understanding the HRM Processes

The second step of the research was to study HRM processes. It was carried out through desk research (that is review and analysis of appropriate documents) and semi structured interviews. Desk research was conducted to examine the regulations associated with HRM process according to the actual RCSC rules and HRM processes that are followed in practice. Thus, the team documented flow charts of various HRM processes and validated them with the HROs. The research team reviewed written reports, laws, by-laws, policy documents and other related documents. This consisted of the CSA 2010, the RCSC's past and present OD reports, PCS report, the BCSR 2012, HR Master Plan, the ACC and audit reports, the RCSC HRDC's minutes of the meetings.

The research team also collected additional information to complement the documentation through semi-structured interview. Drawing from Yin (2003), documents were carefully reviewed to draw inferences and attempted to comprehend meanings beyond literal significance. When the documentary evidence contradicted with the study under question, further inquiry about the topic was made through data triangulation using different sources of respondents and member checking (Yin, 2003).

Step Three: Getting a deeper comprehension of complaints through complaints analysis

The third step was to analyze the complaints received by ACC related to HRM over a period of almost 9.5 years since the establishment of ACC till March 2015. A data base of the complaints related to HRM (Personnel) was created after segregating the cases from others by the Complaints and Follow up Division of ACC and used after seeking prior permissions from the Commission. Each complaint was studied carefully to identify and confirm aspects such as the complainant, complaint channel, type of allegation, allegation against, the gender of alleged, agencies involved, HRM processes related to the complaint and action taken on the complaints.

The data about the complaints was used to compare and contrast with analysis of data gathered through qualitative and quantitative methods. Analysis of complaints helped to understand the nature and trend of issues related to wrongdoings by agencies and individuals and connect to the data collected through other methods.

Step Four: Understanding corruption in HRM through case studies

The fourth step was to illustrate corruption in HRM through case studies. Case study is defined as a study of an existing issue within a real-life context (Yin, 2003; Meyer, 2001). Case studies are often used in organizational studies (Meyer, 2001). Also, management scholars used case study to investigate group process, internal organization and strategy (Eisenhardt and Graebner, 2007). The analysis of real case studies helped to understand corruption in the context of the civil service. To get the information regarding three HRM corruption cases related to training, recruitment and promotion, desk research method was used for collecting documents about those cases.

Step Five: Evaluating corruption in HRM: Structured Questionnaire Survey

The fifth step was to understand the perception of HRM managers and employees regarding various HRM topics and corruption. This was carried out through a structured survey questionnaire which was conducted

from October to November, 2015. Civil servants covering all the 19 major occupational groups were targeted as the study intended to capture perceptions of all the civil servants in various occupational groups, position levels, years of experience, age and gender. Stratified random sampling technique was used. For this purpose, RCSC used a complete list of civil servants and generated a random list of 4,840 civil servants. The stratification was done according to 19 occupational groups. The target sample size was decided at 4,840 considering a population size of 26,320 civil servants (in 2014), an expected response rate of 30 %, with 95% confidence level and 2.5% margin of error.

A questionnaire was developed based on literature review of tested and established survey instruments in HRM practices in organizations covering topics such as development opportunities (Gavino, et al., 2012), procedural justice (Rupp & Cropanzano, 2002), job satisfaction (Kim, 2005), corruption (Venard, 2008, 2009) and neutralization (Collins, et al, 2008).

A pilot test was carried out manually (paper based) with 10 respondents of various occupational categories and the questionnaire was improved based on the test. During the test survey, observations in terms of time taken to answer each of the questions, clarity and difficulty of answering questions and appropriateness of questions were meticulously noted. Based on the test, some questions, certain words and phrases were revamped. Based on the feedback of the first test, using bilingual (in both English and *Dzongkha*) survey questionnaire was decided. But upon translation it was found that the meaning of some questions was difficult to translate. Thus, it was decided to keep only an English version. Then a second test was conducted online with 12 respondents. Based on this, changes were made and a retest was conducted with 7 respondents. During the online test survey, observations in terms of time taken to answer each of the questions, clarity and difficulty of answering questions and appropriateness of questions were meticulously noted and correspondingly improvements were made.

The online survey was opened on 13th October to 28th November, 2015. For those employees who could not access internet, paper based questionnaire was distributed through the HROs in different agencies. During the survey, memo related to questions and comments from respondents and information provided were carefully maintained.

A total of 1,574 civil servants have responded to the survey including 142 questionnaires received in paper format. However, only 1,334 respondents have totally completed the questionnaires and were considered for analysis. Of the 1,334 questionnaires, 92.28 % were done online and 7.72 % were on paper format. **Tables 4, 5, 6, 7 and 8** shows the structure of both the population (all civil servants in Bhutan) in 2014 and the sample in terms of gender, position level, qualification, occupational group and location:

Gender	No. of civil servants	No. of respondents	% of civil servants by gender	% of respondents by gender
Female	8,992	500	34.16	37.5
Male	1,7328	834	65.84	62.5
Total	2,6320	1,334	100%	100%

Table 4: Distribution of the population of civil servants in Bhutan in 2014 and the sample by gender. Source: Authors & RCSC, 2014.

Location	No. of civil servants	No. of respondents	% of civil servants by location	% of respondents by location
Thimphu	8,606	351	32.7	26.3
Chhukha	1,827	68	6.9	5.1
Sarpang	1,572	67	6.0	5.0
Paro	1,509	17	5.7	1.3
Trashigang	1,445	120	5.5	9.0
Mongar	1,354	93	5.1	7.0
Samtse	1,246	12	4.7	0.9
Samdrup Jongkhar	1,085	127	4.1	9.5
Wangdue Phodrang	1,012	49	3.8	3.7
Bumthang	876	61	3.3	4.6
Punakha	781	84	3.0	6.3
Zhemgang	702	42	2.7	3.1
Dagana	682	62	2.6	4.6
Pemagatshel	666	5	2.5	0.4
Tsirang	633	27	2.4	2.0
Trashi Yangtse	566	64	2.2	4.8
Trongsa	560	5	2.1	0.4
Lhuentse	454	28	1.7	2.1
Haa	393	46	1.5	3.4
Gasa	243	6	0.9	0.4
Outside Bhutan	108	0	0.4	0.0
Total	26,320	1,334	100%	100%

Table 5: Distribution of the population of civil servants in Bhutan in 2014 and the sample by location. Source: Authors & RCSC, 2014.

Position Category	No. of Civil servants	No. of respondents	% of civil servants by position category	% of respondents by position category
Executive and Specialist	254	13	1.0	1.0
Professional and Management Category	13657	761	51.9	57.0
Supervisory and Support Category	10218	476	38.8	35.7
Operational Category	2191	84	8.3	6.3
Total	26320	1334	100%	100%

Table 6: Distribution of the population of civil servants in Bhutan in 2014 and the sample by position category. Source: Authors & RCSC, 2014.

Qualification	No. of civil servants	No. of respondents	% of civil servants by qualification	% of respondents by qualification
Functional qualification	747	121	2.9	9.1
Class X and below	4,378	156	17.3	11.7
Certificate	6,320	216	24.9	16.2
Diploma	4,004	202	15.8	15.1
Bachelor and Post Graduate Diploma/ Certificate	8137	523	32.1	39.2
Master	1,746	113	6.9	8.5
Doctorate/ PhD	26	3	0.1	0.2
Total	25,358*	1,334	100%	100%

Table 7: Distribution of the population of civil servants in Bhutan in 2014 and the sample by education. Source: Authors & RCSC, 2014.

* Total of regular civil servants. The difference of 962 are civil servants on contract employment.

Occupational Group	No. of civil servants	No. of respondents	% of civil servants by occupational group	% of respondents by occupational group
Education & Training Services	8,180	511	31.1	38.3
General Administration & Support Services	4,312	190	16.4	14.2
Architectural, Engineering & Land Services	2,885	145	11.0	10.9
Medical and Health Services	2,715	88	10.3	6.6
Finance & Audit Services	1,589	110	6.0	8.2
Forestry & Environment Protection Services	1,479	19	5.6	1.4
Agriculture & Livestock Services	1,229	42	4.7	3.1
Laboratory & Technical Services	933	40	3.5	3.0
Legal, Judiciary and Legislative Services	471	6	1.8	0.4
Information Communication &Technology Services	450	29	1.7	2.2
Planning & Research Services	409	20	1.6	1.5
Human Resource Services	386	30	1.5	2.2
Library, Archives & Museum Services	381	28	1.4	2.1
Transportation & Aviation Services	261	22	1.0	1.6
Executive Services	236	8	0.9	0.6
Trade, Industry & Tourism Services	132	15	0.5	1.1
Sports & Youth Services	121	7	0.5	0.5
Arts, Culture & Literary Services	82	10	0.3	0.7
Foreign Services	69	14	0.3	1.0
Total	26,320	1,334	100%	100%

Table 8: Distribution of the population of civil servants in Bhutan in 2014 and the sample by major occupational group. Source: Authors & RCSC, 2014.

The analysis indicated that the respondent sample represented the population closely in most of the demographics.

The results were analysed using XLSTAT to project statistics about the importance of perceived corruption by the civil servants.

Step Six: Evaluating cost of corruption in the civil service

The sixth step was to evaluate the cost of corruption. In order to evaluate the cost of corruption or favoritism, Structural Equation Modelling was used. The main idea was to test theoretical model linking corruption, job satisfaction, developmental opportunities and employee performance. An equation of the model was generated and a simulation was done (more details are given in the **Section 5**).

Step Seven: Proposing recommendations

The seventh step was to provide recommendations. Based on the previous steps, a large amount of data was collected from diverse sources. First, a diagnosis of the corruption in the HRM in the civil service was done. Secondly, the findings were presented twice to the research committee including representative of ACC, CBS, RIM and RCSC. Thirdly, a set of recommendations was delineated anticipating precise and pragmatic possibilities to improve the key HRM processes in order to potentially reduce corruption.

Step Eight: Publishing scientific publication

Finally, the eighth step will involve publication of scientific articles. The main objective is to disseminate the research results to the scientific community and the general public. Additional data will be collected if necessary.

3 ILLUSTRATIVE CASE STUDIES

In order to illustrate what could be corruption or wrongdoing in the civil service, three real cases are presented in this section. The names have been changed to keep the anonymity of the people involved.

3.1 A case of double funding for a fraudster

Summary

Nima was a bright and ambitious civil servant. He wanted to get the best education and the best position. When he saw the opportunity of studying abroad, he started dreaming of a great future. Considering his past achievement, he applied and was accepted to receive a Government scholarship from an external agency. With this new success, Nima just had to wait to go to India for his Post Graduate Degree. But, in May 2011, knowing that he had already secured a full funding, he further secured stipend and other fees from the RGOB amounting to a total of Nu. 113,336/-.

Source: ACC, 2011, Investigation Report of ACC/ID/2011/Case-5

What happened?

In May 2011, five seats were allotted by a Donor Agency to study at Post Graduate level through an agency which is outside the purview of RCSC. Despite securing a full scholarship from this agency, Nima applied and secured a RGOB scholarship for the same study. This is forbidden as all Bhutanese civil servants should work with integrity. Indeed, CSA 2010 stipulates that "*A civil servant shall not place himself/herself under any financial or other obligation to outside individuals or organizations that may influence him/her in the performance of his/her official duties*". It was also in violation of the integrity section of Civil Service Code of Conduct and Ethics of BCSR 2010.

When and how did it happen?

Nima applied for a scholarship for post graduate studies to his parent agency in 2009. In July 2009, the parent agency informed him to find training institutes on his own and also to compete with other aspiring candidates.

On 21 July 2009, the candidate applied for a Post Graduate Scholarship to an agency outside the purview of the RCSC although no vacancies were announced. The candidate was ranked 2nd position in the result sheet announced by this agency on 7th December 2009. As a result, the candidate on 11 May 2011 executed a letter of undertaking with the agency to serve for 6 years after completing the studies. This undertaking was to present the candidate as employee of the scholarship implementing agency to secure admission for post graduate studies.

On 9th May 2011, the scholarship implementing agency informed the parent agency to release eligibility and tuition fees for the candidate through an official letter. Subsequently, the Chief Human Resource Officer of the parent agency submitted nomination of the candidate for long term post graduate scholarship to the RCSC for which the candidate was issued a letter of Scholarship Award through the RGoB scholarship funding vide RCSC/HRD (21.00)/2011 on 13 May 2011. The candidate also executed an undertaking with the RCSC on the same day.

How much did it cost?

On 17th May 2011, the parent agency of the candidate disbursed Nu. 108,336 to the candidate as Daily Subsistence Allowance (DSA) and stipend vide voucher no. 68 (His stipend was paid @Nu.12,000 per month). The agency also disbursed Nu. 5,000 vide voucher no. 69 dated 17/05/2011 to Accounts Officer of scholarship implementing agency as his registration fees to the Institute. Investigation revealed that the candidate was already receiving a monthly stipend of Rs. 25,000/- from the Government of India. The scholarship covered all training expenditures. The above amount of Nu. 108,336/- was restituted with 24% penalty from the candidate and administrative action of withholding annual increments of the candidate were taken by the parent agency.

Although the financial cost was restituted, a slot for specialized Postgraduate Studies was wasted as the candidate could not continue his studies. Similarly, other potential candidates who were not selected were demotivated.

Why did it happen?

The investigation by ACC established that there is no proper policy and procedure in the external agency that implemented scholarships, thus providing opportunities for selection of candidates through discretion, goodwill and favoritism, and indicating lack of transparency in the system.

Similarly, there was lack of effective coordination and communication between the RCSC, the line agencies and that of the scholarship implementing agencies which is outside the purview of the RCSC (ACC, Investigation Report on Case ACC/ID/2011/Case-05, 2011).

3.2 A case of non-assessment of applicants on a dimension during selection

Summary

Final Action: The HRO on duty was held accountable and liable for necessary administrative actions for negligence of duty in case of similar discrepancies in future.

Context: Recruitment happened without proper evaluation.

Facts: One candidate not assessed on dimension of confidence by a panel member.

Another candidate not assessed on dimension of language proficiency by another panel member.

Another candidate awarded 7 out of 5 on a selection dimension by another panel member.

Source: RCSC, 2014, HR Audit Report

Note: This case was built based on a real story in the civil service. The names have been changed for the purpose of anonymity.

The performance of an autonomous agency was dragging for 2 months since a key personal assistant left the organization for better opportunities. All the employees were feeling the absence of the personal assistant as they had to take the letters and office orders to the Manager to be approved and signed. They had to go to the manager's office from time to time to check whether the documents had been signed or not and small things like that which ate into employees' time and deterred their performances.

However, the atmosphere changed on 23rd September, 2012 which put all the employees in very high spirit and they were looking forward to the smooth functioning of the daily operations and clear all their pending works.

A Personal Assistant had been finally recruited and everybody was relieved and happy. However, the employees were unaware of what had happened in the conference hall where the selection interview for the post of Personal Assistant was held. Somehow, either due to carelessness or negligence on the part of the interview panel members coupled with negligence of duty on the part of the HRO on interview duty, the selection interview was not carried out as it should have been.

Mr. Pema (one of the interview panel members) had not evaluated a candidate on the dimension of confidence and Mrs. Sangay (another panel member) had not evaluated another candidate on the dimension of language proficiency which were core components of the selection criteria. Similarly, Mr. Tsagay (another panel member) had over-scored a candidate on one of the dimensions by assigning the candidate a score of 7 when the maximum potential score was 5.

Chapter 3 Section 37(h) of CSA 2010 requires every civil servant to carry out his duty with highest standards of ethics and courtesy, which the interview panel members and the HRO on duty failed to do.

Interestingly, there has been no record of action taken but it was decided that Mr. Sonam (the HRO concerned on interview duty) would be held accountable and liable for necessary administrative actions for negligence of duty in case of similar discrepancies in future.

Though the costs have not been monetized, definitely there is the question of suitability of the selected candidate for the post. The unsuitability could have an influence on the productivity of the organization. There is a possibility that the organization might have rejected the most suitable candidate who could perform better, requiring lesser training and supervision.

At the organizational level, other employees could also be demotivated due to such practices thereby resulting in lower productivity or even high turnover and absenteeism resulting in higher recruitment and training cost.

At the societal level, the society could lose faith in the system. The impact could be even greater on the youth who could be disheartened and pessimistic about fair and just employment. This could in turn result in more social issues at the national level.

3.3 A case of incomplete performance appraisals considered for promotions

Summary

Final Action: The agency concerned was reminded to strictly adhere to requirements of performance management system.

Context: A ministry promoted 41 of its staff. Staff's scheduled promotion (1st July 2011, 1st January 2012 and 1st July 2012).

Facts: The audit observations revealed the inconsistencies and violation of the BCSR rules:

- Promotions without complete performance evaluation (PE) forms.
- Promotions without latest performance evaluation ratings.
- Inconsistencies in PE ratings such as varying number of work outputs reflected in the work planning and review form and that of Summative Performance Review Form.
- Promotions without fulfilling required qualification.
- Promotions without complete documents such as Audit clearance certificate and last promotion orders.

Source: RCSC, 2014, HR Audit Report

Who was involved? What happened?

Before giving promotion to an employee, every manager has to evaluate the performance of the recipient. However, it is not always the case. Thus, in 2012, a Ministry decided to promote 41 staff members without carrying out proper performance appraisals. Not only is this a violation of BCSR 2010, but also against the rationale of PMS and promotion.

Where did it take place? When did it take place? Why did that happen?

The Ministry had promoted 41 of its staff during the promotion schedule of 1st July 2011, 1st January 2012 and 1st July 2012. The audit observations uncovered the following inconsistencies and violation of the BCSR 2010:

- Promotions without complete performance evaluation forms.
- Promotions without latest performance evaluation ratings.
- Inconsistencies in Performance Evaluation (PE) ratings such as varying number of work outputs reflected in the work planning and review form and that of Summative Performance Review Form.
- Promotions without fulfilling required qualification.
- Promotions without complete documents such as audit clearance certificate, last promotion orders.

How much did it cost? The cost could not be calculated because of the lack of information.

Action Taken: How did the RCSC tackle this issue?

The RCSC did not directly address the issue. Instead, it decided that the agencies are required to strictly adhere to the requirement of performance management system and maintain complete performance appraisal forms accordingly in future.

The BCSR 2010 Chapter 13: Promotion, clause 8.3 states that the officials will have to have consistently "Outstanding" annual performance rating for last three consecutive years if the civil servant does not meet the minimum qualification requirement of the position and consistently "Very Good" annual performance

ratings for the last three consecutive years when the civil servant meets the qualification requirement of the position.

Conclusion

This case shows that there is a huge gap between HRM, particularly, the PMS policy and practice. The HR audit observed breach of BCSR 2010, especially presence of gross inconsistency between promotion rules and actual practice in the Ministry.

This implies that the RCSC's performance management system could be, in some cases, not efficiently implemented. The then existing rules were violated because the RCSC's decentralized performance management system at the level of agencies appears to lack effective monitoring and accountability procedures.

4. MAIN FINDINGS

The analysis of both qualitative and quantitative data indicates very low incidence of corruption in the form of bribery but it is favoritism that cuts across all the HRM process in the civil service. As shown in **Figure 1**, there are six key factors that lead to favoritism in HRM processes. Favoritism could influence objectivity, transparency and accountability in all HRM processes.
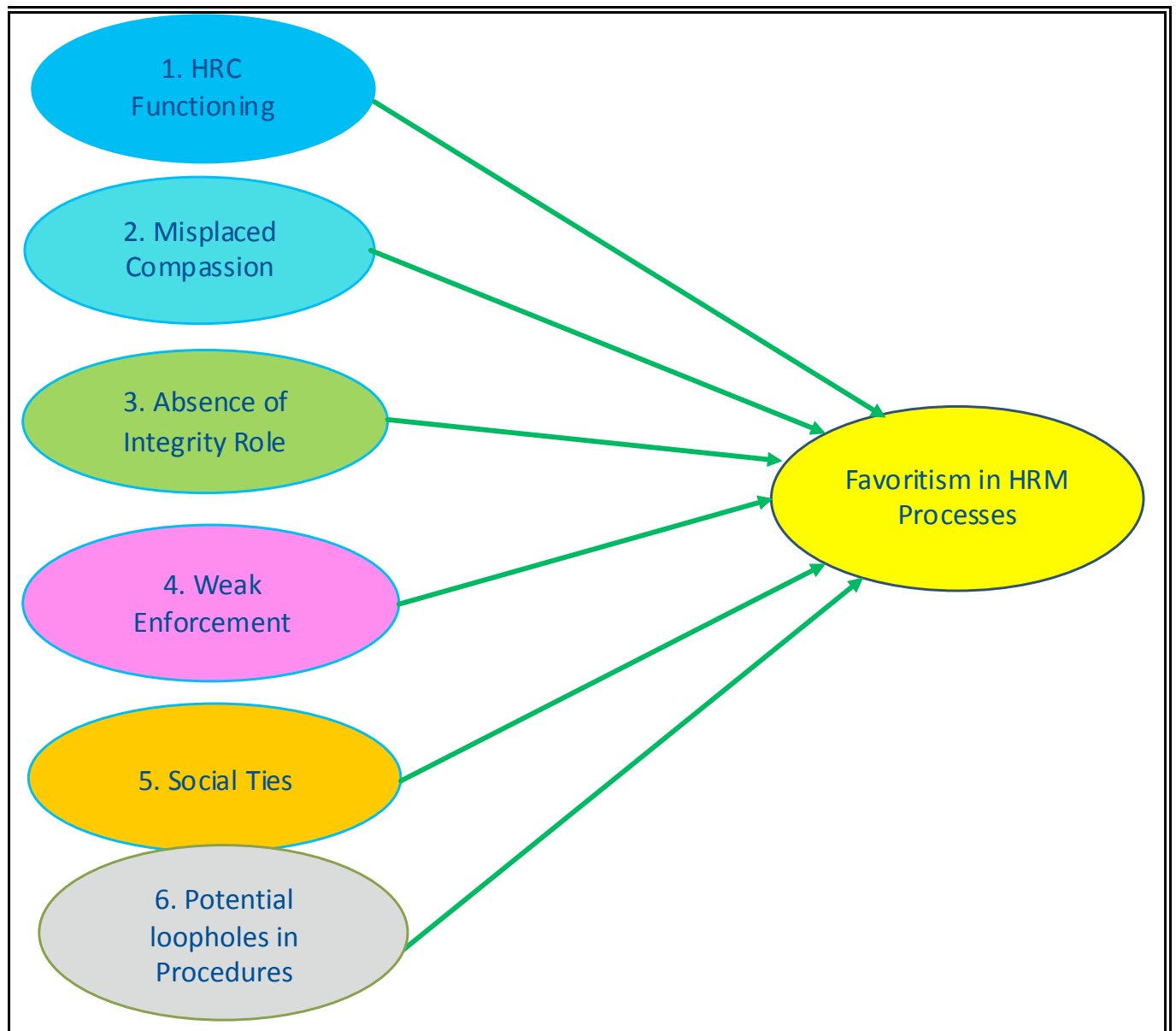
Figure 1: Favoritism Model.

4.1 Complaints Analysis

The aim of this section is to analyze all the HR complaints received by ACC to stress the key trends related to corruption in the field of civil service. Since ACC's establishment to March 2015, a total of 314 complaints related to HRM have been received. **Figure 2** depicts the number of HR complaints received from 2006 to March 2015.
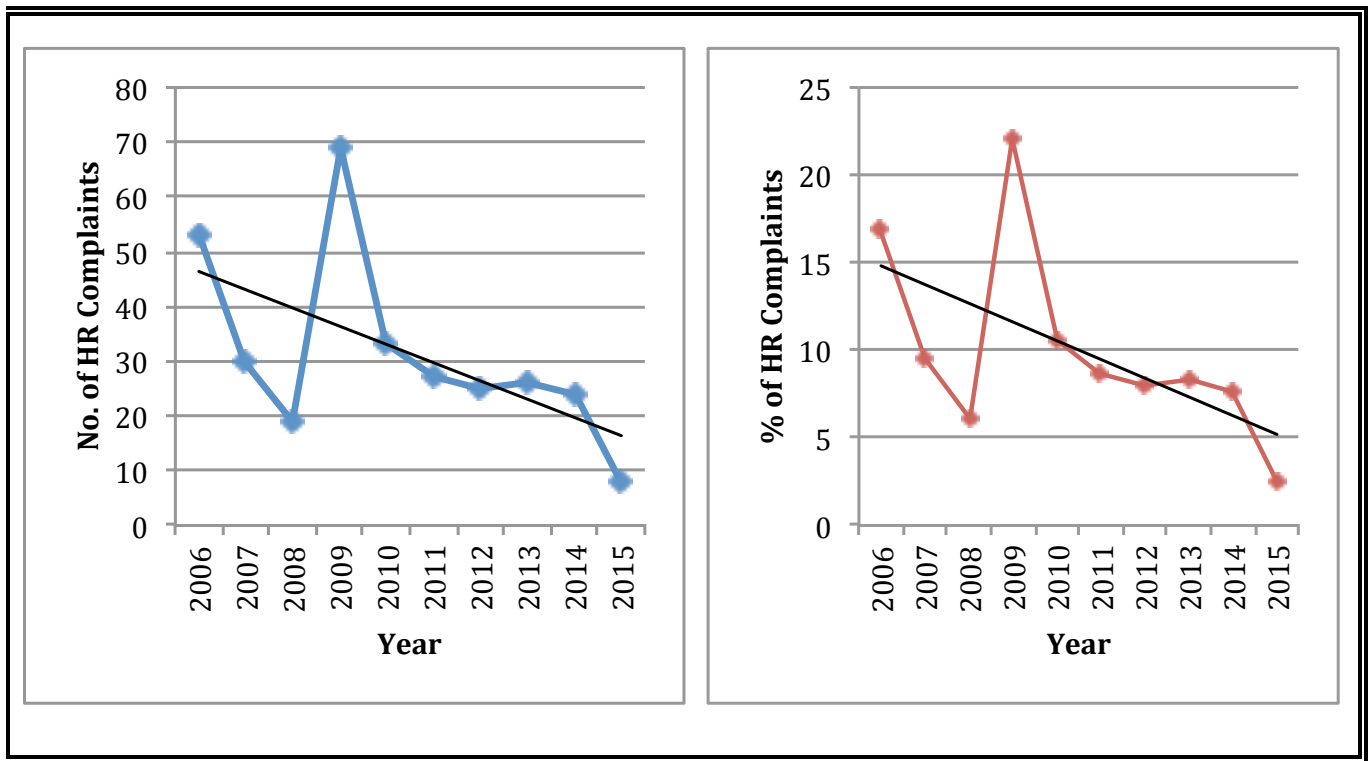
Figure 2: HR complaints received by ACC from 2006 to March 2015.

The HR complaints analysis generally indicate a decreasing trend in the number of complaints received by ACC. 2009 saw the highest number of HR complaints (22%) and the lowest was in 2008 (6%).

As presented in **Figure 3**, 76% of the complaints were lodged by unknown complaints implying the need to further work towards building public confidence in ACC as it is one of the indicators. Similarly, it shows that 57% of the complaints were received through the ACC web. The obvious reason being the HR complaints are mostly related to the educated citizens.
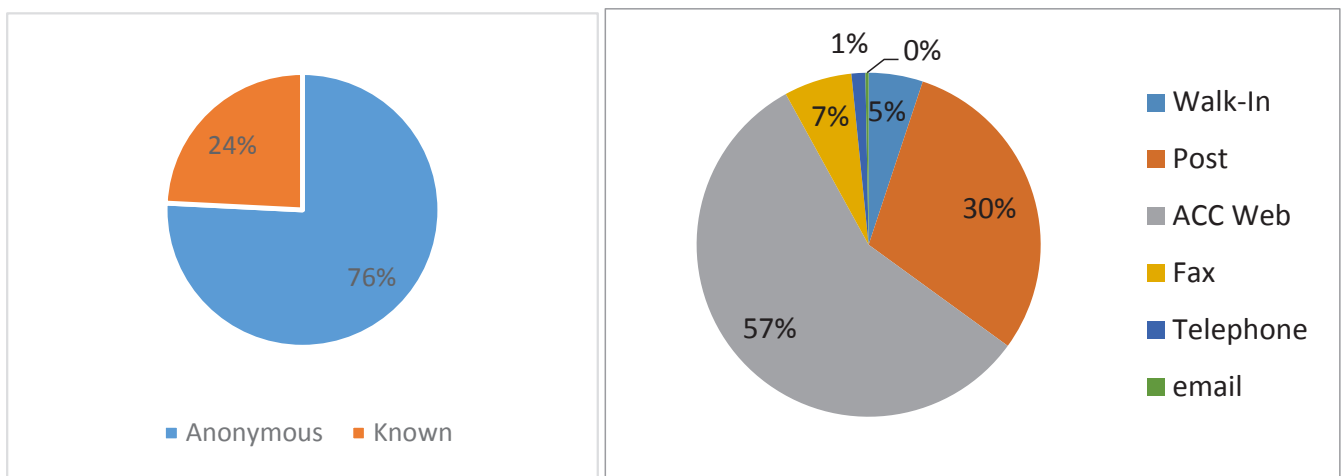
Figure 3: Complaints type and types of communication channel used to lodge complaints to ACC between 2006 and March, 2015.

In terms of complaints lodged, a total of 128 complaints were received against the head of Organization or Department which was the highest while there were only 3 and 4 complaints lodged against HRC and HRO respectively. Complaints were also received against the organization, other employees and the selection or discipline committee. Similar trends were also depicted in the complaints related to civil service. The comparison of allegations raised in the civil service as against across sectors (public & private agencies) is shown in **Figure 4**.
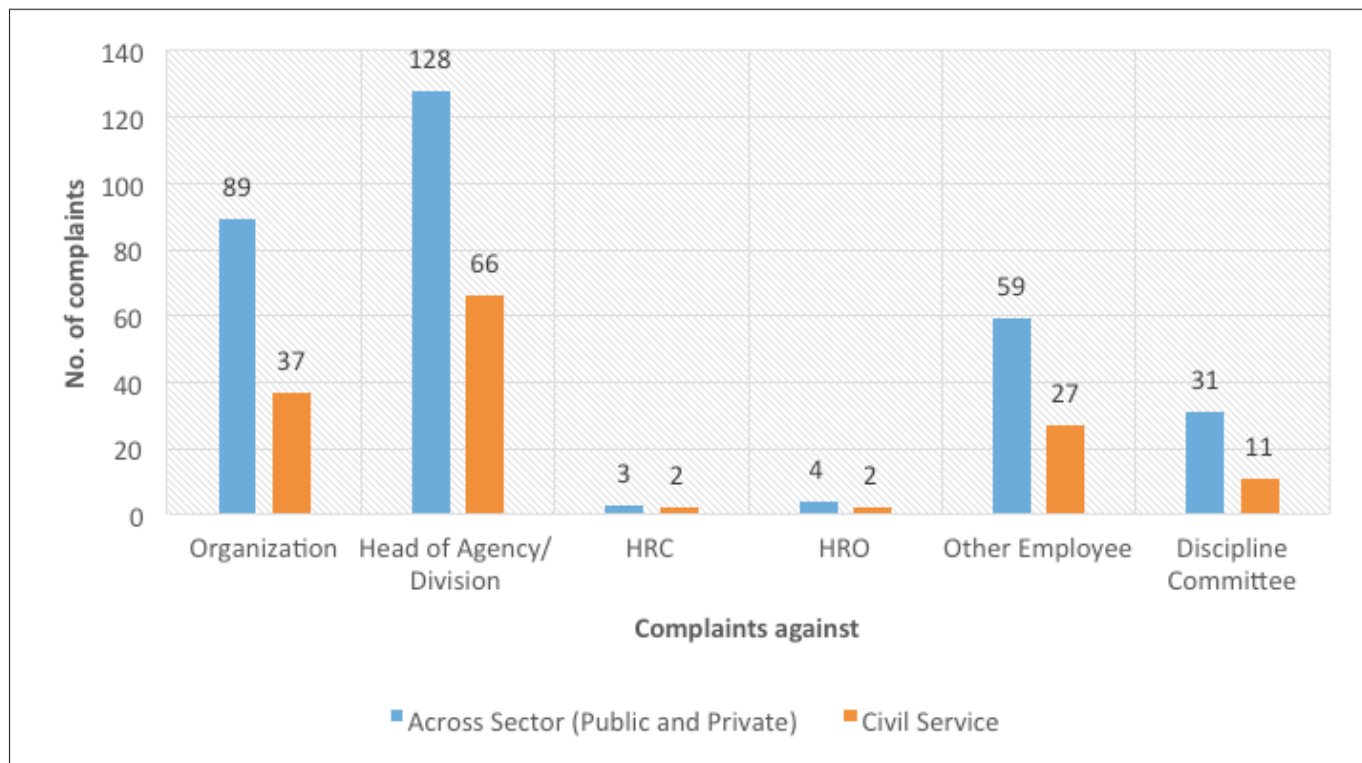
Figure 4: No. of Complaints by alleged.

In terms of complaints received by sex: 46% of the complaints were against male; 51% of complaints did specify sex as they are either against the agency/committee and in some cases not known; and 3% of the complaints were made against female as shown in **Figure 5**.
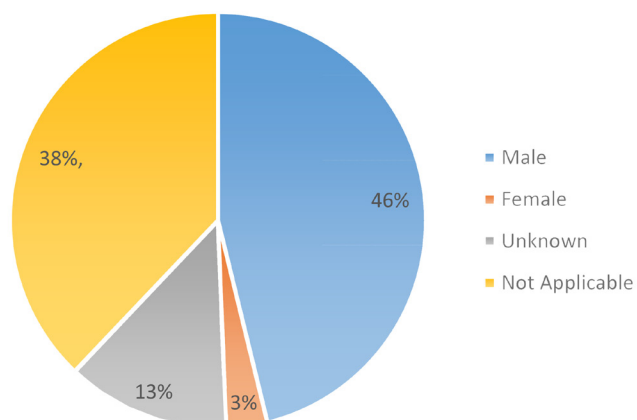
Figure 5: Gender of alleged person between 2006 and March, 2015.

Figure 6 shows the percentage of complaints by type of agency. 46% of the complaints were against the civil service and 22% against the corporations. Only 1 (0.3%) complaint was lodged against a political party in HRM sector from 2006 to March 2015. Despite few number of hydro projects in the country, 6% of the complaints were against them. Most of the complaints related to the hydro projects are on recruitment.
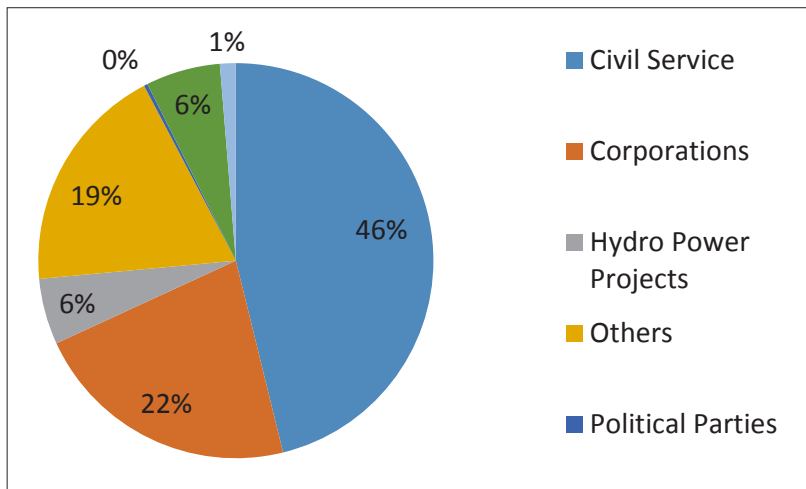
Figure 6: HR Complaints by type of alleged agencies.

In terms of actions taken for the HR complaints from 2006 to March 2015, 41% of the complaints were dropped, 26 complaints closed and 17% shared with the concerned organizations either for actions or sensitization. 3% of the complaints were investigated, 4% pending investigation and 5% under discreet inquiry. Bulk of the complaints were either dropped or shared, and only 7% qualified for investigation. This may be attributed to the lack of whistle blowing system and ineffective grievance redressal mechanism. It also implies that ACC should strengthen its public education. **Figure 7** presents the status of action taken on HR Complaints.
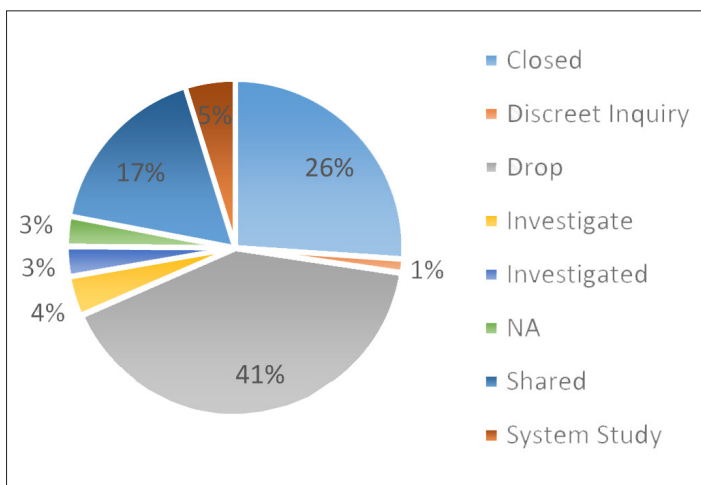
Figure 7: Action taken on HR complaints.

As indicated in **Table 9**, from the total of 314 HR complaints received since 2006 to March 2015, 145 complaints are against the Civil Service indicating 46% of total HR complaints against the civil service. Within the civil service complaints received are predominantly against the head of the organizations.

Agency Type	Agency	Head of Agency/ Division	HRC	HRO	Other Employee	Selection/ Discipline Committee	Total
No. of HR complaints Across Sectors	80	143	3	3	60	25	314
% of HR complaints Across Sectors	25.5	45.5	1	1	19	8	100%
No. of HR complaints against Civil Service	37	66	2	2	27	11	145
% of HR complaints against civil servants	26	46	1	1	19	8	100%

Table 9: Summary of HR complaints across sectors and civil service by type of allegation against.

Analysis of the complaints shows that favoritism and abuse of authority are predominant allegations across the sectors as well as the civil service as indicated in **Figure 8**. The percentage of complaints by type of allegation indicate similar trend both across sectors and civil service.
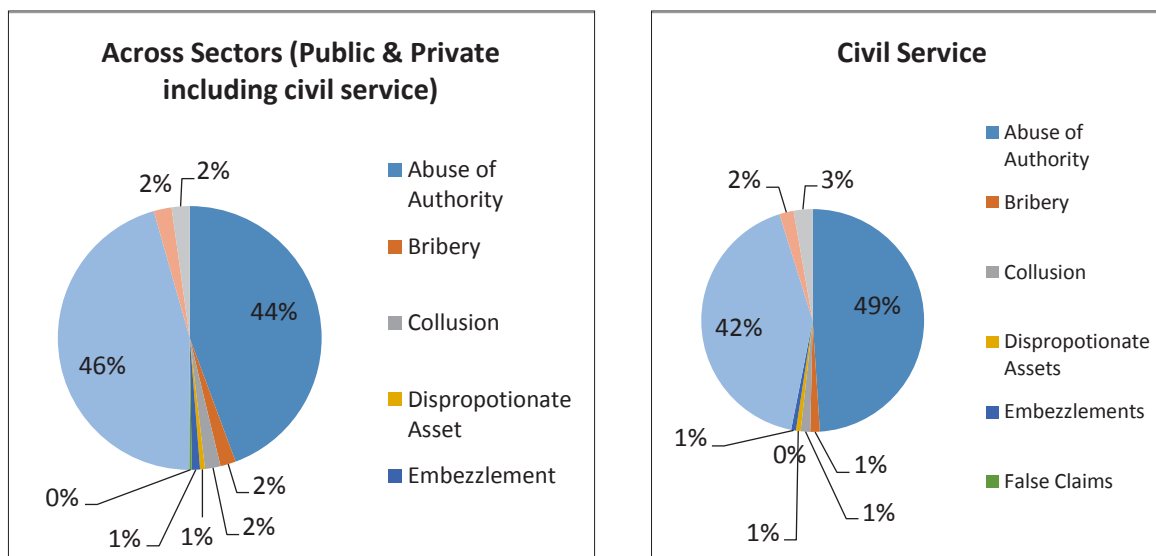
Figure 8: Comparison of allegations across Sectors and Civil Service.

A summary of allegations in the civil service by HRM process is presented in **Table 10**.

HRM process	No. of complaints by type of allegation								Total
	Abuse of Authority	Bribery	Collusion	DA	Embezzlement	Favoritism	Forgery	Others	
Recruitment	6	1	1	0	0	13	1	1	**23**
Transfer	8	0	0	0	0	8	0	1	**17**
PMS	1	0	0	0	0	0	0	0	**1**
Promotion	3	0	0	0	0	5	0	0	**8**
Training	5	0	0	0	0	15	1	1	**22**
Others	48	1	1	1	1	20	1	1	**74**
Total	**71**	**2**	**2**	**1**	**1**	**61**	**3**	**4**	**145**

Table 10: Summary of Complaints by type of allegation and HRM process.

In terms of complaints related to HRM processes in the civil service, highest number of complaints was received against "others", followed by training and recruitment as shown in **Figure 9**. The others category mainly consisted of allegations of abuse of authority by the civil servants in position such as using staff and other resources for personal work by civil servants in authority. In terms of training, allegations of favoritism in nomination and selection for ex-country short-term trainings are predominant. Similarly, allegations of favoritism in recruitment of in-service candidates by agencies are enormous.
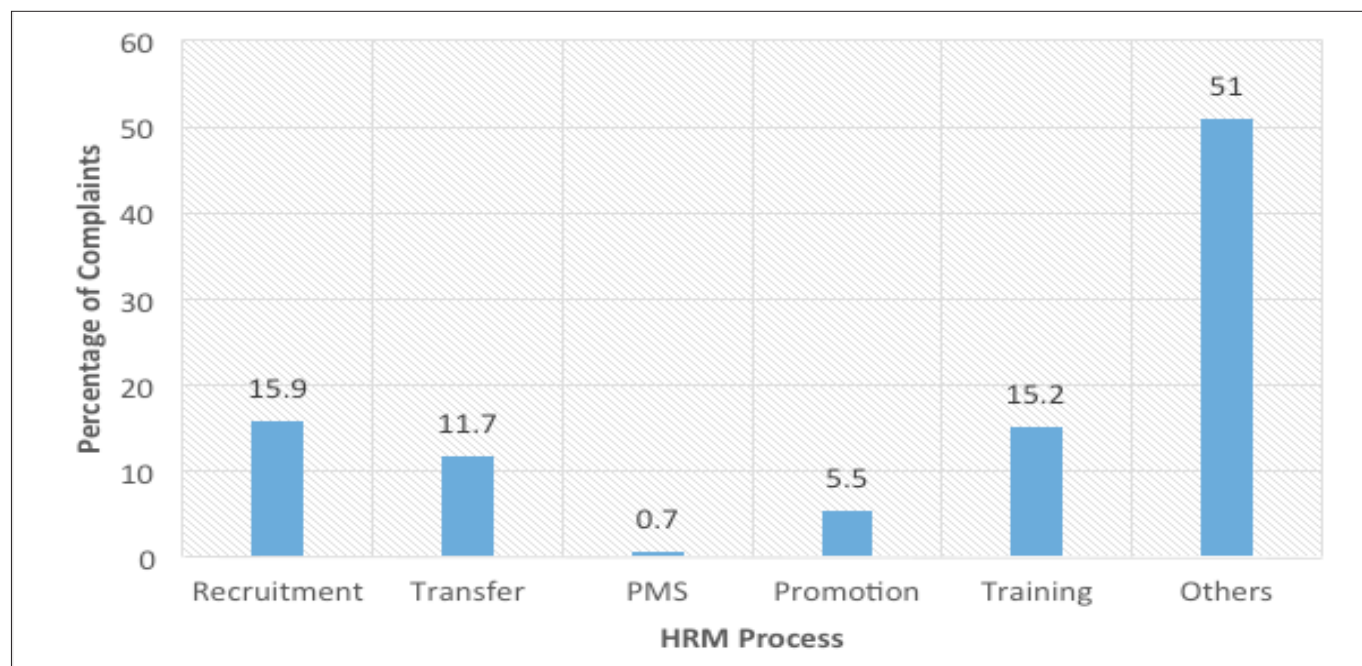
Figure 9: Percentage of Complaints by HRM process

Table 11 illustrates complaints on recruitment, training and transfer by agencies. In terms of recruitment 47.8% of complaints were lodged against the ministries as opposed to only 4.3% of complaints related to recruitment against the *Dzongkhags*. Likewise, 54.5% on training and 76% on transfer were against ministries as opposed to 18.2% on training and 18% on transfer against the dzongkhags. Such a trend may be attributed to higher number of in-service recruitments and ex-country trainings carried out by the ministries compared to the dzongkhags. Similarly, high number of complaints on transfer against the ministries could be due to centralized nature of transfer authority with the ministries.

Agency	Recruitment		Training		Transfer	
	No. of complaints	% of complaints	No. of complaints	% of complaints	No. of complaints	% of complaints
Dzongkhags	1	4.3	4	18.2	3	18
Ministries	11	47.8	12	54.5	13	76
Autonomous Agencies	7	30.4	2	9.1	0	0
Constitutional Bodies	4	17.4	4	18.2	1	6
Total	23	100%	22	100%	17	100%

Table 11: Summary of complaints by HRM process against Agencies.

To conclude, during the period from 2006 to March 2015, 46 % (145) of HRM complaints are against the civil service out of 314 complaints. The remaining 54 % concerns other agencies such as corporations, hydro power projects, NGOs and the private entities. Over a period of nine years (2006- March 2015), on an average ACC received 16 HRM complaints against the civil service as compared to around 18 HRM complaints annually against other agencies. Allegations of favoritism and abuse of authority are predominant against the civil service as well as other agencies. The highest number of complaints were against the head of agency/division both across sector as well as the civil service. In terms of HRM processes, recruitment, trainings and transfer received the highest complaints.

4.2 Causes of Favoritism

4.2.1 Human Resource Committee (HRC) Functioning

HRC has been established in all the Civil Service Agencies as required by Section 2.9 of the BCSR 2012 to promote broader participation, ensure fair and transparent HR decisions based on merit (RCSC, 2012). While HRCs in most agencies are functioning effectively, the HRCs could also face varied issues and challenges.

For instance, there is a perception of existence of potential collusion between the division heads who are the HRC members and when the decisions are not always objective. An honest and objective HRC member is often singled out as the "black sheep". As stated by a HRC member; *" ... I think the collusion among head of the division itself is becoming a problem because they try to support each other. Today, I support you, tomorrow you support me ... I always tend to be black sheep among the HRC because I always try to oppose...this is not correct."* [1]

For instance, some HRC members share the dynamics of discussion within the HRC with non HRC members creating division between people in the civil service agency. A respondent mentioned that *"the member of the HRC may go out and tell that person saying I favoured you, I supported you but the other member, the other group they rejected you... then it becomes little problematic ......people don't really differentiate between professional and personal affairs".* This is due to lack of code for conduct for the HRC members. During interviews with several HRC members, the probing question like "have you come across HRC members recognizing his or her CoI during your tenure as a HRC member?" was asked. The answer was always "never". However, in a small society as Bhutan, the risk of CoI is obvious and cannot be controlled only by signed form of CoI, when it is rarely managed.

In some cases, there is a lack of professionalism in HRC functioning. This could affect working relationship and environment and can make employees lose faith in the HRC and decrease their individual performance. Though BCSR 2012 requires the HRC to be composed of a minimum of five members, the required quorum is not always respected by agencies due to the unavailability of members. This affects timely HR decisions and at times could lead to wrong decisions.

Despite the fact that CSA 2010 clearly mandates the RCSC to carryout HR audit across all agencies periodically (CSA, 2010), some respondents remarked on lack of HR audit. For instance, one respondent

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1   All quotations in this report are given in Italic letters. They correspond to real statements made by the respondents during the field research.

has been in the same organization for as long as 15 years but they have never seen a HR audit being carried out. They highlighted upon the critical nature of HRC decisions on the career of civil servants and expressed that HRC must be held accountable for their actions.

Further, HR data could be poorly managed in the agencies across central line ministries, *Dzongkhags* and *Thromdes*. There is no proper record maintained on the civil servants on all aspects of HR thereby resulting in few cases where the HRO cannot provide complete or sufficient information. In such a case, it is difficult to make the right decision. However, HROs could deliberately provide incomplete information out of favoritism. Sometimes some employees and/or some sector heads in the *Dzongkhags* could also provide incomplete information (avoiding to give negative information) about themselves to have a HR decision in his or her favour.

In addition, there could be inadequate legal expertise within the HRC members and they depend solely on the HROs and legal officers for advice on BCSR interpretation. Additionally, the potential limited proficiency of HRC members in BCSR questions the quality of HR decisions.

Moreover, it is difficult to control CoI in the HRC as CoI is very subtle in nature and cannot be pointed out clearly. In addition, Bhutan being a country with high power distance, it becomes almost impossible for the HRO to point out the presence of CoI to the HRC members, who for the most part, are senior to him/her. The concept of power distance is defined as "the degree to which the less powerful members of a society accept and expect that power is distributed unequally" by Hofstede (1984). Because of this high power distance, the chairperson inadvertently has the final word. HRC members hardly object to the chair's decision especially when there is gap between the HRC chair's and members' qualification, position and experience.

Sometimes, there could be lack of transparency in the HRC decisions as in most of the agencies the agenda for HRC meeting and minutes of the HRC meetings do not get circulated amongst the employees. At other times, the HRC meetings get dominated by non- related issues with no external observer in the HRC meetings. This is also evident from the survey as shown in **Table 12 and 13** with regard to information sharing by the agencies and the supervisor.

Question	Percent of Response							
	Never	Seldom	Sometimes	Frequently	Mostly	Always	Don't Know	
I am kept informed, by my organization, of why things happen the way they do.	7.4	11.2	27.2	15.3	23.4	12.4	3.1	100%
Whether right or wrong, the organization always explains decisions to me.	11.1	15.6	29.1	11.9	20.2	8.5	3.6	100%

Table 12: Percentage of response for information sharing by organization (n = 1334).

Question	Percent of Response							Total
	Never	Seldom	Sometimes	Frequently	Mostly	Always	Don't Know	
My supervisor keeps me informed of why things happen the way they do.	4.7	9.9	29.6	15.8	23.6	13.6	2.7	100%
Whether right or wrong, my supervisor always explains decisions to me.	5.8	10.3	28.6	14.5	25	13.9	1.9	100%
Whether right or wrong, my supervisor always explains decisions to me.	5.8	10.3	28.6	14.5	25	13.9	1.9	100%

Table 13: Percent of response for information sharing by supervisors (n = 1334).

The analysis of complaints received by ACC from 2006 to March 2015 also indicate that there were complaints received against the head of the organizations (HRC chair), the HR Officer (Member Secretary of HRC), HRC and other committee members as depicted by the **Figure 4**. Further, within the civil service almost 56% of the complaints were against the Head of agency or division, HRO, HRC and the selection or discipline committee as shown in **Table 9**.

4.2.2 Misplaced Compassion

According to Buddhist view, compassion is defined as an attitude to care for others' wellbeing and to eradicate their sufferings (Rinpoche, 1994). Compassion is argued to be an important feature of ethics. Although compassion is a venerated Buddhist based cultural value, it could be misused in HRM processes in the civil service. All the HRM processes and decisions in some ways could be influenced by compassion. However, when misplaced, compassion could lead to favoritism during decision making. A respondent defined misplaced compassion as *"application of compassion without wisdom."*

For example, the BCSR 2012 clearly requires termination of an employee for his misconduct in an organization. However, in one case, the HRC decided to transfer an employee because the employee risked losing all his or her retirement benefits. The HRC members felt that it was too painful for the employee to lose retirement benefits. This is clearly reflected in the words of a respondent who said, ... *" one of the most difficult thing is misplaced compassion.... it is clear termination but if you terminate, he or she will lose all retirement benefits... we should transfer."* In this case, genuine compassion is not applied. Instead of the practice of real compassion, this is a strong case of favoritism that infects the system.

In few other cases, some employees were recruited to higher positions or offered training opportunities after they applied for the post or slot repeatedly not necessarily because of merit but based on compassion. Similarly, there were few cases where recruitment of employees at Elementary Service Personnel (ESP) were carried out by the HRC based on compassion when all the applicants had fulfilled all the requirements. The HRC decided collaboratively to recruit the applicant with most economically disadvantaged background.

4.2.3 Absence of Integrity Role

As per the 2015 Terms of Reference (ToR) for HROs, one of their roles is to be Integrity Advocate. This refers to strengthening organizational integrity through establishment of integrity infrastructure comprising education, prevention and compliance (RCSC, 2015a). Conversely, of the 13 HR0s interviewed, there was only one HRO who described integrity promotion as one key role and a priority for him or her as a HRO. The lack of integrity role described by HROs is mainly attributed to HROs being over burdened with administrative tasks. For instance, some large *Dzongkhags* with several hundred employees have just one HRO. On the other hand, a line ministry in the headquarters with about 150-200 employees could have more than one HRO.

Some of the respondents also expressed some concerns regarding integrity of information. Since HROs serve as the secretary to the HRC, they prepare all the necessary information and documents on the basis of which all the HR decisions are made. Sometimes, HROs cannot provide complete or sufficient information to the HRC to make the right decision due to poor data management. Poor data management implies there is no proper and complete reliable data maintained on the civil servants and whatever data is recorded are in hardcopy without proper storage. In such a case, HROs could intentionally withhold information based on his or her relation with the employee in question. This could hinder HRC from making the right decision. At the same time, it is possible that some employees and/or division heads could also provide incomplete information, especially, negative information with the intention of having a HR decision in his or her favour. In absence of proper record maintenance, there is nothing much the HROs can do other than play a reactive role thereby hindering any proactive role in terms of promoting integrity.

4.2.4 Weak Enforcement

Findings reveal that the RCSC policies and regulation have been well designed but it is the enforcement part that is lagging behind. As one of the respondents stated *"System is fine but it is about implementation"* and hence the gap between the two.

For some respondents, there could be a lack of stringent enforcement of BCSR 2012. An example could be the case of lack of enforcement by central agencies of the *Dzongkhag*'s disciplinary actions taken against employee with disciplinary problems. This is attributed towards implicitness or lack of specificity in BCSR 2012 with regard to who holds the authority to penalize the offenders. Indeed BCSR 2012, section 19.2.6 require that "an agency" should decide the punishment without specifying as Ministry or *Dzongkhag* or *Thromde*. As a result, in some cases the parent agencies overruled the decisions of the HRC committee of the working agency. Moreover, some agencies or head of agencies use discretionary powers and policies especially to give the penalty for disciplinary offences thereby resulting in in-consistencies in penalties for similar offences in different agencies.

Further, there is no proper channel for lodging complaints at the agencies and the RCSC. The complaints come addressed mostly to the chairperson and sometimes to the Director. The chairperson marks and forwards it to the relevant department. In such a case the confidentiality of complainant cannot be guaranteed. "Whistle blowing occurs when an employee or worker provides certain types of information, usually to the employer or a regulator, which has come to their attention through work" (CIPD, 2015). Thus, there is no proper whistle blowing system in the civil service.

4.2.5 Strong Social Ties

During both qualitative and quantitative phases of this research, most of the respondents believed that social ties strongly influence all HRM process. One of the respondents specifically said, *"It is difficult to hurt people in a small and close knit society."* This clearly indicates how compelled people feel to oblige to the requests of the associates.

Personal relationship in a closely knit society like Bhutan influences HR decisions when one is placed in a better position to influence the decisions. If an individual has a good relation with his or her boss, he or she could receive an undeserving higher performance rating. The boss can also favour some people over the others in sending people for training.

Few respondents also acknowledged that connection with political figures could influence the human resource decisions. They perceived that using connections with political figures could help in bringing the HR decisions in one's favour. Similarly, many respondents perceived the existence of influence by higher authorities, besides political influence, within the civil service across all HRM processes.

Besides the link with political figures and people with authority, relations with the HRC are also perceived to play a critical role in human resource decisions. Interestingly, the relation with the HRC members is viewed as both positive and negative. Respondents expressed that if a civil servant has a very good rapport with the HRC members, then that rapport results in favourable human resource decisions. On the other hand, if a civil servant has an adverse relation with the HRC, then that negative relation would negatively influence the human resource decisions. The concern of respondents expressed during the interview process is in line with the responses to the survey questionnaire administered to the civil servants as shown in **Table 14**.

Personal Relationship	Never	Seldom	Sometimes	Frequently	Mostly	Always	Don't Know	Total
In an organization like mine, family or personal relationships influence decisions regarding recruitment.	35.5	16.3	20.2	4.3	4.4	2.3	17	100%
In an organization like mine, family or personal relationships influence decisions regarding promotion.	47.1	14.8	14.1	3.1	3.1	1.3	16.5	100%
In an organization like mine, family or personal relationships influence decisions regarding transfer.	26.9	18.2	26	5.6	7.3	3.3	12.7	100%
In an organization like mine, family or personal relationships influence decisions regarding performance appraisal.	42.4	16.6	16	3.8	2.8	1.6	16.8	100%
In an organization like mine, family or personal relationships influence decisions regarding executive selection.	39.8	13.9	13.3	3	2.9	1.3	25.8	100%
In an organization like mine, family or personal relationships influence decisions regarding the opportunity to be sent for training.	28.1	18.1	24.4	5.8	7.3	2.9	13.4	100%

Table 14: Percent of Response Rating for questions related to personal relationships (n = 1334).

Indeed, the analysis of the questionnaire as shown in **Table 14** indicate that the influence of personal relationships on HRM processes such as training, transfer and recruitment is higher as compared with other processes. For instance, 16% of the respondents answered for Mostly, Frequently and Always and 24.4% for Sometimes in case of Training, 16.1% for Mostly, Frequently or Always and 26% for sometimes in case of Transfer and 11% for Mostly, Frequently or Always and 20.2% for sometimes in case of Transfer. On the contrary, in case of Executive Selection, 7.2% of the respondents answered for Mostly, Frequently or Always and 13.3% for sometimes.

Upon building strong relation between subordinate and supervisor, the respondents expressed that in some rare cases supervisors have misused the employees for personal works like using a driver for private purposes or an engineer for private construction. Similarly, in few cases the employees based in border towns were required to carry out personal chores of the heads of organization or departments or divisions like sending construction materials. In return these employees were favoured in terms of short term training opportunities and the like. Such practices of employees serving their supervisors in private matters result in the subordinates getting favours from the supervisor in the organizational setting.

The above finding converges very closely with analysis of the complaints which shows favoritism and abuse of authority as predominant allegations across the sectors as in the civil service as indicated in **Figure 8**.

4.2.6 Weaknesses in the HRM Process:

Though all the agencies are mandated to have HR master plan in line with the five year plans the respondents were of the perception that this is not followed.

From 2006 to March 2015, 145 complaints (46% of HR complaints) were received against different agencies of the civil service of which the ministries received the highest in all the HRM process. HR complaints analysis indicate that allegations of favoritism and abuse of authority are predominant in the civil service. The highest number of complaints were against the head of agency/division. In terms of HRM process: recruitment, training and transfer received the highest complaints as indicated in **Figure 9**.

4.2.6.1 Recruitment

A major question in this research was to evaluate if the civil servants were subjected to corruption. Our quantitative analysis reveals that recruitment decisions are not influenced by bribery. Only 3.8% of the respondents said Yes (Mostly, Frequently or Always) as shown in **Table 15**. With a margin of 2.5 %, it implies that corruption in the form of bribery is practically non-existent in recruitment in the civil service in Bhutan.

	Never	Seldom	Sometimes	Frequently	Mostly	Always	Don't Know	Total
In an organization like mine, civil servants need to make unofficial payments to public officials to get recruited.	64.4	7	7.6	1.3	2.1	0.4	17	100%
In an organization like mine, favoritism influences decisions regarding recruitment.	35.5	16.9	22	4.6	3.9	2.2	14.8	100%

Table 15: Percent of Response Rating for influence of bribery and favoritism on recruitment (n = 1334).

Moreover, respondents consider recruitment process as very clear. But, they remarked on high level of centralization in recruitment where the Royal Civil Service Commission reserves the sole right to recruit from P5 level. As per BCSR 2012, the central line agencies have the authority to recruit up to S1 level but recruitment for S and O level had been frozen temporarily due to 2015 OD exercise. However, in case of emergent circumstances, the agency could seek the RCSC's approval. Interestingly, 47% of complaints received by ACC from 2006 to March, 2015 concerning recruitment were against the Ministries as opposed to only 4.3% against the *Dzongkhags* as presented in **Table 11**. The complaints on recruitments in civil service mainly pertain to in-service recruitments.

As mentioned above, good rapport or favoritism inclusive of nepotism, clientelism and cronyism also influence recruitment decisions along with higher authority influences. This information from the qualitative data converge very closely with the survey data analysis, as 10.7% of the respondents answered for Mostly, Frequently or Always and 22% for sometimes as shown in **Table 15**.

Similarly, respondents also opined that there are some cases of compassion influencing recruitment. In some cases the selection panel members may have assigned higher scores for people who shared their stories of hardships during interviews thereby resulting in their recruitment. In the same line, the selection panel members are perceived to be making positive recruitment decisions for candidates who applied for the same job earlier where the vacancies are re-advertised. These incidences of favoritism and abuse of authority in recruitment also converge with the findings of complaints analysis. The analysis of complaints received by ACC from 2006 to March 2015 indicate the highest number of complaints are allegations of favouritism and abuse of authority both across sectors and civil service as indicated in **Figure 8**. Within the civil service, 57% of the complaints related to recruitment were allegations of favoritism and 31% on abuse of authority mainly by the heads of organizations (**Table 10**).

The respondents also reported that the agencies, especially the *Dzongkhags*, were not consulted for recruitment plan which eventually results in mismatch between human resource requirement and supply at the *Dzongkhag* level whereby some civil servants are overloaded with work and some left without work in the *Dzongkhags*.

4.2.6.2 Performance Management and Promotion
The analysis revealed that performance evaluation does not always happen on a regular basis but it is exercised only at the time of promotion in some cases. For example, most civil servants process their two years' performance evaluation together when they become eligible for promotion by duration. Moreover, as reported in the 2015 RCSC Annual Report almost all the civil servants are given outstanding performance rating (RCSC, 2015). Thus, the whole purpose of performance management as a control mechanism is defeated as obvious from the quote of a respondent who stated *"The employees who are rated low will never know that they are under performing."*

However, the individual work plan system introduced in 2015 is viewed as a good initiative by the respondents. They shared that it compels a civil servant to set some annual targets and work towards achieving them rather than waiting until the end of the term for performance evaluation.

Many of the respondents remarked that one of the reasons for outstanding performance rating for almost all the civil servants is *"misplaced compassion"*, to quote one of them. Factors like social ties, favoritism and compassion are perceived to influence performance evaluation leading to higher scores or outstanding performance rating assigned to civil servants without taking into consideration their real performance. Therefore, respondents opined that performance management mechanism like promotion, especially, meritorious promotion and fast track promotion, despite having clear promotion processes, is not always based on performance as expressed by a respondent in the following words:

"Performance management is like a common flu. Even if you medicate you will be cured in a week's time and even if you do not you will be fine in a week's time. So, if you perform, you will be promoted after 4 years. Even if you don't perform, you will be promoted after four years anyways."

The comparison of response rating on questions on having to make unofficial payments for good performance appraisal and influence of favoritism on decisions regarding performance appraisal as shown in **Table 16** and promotion in **Table 17** indicate that the perception of influence of favoritism on performance appraisal is slightly higher than that of promotion.

Questions	Never	Seldom	Sometimes	Frequently	Mostly	Always	Don't Know	Total
In an organization like mine, civil servants need to make unofficial payments to public officials to have a good performance appraisal.	62.3	9.1	7.8	2	2.9	0.6	15.3	100%
In an organization like mine, favoritism influences decisions regarding a performance appraisal.	36.6	16.9	21.2	5.1	4.6	1.5	14.2	100%

Table 16: Percent of response rating for influence of bribery and favoritism on performance appraisal (n = 1334).

Questions	Never	Seldom	Sometimes	Frequently	Mostly	Always	Don't Know	Total
In an organization like mine, civil servants need to make unofficial payments to public officials to get a promotion.	70.3	6.1	5.8	1.7	1.7	0.6	13.7	100%
In an organization like mine, favoritism influences decisions regarding promotion.	43.9	15.9	17.9	3.4	3.2	1.6	14	100%

Table 17: Percent of response rating for influence of bribery and favoritism on promotion (n = 1334).

It is interesting to note that ACC has received only one complaint (0.7% of Civil Service HR Complaints) related to Performance Management as opposed to 8 (5.5% of Civil Service HR Complaints) complaints related to promotion with predominant allegations of abuse of authority and favoritism from 2006 till March 2015.

Actually, respondents believed that sense of job security and automatic promotion after predetermined time period make civil servants very complacent. This ultimately undermines performance evaluation and disregards performance.

There also seems to be confusion among the civil servants in terms of core competency identification in performance management system. Sometimes instead of identifying the core competencies that need to be improved to discharge their duties effectively, civil servants emphasize the core competencies that they already have. Even worse, sometimes the core competencies identified have no relation to the job position.

Another issue raised by the respondents was on the levels of bureaucracy that the *Dzongkhag* level civil servants need to pass through for the purpose of meritorious promotion and fast track promotion in comparison to central line agencies. For instance, meritorious promotion of a *Dzongkhag* employee needs to be first approved by the *Dzongkhag* HRC, and the parent agency's HRC and then finally reaches the RCSC who makes the final decision. On the contrary, for a central line agency's employee, it needs approval only from two levels - the central line agency's HRC and the RCSC.

Furthermore, respondents highlighted about the lack of promotion for some civil servants in some occupational groups after three promotions. For instance, a civil servant who entered the civil service in position level S3. After five years he or she got promoted to S2, then after another 4 years he or she was promoted to S1. After another 4 years he or she moved up to P5 from where there is no more opportunity for hierarchical promotion because of his or her initial qualification and promotion criteria. This means that the civil servant has served for 13 years and when he or she is really at the working age with right degree of maturity and experience, there is no potential hierarchal promotion. For example, this concern has been expressed by a respondent saying that *"Promotion, I think is the biggest problem I have….. now I am in grade VIII and I think I have to work through out my life and still I have 25 years to work in grade VIII."*

Few respondents also remarked that many specialists in agencies are underutilized. They have no decision making power related to their expertise. They cannot grow in their specialization. It is the result of lack of appraisal of their real value addition and lack of appropriate promotion in terms of challenging or using their expertise. For instance, there were few cases of expertise that were not deployed in the suitable areas where their knowledge and skills could have been fully utilized.

Besides, specialist position is not attractive as the individuals have no authority to even access pool vehicles for official purposes and could be placed under the supervision of a junior officer who cannot direct a senior officer in a hierarchical organizational culture. Therefore, they could have a decreased motivation and interest to perform. This implies that the system has not enabled them to perform according to their skills. Thus, in some agencies they termed themselves as *"Tsethar"* or life saved implying no opportunity to perform.

In addition, respondents observed that there are too many committees in some agencies which results in wastage of time and resources. This is because engagement in committees takes away productive working time thereby affecting both individual and organizational performance.

4.2.6.3 Transfer

Chapter 14 of the BCSR 2012 provides guidelines for transfer in the civil service but there is ambiguity in procedures of transfer particularly to or from *dzongkhags,* resulting in varied procedures in terms of coordination with *dzongkhags* by different parent agencies. The study findings reveal that there is a perceived importance of social ties to get transferred or deployed in a particular place. A respondent stated that *"... Two of them passed out in the same year, and they were placed in the same school, [transferred] in the same school. After two years.... both of them applied to Thimphu but her friend got....... my friend got transferred to [a very remote Dungkhag].... later she came to know that the teacher who got [transferred] to Thimphu, her husband is related to a senior HR official] of the ministry."*

The above statement converge with the response rating on the questions on influence of favoritism and personal relationships on transfer as shown in **Table 18**. 16.1% or 17.9% of the respondents answered for Frequently, Mostly and Always, and 26% and 24% for Sometimes for influence of family or personal relationships and favoritism on decisions regarding transfer respectively.

Statement	Never	Seldom	Sometimes	Frequently	Mostly	Always	Don't Know	Total
In an organization like mine, family or personal relationships influence decisions regarding transfer.	26.9	18.2	26	5.6	7.3	3.2	12.7	100%
In an organization like mine, favoritism influences decisions regarding transfer.	27.7	18.1	24.1	6.2	8.4	3.3	12.2	100%

Table 18: Percent of response rating for influence of family or personal relationships and favoritism on transfer (n = 1334).

Further, in some agencies, there is a total centralization of transfer. Even from the complaints analysis, it is shown that 12 % of the complaints (amounting to 17 complaints) received by ACC from 2006 to March 2015 against civil service were related to issues of abuse of authority and favoritism in the civil service transfer. As presented in **Table 10**, of the 17 complaints related to transfer, 13 of them were against the Ministries.

Moreover, the study found that there transfer opportunities are rare for civil servants serving in *Dzongkhags* to head offices and *vice versa*. Some remote *Dzongkhag* like Gasa, Zhemgang and Samdrup Jongkhar still face the challenge of getting adequate human resources because the remote places mostly get the new recruits. A respondent stated that *"Remote Dzongkhag, it's like training ground."* And if senior civil servants are transferred to remote place, it is viewed as punishment transfer for non-performers. Unfortunately, the transferee lands up teaching wrong practices to existing employees who are mostly civil servants very early in their service.

It is observed that the general 5 year term for transfer is not always implemented. The respondents attributed it to budget constraint, human resource shortage and more importantly to favoritism in terms of transfer from remote locations. The non-implementation of 5 year period for transfer of employees in remote or rural areas affects employees' motivation and future HR deployment.

Sometimes transfers are done only by changing the organization of the civil servant without real new location. Such a case is seen by respondents as favoritism. This is especially risky for vulnerable groups. A vulnerable group is defined in BSCR 2012 as "those occupational sub-groups which are susceptible to corruption" (RCSC, 2012). They are *"finance and accounts, revenue, property and procurement management, foreign service and immigration, executive, audit, administration, land record, urban development, control, engineering, forestry, human resource management and development, training and judiciary support, civil registration and census, geology and mines, internal audit, investigation, industrial relations and environment"* (RCSC, 2012).

In addition, there are a few cases of abuse of power in transfer in the form of political interference from politicians. Political leaders could try to interfere to support the transfer of employees outside the BCSR rules. An employee observed:

"[They wrote] ..... a letter saying so and so has to be transferred here and when it is given in writing then, you know, people don't really want to challenge, you know, then you have the political leader writing memos, ...they write directly to the HRO then the HRO becomes very difficult."

4.2.6.4 Training
One of the concerns raised by the respondents was about mentoring. They identified lack of mentoring programs particularly for the new recruits. They are not prepared and guided by seniors to do their jobs. They enter the civil service right after exiting from the classrooms and they are left on their own to learn the "trick of the trade" on their own. One of the respondents rightly pointed out saying, *"They are left on their own to sink or swim."*

Though succession planning is a core human resource development program, the respondents expressed that there is no succession planning in place in the Bhutanese civil service. This is in fact considered as one of the key factors leading to acute human resource shortage in some areas such as leadership.

4.2.6.4.1 Short-term Training
The findings show that there is a total centralization of training budget, nomination and selection. The central line agencies control training for the staff at the *Dzongkhag* level that most of the time the employees at the *Dzongkhag* level are not even aware of training opportunities and come to know of it only when someone has left for training. The *Dzongkhag* has no control over the process of nomination of their sector staff for ex-country short term training. In such situations, the HRC could function as a "rubber stamping agency" in training and transfer since the HRC simply endorses the nominated person for the overseas training. The findings of the complaint analysis supports the same view showing that of the 22 training complaints received against the civil service from 2006 to March 2015, 12 were against the Ministries as shown in **Table 11**. Thus, the over centralization of the training process was perceived as an opportunity for favoritism.

Similarly, in some large Ministries the heads of departments or divisions nominate candidates without any transparency. This could lead to nominating employees who are close to them. In such cases, the HRC at the

Ministerial level simply endorses the nomination. Sometimes, the heads of the departments or divisions nominate themselves for ex-country short term trainings irrespective of the relevance. Furthermore, information regarding training opportunities is hardly shared with the regional offices. The respondents remarked that in some situations nomination from the regional offices are done by the heads of departments without consulting the regional heads. The influence of favoritism and social ties in getting training opportunities is further supported by the survey questionnaire responses regarding the influence of personal or family relationships and favoritism on decisions regarding opportunity to get training. 15.9% and 21.5% respondents answered for Frequently, Mostly and Always, and 24.4% and 26.5% for Sometimes respectively for family or personal relationships and favoritism influencing decisions regarding opportunity to get training.

	Never	Seldom	Sometimes	Frequently	Mostly	Always	Don't Know	Total
In an organization like mine, family or personal relationships influence decisions regarding the opportunity to be sent for training.	28.1	18.1	24.4	5.8	7.3	2.8	13.4	100%
In an organization like mine, favoritism influences decisions regarding the opportunity to get training.	25	15.6	26.5	8.1	8.9	4.5	11.5	100%

Table 19: Percent of response rating for influence of family or personal relationships and favoritism on Training opportunities. n = 1334.

In few cases, training nomination and selection at the *Dzongkhags* and *Thromdes* are also viewed as not being transparent. This is because the sector heads do not inform all the potential candidates of the slotted/available opportunities. In the end, it is one man's arbitrary decision. This leaves the employees still unaware of training opportunities and also the basis on which the decision was taken. Thus, the respondents expressed that there could be high influence of favoritism which result in some irrelevant candidates being selected for short term ex-country training.

Furthermore, in some cases, the HRC chair or the head of agency could avail short term training without routing it through HRC. Besides, some employees look for their own training and get themselves nominated by their line ministries and the HRC at the working agency level need to agree with the nomination. Moreover, the study reveals that training must be linked with career progression and not only for the training *per se*. This is reinforced by the results of complaints analysis of complaints from 2006 to March, 2015 related to training in the civil service which shows almost 68% of allegations were on favoritism and 23% were on abuse of authority in nomination and selection for training opportunities. This is illustrated in **Figure 9**.

Interestingly, projects have been reported as one of the main sources of budget for human resource capacity development. However, some project tied training budget utilization is not adequately transparent. The projects usually get implemented in places away from the capital in various *Dzongkhags* and *Thromdes* but majority of the capacity building opportunities are availed by the civil servants in the central line agencies. Besides project tied training opportunities being mostly availed by civil servants in the ministries, the

respondents pointed out that employees working at the central level keep going for ex-country short term training while frequency of *Dzongkhag* employees is much lower. Moreover, there are very rare opportunities for S and O level civil servants working in the *Dzongkhags* to be sent for ex-country short-term training.

The findings also show that HRC in some agencies manipulate with training selection criteria to suit their needs whenever a training opportunity arises. This consequently could lead to the same group of people going for training again and again and those left out are always left out as the selection criteria do not match their attributes. This hampers the motivation as well as the performance of the civil servants.

It has also been indicated by the interviewees that in some cases civil servants have misused the categorisation of a workshop as short term training if it exceeds five days (RCSC, 2012). The civil servants who had availed a short term ex-country training and had not completed six months training gap as required by BCSR 2012, manipulate the most appropriate one as a workshop which does not require training gap and again avail the training opportunity.

4.2.6.4.2 Long Term Training

As clear as the long term training selection process is in the BCSR 2012, the respondents also expressed that there is no problem with long term training except for the criteria on rural posting. The respondents shared the need for redefining rural posting and revision of the points accordingly for the purpose of long term training. Respondents were also of the view that the long term trained employees are retained in the ministries depriving the *Dzongkhags* of qualified and experienced civil servants.

4.2.6.5 Executive Selection

In general, there is no clear view about the executive selection among the respondents in the organizations at the central, *Dzongkhag* and *Thromde* levels. About 25.8 percent of the 1334 respondents in the survey stated that they have no knowledge about personal relations influencing decisions related with executive selection as shown in **Table 21**. This is normal since executive selection is, by nature, a highly centralized process. However, a few respondents had expressed that there could be an element of favoritism or political influence in executive selection in the form of handpicking or preselecting individuals and not basing on the track record of the individual's performance and feedback from agencies where the individual worked.

Statement	Never	Seldom	Sometimes	Frequently	Mostly	Always	Don't Know	Total
In an organization like mine, family or personal relationships influence decisions regarding executive selection.	39.8	13.9	13.3	3	2.9	1.3	25.8	100%
In an organization like mine, favoritism influences decisions regarding executive selection.	37.6	15.7	14.3	3.1	4	1.5	23.8	100%

Table 20: Percent of response rating for influence of family or personal relationships and favoritism on Executive Selection (n = 1334).

As **Table 20** shows, the influence of family or personal relationships and favoritism on executive selection cannot be totally ruled out although 25.8% and 23.8% respectively responded for "Don't know". This is because 7.2% and 8.6% respondents answered for Frequently, Mostly and Always and 13.3% and 14.3% respectively for influence of family and personal relationships, and favoritism.

Acknowledging the critical role of an executive in leading and exemplifying to other civil servants, the respondents argued that integrity is very important for an executive position holder. Conversely a clear integrity vetting process is not established except the requirement to submit an audit clearance.

Moreover, the respondents from the *Dzongkhags* are of the view that the candidates from the *Dzongkhags* are rarely shortlisted in the executive selection. Further, it is noted that the relevancy of educational background and experiences of executive to the agencies are overlooked in the selection process. The view expressed is that the right person with right academic qualification and experiences should be selected for the right job demanded in a particular organization. This is because the current executive selection policy does not require an applicant to have an academic qualification or experience related to the post of executive.

5. EVALUATION OF THE COST OF CORRUPTION IN THE CIVIL SERVICE OF BHUTAN

A major topic of this research is to evaluate the financial consequences of corruption in the civil service. The task is extremely difficult considering among others: sometimes unclear definition of corruption implying challenges to carry out comparative analysis, the hidden nature of corruption making it hard to study, multiple externalities of corruption and the complex nature of the phenomenon (Torsello, Venard, 2016).

An important issue is to determine the method to calculate the cost. A frequent approach is to use macroeconomics data and evaluate the consequences of corruption on various economic data, such as the economic development, measured as Gross Domestic Product (GDP) per capita per year or economic wealth evaluated as the Gross National Income (GNI) per capita. Mauro was a pioneer in such method, showing the negative effect of corruption on growth (1995). Similar empirical methods have been used, stressing on the vast majority of the cases the same negative consequence at the macro level, thereby, then highlighting the cost of corruption at the national level (Aidt, 2009, 2011; Venard, 2013).

Another approach is to use firm or individual level evidences. Measuring corruption victimization has become a frequently used method (Seligson, 2006). The process is to collect data from a sample of firms or individuals in firms about the corruption they may face and various financial measures of their performance based on which cost of corruption is estimated. Thus, Svensson and Fisman used this technique to evaluate the effect of corruption and taxation on growth (2000). Hellman et al. also applied an empirical method of collecting data from firms through a survey questionnaire administrated to firms in transition economies (2000). Surveying corruption is difficult due to its hidden nature and thus, the challenge to be able to collect reliable data (Vigderhous, 1978). Some observers may claim that the collection from firms or individuals about corruption is impossible. However, the numerous surveys in the field of criminology show that researchers have found ways to by-pass this empirical hindrance. Thus, Kaufmann advocated that with appropriate methods, firms and their employees are able to discuss corruption they face (1997). Previous academic studies were able to test theoretical model with data collection and analysis on corruption (among others: McKinney, Moore, 2008; Uhlenbruck et al., 2006, Collins et al., 2008, Venard 2008, 2009ab).

In order to evaluate the cost of corruption, it is necessary to discuss further the link between corruption and employees' performance. Brewer highlighted the role of red tape in the performance (2000). Indeed, various empirical surveys have emphasized the correlation between corruption and different measures of performance. For example, using a macroeconomic approach, Lambsdorff showed that corruption lowers the productivity of capital (namely the ratio of GDP to the capital stock)(2003). Thus, Lambsdorff established that an increase of corruption by one point (on a scale of 1 very corrupted country to 10, 10 being highly clean country), led to an increase of productivity of 2%. He also argued that an increase of 6 points of the Transparency International Corruption Index increase GDP per capita by more than 10% of the total capital stock. GDP being around twice the capital stock, this means an increase of 20% of the GDP. At the firm level, empirical research has also been done. For example, Svensson and Fisman showed that the increase of rate of bribery, implies a decrease in the firm's growth (2000). Moreover, De Rosa et al. demonstrated the

negative effect of corruption on productivity considering at the same time, the institutional quality (2010).

If corruption could hamper performance, corruption is not the sole reason for lower productivity. Many academic studies have highlighted the relationship between various human resource management practices and productivity (Sun et al., 2007). For example, one reason for higher employees' performance is due to the employee's motivation and the employee's skills (Appelbaum, et al., 2000; Brewer, 2000; Guthrie, 2001). Thus, Kim showed the influence of job satisfaction on performance in the government organizations (2005). Job satisfaction is defined as "a pleasurable or positive emotional state, resulting from the appraisal of one's job or job experiences" (Locke, 1976: 1304). Considering that job satisfaction is itself influenced by other human practices and organizational behavior factors, it is important to consider the various practices that could affect job satisfaction and, as a consequence, performance. For example, the skills of the employees could explain both directly their job satisfaction and their performance. When an employee feels that his/her organization offers developmental opportunities, he/she will be more satisfied by his/her job. Likewise, his/her skills should increase due to the development opportunities provided. Moreover, the development opportunities could directly increase the employees' performance (Gavino et al., 2012). The development opportunities are especially important to consider in the context of the 2015 RCSC reforms impacting the civil service work force in terms of qualification, job assignment, developmental opportunities and certainly job satisfaction.
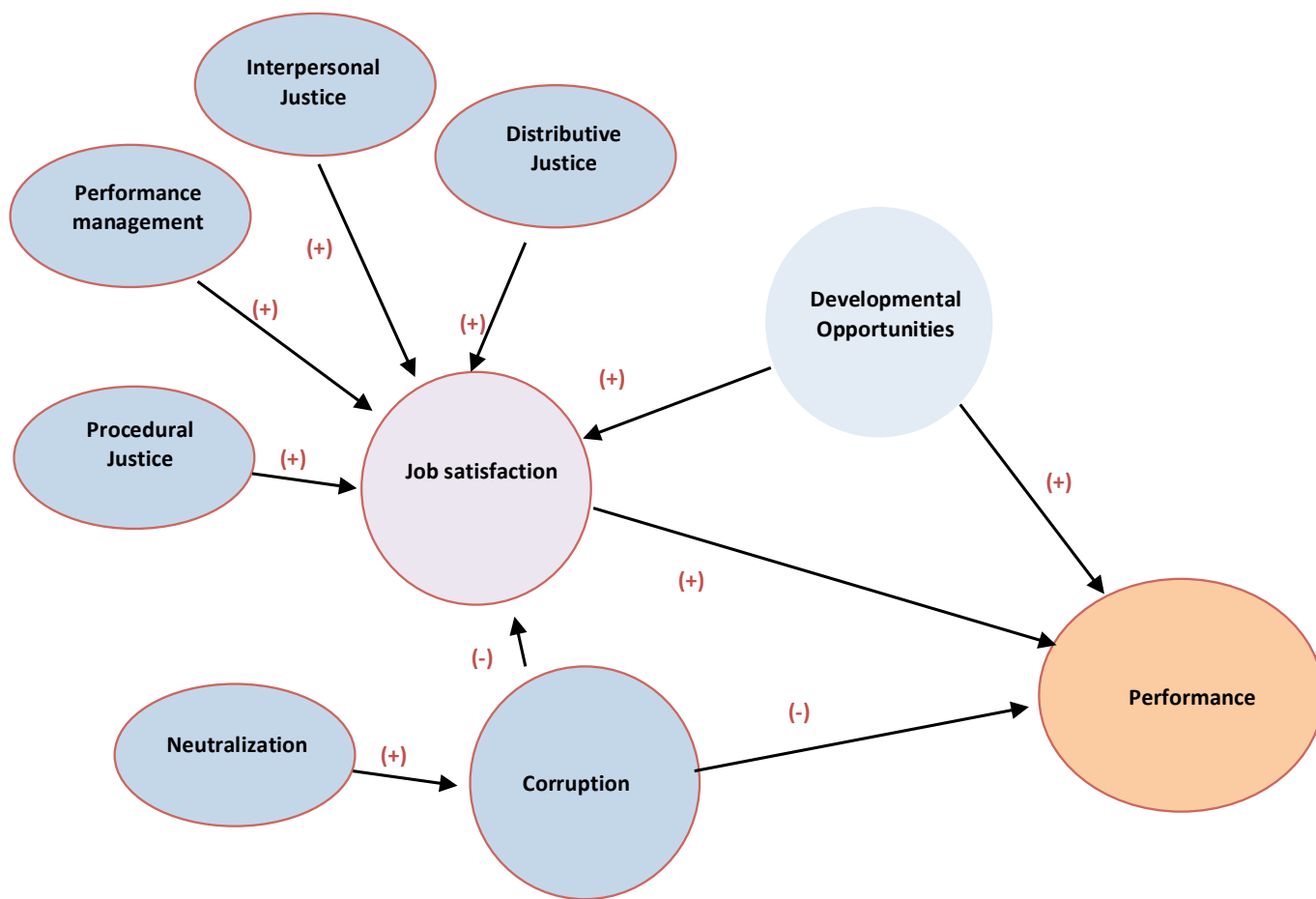

Figure 10: Corruption Model.

Another factor to explain job satisfaction is the organizational justice. During the process of our qualitative phase in this research, we interacted with several respondents who stressed the importance of compassion and other Buddhist values in Human Resources Practices. Considering that the organizational justice is a term used to describe the role of fairness at the workplace (Moorman, 1991), this concept was integrated as part of model used since it was close in meaning to the concept of justice in the society and also since organizational justice is positively related to job satisfaction. In Bhutan and elsewhere, employees in organizations want to be treated fairly (Colquitt, 2001). Scholars have identified different sources of organizational justice (Folger, Greenberg, 1985; Moorman, 1991). Distributive justice is the fairness of the outcomes an employee receives. Procedural justice is the fairness of the procedures used to determine those outcomes (Folger, Greenberg, 1985; Moorman, 1991). Interactional justice is interpersonal treatment people receive as procedures are enacted (Bies, Moag, 1986). Cropanzano et al. argued that procedural justice and interactional justice explained to a large extent job satisfaction (2002). The feeling of fairness is also related to the relation between the employees with their leader. Colquitt has thus especially studied the interpersonal justice between employee and supervisor (2001). The quality of the relationship between the leader and his/her team determines the job satisfaction of the employees (Brewer, 2005). In the context of the 2015 RCSC reforms, it was decided to analyze the performance management as the quality of the performance management process could be a source of job satisfaction in Bhutan.

Model and Measures

The aim is to explain employees' performance in the civil service taking into account three main variables: corruption, job satisfaction and development opportunities. Therefore, the main model is:

Performance = $\alpha + \alpha 1$ Corruption + $\alpha 2$ Developmental Opportunities + $\alpha 3$ Job Satisfaction + μ

Considering that

Job Satisfaction = $\alpha' + \alpha'1$ Corruption + $\alpha'2$ Developmental Opportunities + $\alpha'3$ Performance Management + $\alpha'4$ Procedural Justice + $\alpha'5$ Distributive Justice + $\alpha'6$ Interpersonal Justice + μ'

and

Corruption = $\alpha'' + \alpha''1$ Neutralization + μ''

Where:

"Performance" is the employees' perception of the performance,

"Corruption" is the importance of perceived corruption in the organization / agency where the respondent is working,

"Developmental opportunities" is the perception of the potential opportunities for development offered by his/her organization / agency,

"Job Satisfaction" is the level of satisfaction of the respondent regarding his / her work,

"Performance Management" refers to the quality of the management performance from the perspective of the employee with a focus on his/her capacity to participate in the process, for example in expressing his/her view.

"Procedural Justice" is the assessment by the respondent of the fairness of the procedures used to determine different outcomes with a focus on the fairness of the performance management. Of course, performance management (See above) being a process, both concept of procedural justice and performance management are interrelated,

"Distributive Justice" (Price, Mueller, 1986; Moorman, 1991) is the assessment by employees if the rewards received are related to performance inputs,

"Interpersonal Justice" is the extent to which employees perceive to be treated with respect by their supervisor in their organization / agency. The research item was developed by Colquitt (2001) who used the previous work of Greenberg (1993),

"Neutralization" is the technique used by people involved in crime to reduce their feeling of guilt (Sykes, Matza, 1957). As Skypes and Matza posited out: "these justifications are commonly described as rationalizations. They are viewed as following deviant behavior and as protecting the individual from self-blame and the blame of others after the act" (1957 : 666). Indeed, neutralization is sometimes called "justification" or "rationalization" (Zyglidoupolos, et. al., 2008). Though, some authors argue that guilt is not an issue, since for some offenders, crime is attractive (Topalli, 2006), neutralization is a key concept to explain the potentiality of white collar criminals to commit their wrongdoings (Cressey, 1951, 1953). As Ashforth and Anand noted "individuals and groups are motivated to resolve the inherent ambiguity that often surrounds action and outcomes in a manner that serves their self-interests" (2003 : 16).
μ, μ' and μ'' are error terms.

To test the model, data was collected through a survey questionnaire sent to a random sample of civil servants in Bhutan between October and December 2015. 1,334 civil servants in Bhutan responded completely to the questionnaire on-line or on paper format as explained earlier in Step 5-Evaluation Corruption. The survey questionnaire was created based on literature review as already described. For each question, the respondent had to answer his / her agreement using a 1-6 scale, never/always. The same scale was used for all questions, except for the demographics questions.

The method to calculate the cost of corruption in the civil service followed a three step process.

In the first step, adequacy of the measures was controlled by looking at the reliability of the individual measures and the discriminant validity of the constructs (Hulland, 1999).

For example, the dependent variable of the model is the employees' performance. To evaluate this variable, instrument developed by Salanova et al. 2005 which comprises 6 questions was used by adapting the questions to the Bhutanese context. An example of an adapted question is "Employees deliver an excellent service quality that is difficult to find in other organizations". An exploratory factor analysis (EFA) was done across the six items (an item is a question in survey questionnaire). Sufficient convergence suggested that it was valid to incorporate all items into one measure. The PLS (Partial Least Squares) structural equation modeling combined all items into a single measure of the employees' performance. Reliability was controlled using the alpha cronbach (0.879) and the Dillon-Goldstein' rho (0.909). Thus, indicating an excellent reliability of the measure.

A similar process was followed for all the other variables used in this research. Indeed, the adequacy of the measures was controlled by looking at the reliability of the individual measures and the discriminant validity (Hulland, 1999). For each construct, reliability of each item was controlled by looking at the loadings of the measures on their corresponding construct. Nearly all item loading of scales measuring the different constructs were above 0.8 (the minimum value was 0,621). Construct reliability of each variable was evaluated using Cronbach's alpha (the minimum is 0.783 above than the threshold of 0.77) and the Dillon-Goldstein's rho which is always above 0.874 (**Table 22**) except for performance management.

An important variable in the model was corruption. The measure of corruption is subjective as a survey questionnaire was used to collect data. Subjective measures have been used in scientific research for a considerable time now (Rose-Ackerman, 2007). For example, Welsch used subjective measures of well-being and corruption at the national level to show the damaging social consequences of corruption (2008). León et al. conducted a field study to individuals to assess well-being and corruption (2013). Instruments developed by the World Bank and used in previous management research such as Venard (2008, 2009ab) were used for this study. A particular aspect is to ask indirect questions to the respondents. This technique, common in the field of criminology, is less intrusive for the respondent. An example question is "In an organization like mine, civil servants need to make unofficial payments to public officials to get recruited". To evaluate the perception of corruption, 18 questions were asked using similar structure and the same scale. The variation of questions referred to different types of corruption: unofficial payment, favoritism and personal connection (in fact family and personal relationship in the questionnaire). For each type, the same question in relation to the different key HRM process: recruitment, promotion, transfer, training, performance appraisal, executive recruitment.

All variables were measured using instruments built and tested by different scholars such as for "job satisfaction" (Kim, 2005; Mason, 1995), "developmental opportunities" Gavino, et al., 2012), "procedural justice" (Colquitt, 2001), "distributive justice" (Price, Mueller, 1986; Moorman, 1991), "interpersonal justice" (Greenberg, 1993; Colquitt, 2001), "neutralization" (Collins et al., 2008) and performance management (Gavino et al., 2012).

In the second step, the model was tested using the Structural Equation Modelling technique known as PLS, or Partial Least Squares (Wold, 1982, 1985). PLS is based on an iterative combination of principal component analysis and regression. Structural equation modelling (SEM) allowed to test the theoretical model with 8 variables in correlations (Chin, 1998; Hershberger et al. 2003; Tenenhaus et al., 2005, Tenenhaus, 2008). The technique is widely used for explaining and predicting endogenous latent variables (Ringle, Sarsted, Straub, 2012). PLS is used since there is no required assumptions regarding multivariate normality (Hulland, 1999). SEM is especially effective in testing models that include latent constructs that are being measured with multiple indicators. A clear example is the latent variable 'Corruption' that is measured by 18 items (that is 18 questions). To perform the PLS analysis, we use the software XLSTAT (version 2014).

To analyze the quality of a structural model, researchers focussed on the strength of the indicator loadings, R^2 values and the significance of the structural path (Chin, 1998).

The analysis of the cross-correlation matrix (**Table 21**) provided support for the link between our key variables: corruption, developmental opportunities, job satisfaction and employees' performance. The various measures of our key concepts are significantly correlated with the level of performance, negatively for corruption and positively for job satisfaction and developmental opportunities. The various measures of the developmental opportunities, procedural justice, performance management, distributive justice, interpersonal Justice are also significantly and positively correlated with job satisfaction. Corruption is negatively correlated with job satisfaction. Corruption is positively and significantly correlated with neutralization. It is remarked that distributive justice is negatively correlated to corruption. This link is not presented in the final model as the model very complex. However, it is interesting to mention that this in line with other works showing that incentive pay structure in public administration is one of the ways to combat corruption (Bardhan, 1997).

	Developmental Opportunities	Procedural Justice	Distributive Justice	Interpersonal Justice	Neutralization	Corruption	Performance Management	Job Satisfaction	Performance
Developmental Opportunities	1								
Procedural Justice	0.287	1							
Distributive Justice	0.24	0.493	1						
Interpersonal Justice	0.244	0.517	0.46	1					
Neutralization	-0.03	-0.154	-0.124	-0.183	1				
Corruption	-0.059	-0.264	-0.187	-0.317	0.546	1			
Performance Management	0.314	0.689	0.443	0.519	-0.124	-0.213	1	0.622	
Job Satisfaction	0.32	0.64	0.51	0.696	-0.225	-0.367	0.622	1	
Performance	0.263	0.403	0.306	0.309	-0.123	-0.222	0.344	0.501	1

Table 21: Cross-correlations between the variables. Number of observations = 1334.

	Developmental Opportunities	Procedural Justice	Distributive Justice	Interpersonal Justice	Neutrlization	Corruption	Performance Management	Job Satisfaction	Performance
Number of items	3	6	5	4	5	18	4	5	6
Alpha Cronbach	0.783	0.858	0.95	0.881	0.841	0.968	0.765	0.824	0.879
Rho D.G.	0.874	0.894	0.962	0.919	0.888	0.972	0.857	0.878	0.909

Table 22: Description of the variables.

The predictive relevance of the main structural equation model was controlled using the global criterion of goodness of fit index (Gof). Gof is a measure for the overall prediction performance of a model (Tenenhaus et al., 2005; Vinzi, 2010; Vinzi et al., 2010). In the model used, the Gof index is 0.546, which shows a good prediction performance.

The results of the PLS analysis are shown in **Tables 23, 24 and 25**.

In the first model the relationship between neutralization and corruption was tested (**Table 23**). The R^2 is at the 0.298. Thus, 29.8% of the variance of the perception is explained by the neutralization. The value for

the t test for the latent variable neutralization is -23.786, showing the significance of the relationship. The path coefficient is + 0.546. The higher the neutralization, higher the perception of corruption. This is in line with previous academic works (Collins et al., 2008).

R^2 =	0.298
t =	-23.786
Path Coefficient µ (between neutralization and corruption (H1) =	0.546
Contribution to R^2 =	100%

Table 23: Results of Partial Least Squares Analysis concerning the link between the neutralization and corruption. P < 0.05.

In the second model, job satisfaction was explained with different variables (**Table 24**). The R^2 is high at + 0.640. 64% of the variance of the variable 'Job Satisfaction' is explained by the six variables: Developmental Opportunities; Procedural Justice; Distributive Justice; Interpersonal Justice; Corruption and Performance Management. The values for the t test for all latent variables are above 4, showing the significance of the relationships. The path coefficient β is the estimated value for path relationship in the structural model and should be evaluated in terms of sign, magnitude, and significance. The paths coefficients β between "Job Satisfaction" and all the different variables: Developmental Opportunities (path coefficient β = + 0.076), Performance Management (β = + 0.180), Procedural Justice (β = + 0.207), Distributive Justice (β = + 0.108), Interpersonal Justice (β = + 0.387) are always positive but negative as expected with corruption (β = - 0.127). This means employees are less satisfied by their job when they perceived their organization as being more corrupted.

Variable	t	Path Coefficient β between the variable and Job satisfaction =	Contribution to R^2 of the variable =
Developmental Opportunities	4.356	0.076	3.824
Procedural Justice	8.523	0.207	20.728
Distributive Justice	5.451	0.108	8.611
Interpersonal Justice	18.380	0.387	42.065
Corruption	-7.253	-0.127	7.290
Performance Management	+7.530	+0.180	17.482

Table 24: Results of Partial Least Squares Analysis concerning the link between job satisfaction and Corruption, Developmental Opportunities, Performance Management, Procedural Justice, Distributive Justice, Interpersonal Justice. R^2 = 0.640. P < 0.05.

In the third model, the relationship between employees' performance and corruption was evaluated, developmental opportunities and job satisfaction. Analysis demonstrated the influence of the 3 variables on the employees' performance. The R^2 is 0.265. This means that more than 26% of variance of the performance is explained by the developmental opportunities, job satisfaction and corruption. The values for the t test for all latent variables are above 2, showing the significance of the relationships. The path coefficient β of the developmental opportunities is positive at + 0.118, with a contribution to R^2 of 11.7%. The path coefficient

β of the job satisfaction is positive at +0.444, with a contribution of 83.9%. The path coefficient β of the corruption is negative at -0.052 (p<.05), with a contribution of 4.3% (**Table 25**). Thus, the employees' performance is higher when employees have more developmental opportunities and a higher job satisfaction. On the contrary, the employees' performance declines when they have a higher perception of corruption in their organization. Obviously, the most important variable in the model to explain performance is job satisfaction. Despite the fact that the negative influence of corruption on performance is limited (path coefficient at -0.052), the influence of corruption on performance should be considered.

Variable	t	Path Coefficient β between the variable and Performance=	Contribution to R^2 of the variable =
Developmental Opportunities	4.744	0.118	11.712
Corruption	-2.035	-0.052	4.311
Job Satisfaction	16.647	0.444	83.977

Table 25: Results of Partial Least Squares Analysis concerning the link between performance and Corruption, Developmental Opportunities, Job Satisfaction. R^2 = 0.265. Gof = 0.51. P < 0.05.

Variable	t	Path Coefficient β between the variable and Performance=
Bribery	-0.564	-0,021
Favoritism	-4.031	-0.270
Personal Connection	0.322	0.022

Table 26: Results of partial least squares analysis concerning the link between performance and bribery, favoritism, personal connection. R^2 = 0.065. P < 0.05.

Since corruption is a complex phenomenon that corresponds to different misconducts, the relationship between the perception of bribery, favoritism, personal connection and the dependant variable: employees' performance were tested. The variable corruption was sub-divided using the several relevant items in different sub-variables for the perception of bribery, favoritism and personal connection. For example, different questions related to the existence of bribery in the organization of the respondent were asked. The Alpha cronbach and Rho D.G. was controlled for all variables that were above the minimum value of 0.855 and 0.897 respectively. The items were built from a literature review, having being already used by scholars. The results were shown in **Table 26**. The R^2 is relatively low at 0.065 but is consistent with the previous model. The perception of the different types of corruption explained a limited part of the employees' performance. The only significant relationship is between favoritism (path coefficient β = -0.270, t= -4.031). All the other relationship between employees' performance and bribery and personal connection are not significant. Thus, higher the perception of favoritism in the civil service implies a lower level of employees' performance. This result validates previous diagnosis concerning the main risk of corruption in the civil service as being favoritism.

In the third step, we used the equation of the model, generated by the structural equation modelling as the following:

Employees' Performance = α + α1 Corruption + α2 Developmental Opportunities + α3 Job Satisfaction + μ

The above equation was based on the previous theoretical literature review and the coefficients produced by the modeling. This equation allowed the employees' performance to be calculated, taking into account for each observation (in our case, a civil servant), the scores of the latent variables. The modeling also helped to generate scores for the latent variables developmental opportunities, job satisfaction and corruption for all observations. Then a change of the corruption latent scores considering various hypotheses was simulated. Thus, knowing α, α1, α2, α3, μ and the latent scores of developmental opportunities and job satisfaction, simulation was carried out for a change of the latent score of corruption and predicted the impact on the employees' performance.

The results of the simulation are in the **Table 27**. Thus, if Bhutan had the same control of corruption as Hong Kong, the structural equation model predicts an increase of the performance in the civil service of +1.3%. Applying this % to the total salary of the civil servants in Bhutan, the benefits would be of Nu. 99.6 Million for a single year. Thus, if Bhutan had the same control of corruption as Japan or UK, the structural equation model predicts an increase of the performance in the civil service of +1.6% , applying this % to the total salary, the benefits would be of Nu. 122.6 million for a single year as shown in **Table 27**.

USA is integrated as bench mark for as Bhutan target to achieve 20th by 2020. According to the world bank estimations, USA has better control of corruption than Bhutan and it is a reasonable target for Bhutan. As the result, the cost of corruption in the civil service in Bhutan is estimated at a minimum of Nu. 17.9 million per year, due to its impact of employees' performance if the control of corruption is same as that of USA.

Country	Difference between the level of control of the country and Bhutan in %	Increase of employees' performance due to decrease of the level of corruption similar to the country	Cost of corruption in Nu. (Million)
Denmark	80.8%	+ 3.37%	257.9
Australia	49.6%	+ 2.07%	158.3
Japan or UK (1)	38.4%	+ 1.6%	122.6
Hong Kong	31.2%	+ 1.3%	99.6
USA	5.6%	+ 0.23%	17.9

Table 27: Results of the simulation to evaluate the cost of corruption in the civil service in Bhutan.

(P < 0.05. (1) According to the Word Bank index, Japan and the UK had in 2014 the same level of control of corruption. The difference between the level of control of corruption in Denmark and Bhutan was 80.8% in 2014 according to the World Bank index. Total salary cost in the civil service in Bhutan in 2014: Nu. 7658.545 million (salary cost = Pay + Allowances + Other Personnel Emoluments). Source: Department of Public Accounts, Ministry of Finance, 2014, Annual Financial Statement of RGOB for the year ended June 2014.)

6. RECOMMENDATIONS

The recommendations are presented in this section. The recommendations are strictly derived from our diagnosis of the nature, consequences and causes of the corruption in respective HRM processes in the civil service in Bhutan. The analysis of data collected proved that favoritism is the principal type of corruption in the HRM processes of civil service. Thus, favoritism was decided as the main focus.

The analysis indicated a negative effect of favoritism on job satisfaction and consequently on employee performance. The recommendations were built through specific desk research, further data collection and triangulation between the sources of information and the research team.

6.1 Improving HRC Functioning

There is a need to conduct awareness programs on Ethics and Integrity for HRC. It is important to use Information and Communication Technology to update the Civil Service Information System (CSIS) data and include modules or features for crosschecking information by the HROs and HRC Chairpersons.

Further, it will be useful if orientation programs on CSA 2010 and BCSR for HRCs can be conducted by RCSC to familiarise them and enable them to make objective informed decisions. It will also help in reducing their dependence on HROs and reduce the probability of HROs exercising their arbitrary and controversial discretion.

It is recommended to put in place a comprehensive code of conduct for HRC members to guide their conduct, reduce issues of CoI, ensure confidentiality in HRC discussions, and also set clear goals for HRC functioning and accountability in the HRM decision making process.

According to Carson, CoI exists when a person has difficulty in discharging his or her official responsibilities by virtue of being an employee of an organization either due to conflict between his or her own interest with that of his organization's or wishes to promote or thwart another person's interest which conflicts with the organization's interest (Carson, 1994). Similarily, OECD defines CoI as involving "*a conflict between the public duty and private interests of a public official, in which the public official has private-capacity interests which could improperly influence the performance of their official duties and responsibilities*" (OECD, 2003, p. 24).

The criticality of management of CoI has been highlighted by Loewenstein, Cain, & Sah who contend that CoI lay at the *"heart of many recent economic crises"*. In fact, corporate entities' collapse like that of Enron and WorldCom are partially attributed to CoI (Loewenstein, Cain, & Sah, 2011). Thus, there is a need to establish a process of identifying potential Conflict of Interests (CoI) at early stages of HRM processes. This can be done through declaration of close relatives or friends within the agency at the time of application by the applicants. Since the HROs are the key personnel in the HRCs smooth functioning, it is important that they play a vital role in managing CoI in HRM processes as identified in the new ToR of HROs (RCSC, 2015).

As Loewenstein, et al pointed out, every kind of agencies around the world are framing diverse policies to alleviate the ill effects of CoI but what cuts across all these different policies is, it is mostly limited to declaration of CoI (2011). The case in the civil service is no different. So to take alleviation of negative impact of CoI a step further, CoI management mechanisms needs to be put in place.

As per the OECD guidelines for managing CoI, CoI can be managed through building an organizational culture, which is intolerant of conflicts of interest through measures such as adopting practice of encouraging civil servants to come forth in talking and discussing issues of CoI and simultaneously putting in place mechanisms that deter misuse of such disclosure and creating and sustaining an atmosphere for open communication about integrity and promotion of it (OECD, 2003).

Further, based on the World Bank's practices, HROs should play a key role in managing this whole system of CoI declaration as identified in the new terms of reference for HROs, which highlights ensuring effective management of CoI (RCSC 2015). Additionally, the administrative expert role of HROs also calls for ensuring compliance with relevant procedures of CoI declaration. The agencies can have a common CoI form for all those members who declare as not having any CoI and separate forms for those who declare as having CoI. The CoI form should have a section where decisions after declaration of CoI could be noted. In the remarks section, the HRO must note if he or she observes any potential CoI even if the member has not declared.

An external control of CoI could be instituted whereby the CoI form signed by the HRC members and the final decision of the HRC could be sent to all the people affected by the HRC decision. For example, those people who are not selected for recruitment could be sent the list of HRC members that decided about their non-recruitment.

In order to promote transparency and accountability there is a need to establish mechanisms to invite or appoint external observers for key HRM decisions like for in-service recruitment. The external observers could be suggested by employees or chosen by RCSC for a fixed term. For, example some HR specialists from private companies or corporations are seen as potential external observers. The external observers will not participate in the debate or decision of the HRC meetings but will be required to adhere to the HRC code of conduct that includes complete confidentiality of the information and declaration of CoI.

On the same note, the standard operating procedures (SOP) of HRCs should be improved. This includes measures such as circulation of HRC meeting agenda not only to the HRC members for preparation but also to other employees for information; sharing of final minutes of HRC decisions to all the employees through electronic mail to make it cost effective; and holding the HRC meetings regularly like either weekly or monthly with fixed time and dates so that important HRM decisions on recruitment, training and promotion are made on time.

As a mechanism to hold the HRC accountable for their decisions and to enhance the objectivity of the decision along with auditing the HRM processes, HR audit must be carried out at least twice across all the agencies within a five year plan. This is in line with the Civil Service Act 2010 wherein it states "*The Royal Civil Service Commission as the central personnel agency of the Government shall: g) conduct periodic HR auditing across all agencies; h) conduct special investigation on HR actions where necessary;*" (CSA, 2010)

6.2 Exercising genuine compassion

An important Buddhist value of the human culture is compassion. However, our diagnosis have highlighted compassion could be misused in the HRM processes in the civil service. This finding resonates with the concerns highlighted by His Majesty during his visit to ACC on 15th July 2015, where His Majesty emphasized that "*jam dang nyinjey*" – compassion should not be misplaced while discharging individual's responsibilities. The interest of the larger society and its future must prevail over individuals' in using compassion in our duties.

Therefore, there is a need to build an authentic compassionate system based on correct use of wisdom. This should be carried out by strengthening public announcement of vacancies or slots with selection criteria for all relevant HRM processes. It is equally important to support announcement of shortlisted results with scores for specific criteria with ID codes of applicants to enhance transparency and accountability. Similarly, final results with scores for specific criteria by panels with ID codes of applicants must be made publicly available via the organization's website and public announcement.

Moreover, we recommend to construct a system of putting up the declared CoIs forms along with shortlisted list and final selection list on the agency's website. Also, a system of eliminating the highest and lowest marks awarded by interview panels must be established to rule out subjective rating due to favoritism. However, in such a case the minimum number of panellist should be five.

Further, the rules must be interpreted in both its letter and spirit to address broader societal and national issues in tandem with true application of compassion and wisdom. However, the practice of genuine compassion depends on the individual employees in the organizations and therefore, there is the need to infuse actual compassionate values in employees within the civil service agencies.

6.3 Strengthening HRO's Integrity Promotion role

To strengthen the HRO's role in terms of integrity promotion from what it is now, the 2015 ToR for the HROs should be implemented (RCSC, 2015). For instance, as per the 2015 ToR for HROs, HROs should promote values of ethics and integrity through education programs such as induction program of employees, training on ethics and integrity and monitoring should be implemented. Such critical role of HROs should also be reflected in their annual performance target or objective like number of education programs on ethics and integrity conducted, for example (RCSC, 2015). Similarly, HROs should promote transparency in the HRM process including HRM opportunities.

Further, in order to promote the integrity role and maintain high quality HR data in the organizations, there is a need for an adequate number of Human Resource Assistants in agencies particularly in the *Dzongkhags* and *Thromdes*. This can be decided after 2015 OD Exercise results. In addition, there should be a mandatory course on Ethics and Integrity for HROs on a regular basis. In fact the preparation of the HROs for this integrity role could be done by including a module or course on professional ethics and integrity before entering the civil service during the Post Graduate Diploma pre-service training period at RIM and Colleges of Education.

6.4 Improving enforcement

Accordingly, chapter 19 (Administrative Discipline) Section 19.2.6 of BCSR 2012 states the powers to impose a penalty on a civil servant (RCSC 2012). This section needs to specify which agency, such as Ministry or *Dzongkhag* or *Thromde*, it is referring to when it says agency.

Similarly, Section 19.9.10 of BCSR 2012 which deals with termination of a civil servant with or without post service benefits if convicted of any petty misdemeanor on the basis of the nature and gravity of the offence also requires further specificity and clarity in terms of defining the different natures of petty misdemeanour and degree of offence (RCSC 2012). In the same line, Section 19.9.4 and 19.9.5 of chapter 19 (Administrative Discipline), which provides minor and major penalties for the offences with a range of choices in each section (RCSC 2012) need further specificity in terms of offences and corresponding penalties.

To enhance enforcement, the HR Audit Unit at RCSC needs to be strengthened in terms of Complaints Management and Investigation of Administrative Cases. At the same time, effective coordination between the RCSC-HR Audit Unit with that of agencies like ACC, RAA, Internal Auditors and the HRO of the agencies needs to be strengthened through regular communication.

Furthermore, it is recommended that a separate complaint receiving cell be established with a designated officer and staff to deal with receiving and managing complaints while also ensuring confidentiality and anonymity. Similarly, the complaints management, investigation and follow up procedures should be established and implemented.

A system of whistle blowing will encourage an organizational culture with open communication system that will enable employees to raise concerns at an early stage and thereby prevent a larger future issue (Aid, 2008). In addition, the knowledge that there is a clear whistle blowing system and the agency is serious about dealing with wrongdoings will deter civil servants from indulging or considering to indulge in wrongdoings. At the same time, it is very important to provide protection to the whistle blowers through confidentiality and anonymity. For example, the whistle-blowers are protected under UK law of Public Interest Disclosure Act, 1998 which was enforced in July 1999 (Aid, 2008). The Civil Service Act 2010 provides a section on protection of respondents *"Protection of Informant: 42. A civil servant shall not victimize or discriminate another civil servant who reports breaches or alleged breaches of the Civil Service Code of Conduct"* (CSA, 2010. P. 20). However, it is recommended that an explicit policy on protection of whistle blowers be developed and included in the BCSR.

The concerns can be raised verbally or in writing but should provide full details and provide supporting evidences, if possible (Aid, 2008). The whistle blowing practice of Relief Aid could be adopted which requires a whistle blower to first report any wrongdoing concerns to the individual's supervisor. If it is inappropriate because the whistle blower believes that his or her supervisor is also involved then the concern is taken to the supervisor's supervisor or the HRO. Then the head of the agency is notified. In circumstances where it is not appropriate to raise the issue with one's supervisor or their supervisor or the HRO, the issue is then raised directly to the head of HR Audit unit (as cited in Aid, 2008).

6.5. Strict implementation of Conflict of Interests (CoI) to reduce the influence of Social Ties

To address the influence of social ties which could affect the objectivity of human resource decisions, it is important to establish a process of identifying potential Conflict of Interests (CoI) at early stages of human resource management processes. This requires the assessors or evaluators to declare CoI for all applicants at any time of application. Simultaneously the system should also have the applicants declare their close relatives or friends within the agency at the time of application. Drawing upon the World Bank's practice, it is important that an employee informs the Human Resources Manager when the employee knows that a relative of him or her is applying for job with the organization (World Bank).

Further, based on the World Bank's practices, Human Resource Officers (HROs) should play a key role in managing this whole system of CoI declaration as identified in the new terms of reference for HROs, which highlights ensuring effective management of CoI (RCSC 2012). Additionally, the administrative expert role of HROs also call for ensuring compliance with procedures of CoI declaration. It is recommended that the agencies to use two separate CoI as described below:

- A single common CoI form be signed by the members who do not have any CoI.
- Members having CoI to declare individually.
- A section for making decisions after declaration of CoI be incorporated in the form.
- A remarks section for the HR Officer to note if he or she observes any potential CoI even if the member has not declared be incorporated in the form.

In these forms the name and details of each HRC member should be typed for complete identification. Further, the members must sign on each form with legal undertakings.

Logically there is no problem with an agency recruiting or selecting a civil servant related to a member of selection panel for training or recruitment if that candidate fulfils the required criteria and can perform well. For example, giant organisations like World Bank accept the recruitment of the spouses of an employee upon fulfilment of selection criteria and the candidate could even be placed in the same department with the condition that one of them is not the supervisor of the other directly or indirectly (World Bank). However, it is recommended that as far as possible the heads of agencies and their spouses or close relatives be deployed in different agencies or organizations. If it cannot be avoided due to expertise area, then there should not be supervisory authority over each other.

The agency should also establish mechanisms to invite or appoint external observer while making key HRM decisions in terms of in-service recruitment. The external observer can be some HR specialists from private companies or corporations. The external observers will not participate in the debate or decision of the HRC meetings other than being required to adhere to the HRC code of conduct that includes complete confidentiality of the information and declaration of CoI.

CoI can also be detected through disproportionate assets holdings as in the case of UN where they use Financial Disclosure to identify CoI (UN). Providentially, Bhutan already has the asset declaration system

in place as a check and balance mechanism (BCSR, 2012) and ACC's plan to integrate CoI with the Online Asset Declaration system, is expected to further strengthen corruption prevention initiatives.

The influence of social ties on HR decisions can be weakened through reinforcement of public announcement of vacancies or slots with selection criteria for all relevant HRM processes and results of short listing process with scores for specific criteria with ID codes of applicants. Along with these, the practice of announcement of final results with scores for specific criteria by panels with ID codes of applicants should be enhanced. The declared CoIs forms along with shortlisted candidates and final selection result should be uploaded on the agency's website. In fact, reduction of influence of social ties can be further addressed through establishment of a system of eliminating the highest and lowest scores awarded by interview panels. However, in such a case the minimum number of panellists should be five.

6.6 Improving HRM Processes

6.6.1 Recruitment

To have the right number and kind of human resource at the *Dzongkhag* and *Thromde* level, the HROs should be involved in making decisions related to staffing by RCSC and central agencies. They should be asked to carry out human resource planning, wherein they would have to assess the human resource needs of their agencies both in terms of number and quality (knowledge, skills, abilities and others) along with organizational planning during the annual and five year plan to ensure consistency between HR needs of the organization and organizational target. This will help in aligning HR plans with the organizational goals and plans which is very essential to achieve high performance.

The decentralization of recruitment may be done based on the 2015 OD findings.

6.6.2 Performance Management and Promotion

It is recommended that implementation of the new PMS should be reinforced with a new dimension on monitoring and mentoring along with target setting and evaluating against the set target at the end of the stipulated time period.

There should be a clear link between core competencies identified for improvement and job description and job specification. Similarly, specific job ToRs should be developed for all the position levels.

Promotion should be linked with performance evaluation which would encourage civil servants to perform well. This will mean that promotion is not an automatic reward for being in service for a certain time period but a reward to real performers. Correspondingly, training also needs to be provided for low performers as a performance management mechanism rather than just as an incentive for good performers only (Reference). However, this requires objective performance rating which is taken care by the new PMS which obliges the civil servants to set their performance target in relation to their own position ToR. Similarly, the issue of stagnation is also taken care by the RCSC reform on career progression through super structure system that allows mobility for civil servants (RCSC, 2015). The same reform also provides opportunity to utilize the specialists effectively with greater mobility within the relevant field. However, agencies should institute ways to involve the specialists in decision making processes in areas relevant to their specialization.

6.6.3 Transfer

It is recommended that guidelines for effective coordination between the line agencies and the *Dzongkhags* or *Thromdes* be developed and implemented. This will allow smooth transfer process without hampering service delivery. At present, there is lack of uniformity and proper coordination between the line agencies and the *Dzongkhags* or *Thromdes*. However, it is suggested that the heads of agencies need to be consulted when their subordinates are transferred. The current practice of transfer coordination with Ministry of Education and *Dzongkhags* or *Thromdes* is seen as an effective way of addressing transfer issues.

In order to address motivational issues of employees working in remote places, it is suggested that transfer opportunities for civil servants serving in *Dzongkhags*, particularly in the remote places to urban centres and the head offices after few years of their service and *vice versa* should be strictly implemented. In addition, there is a need for strict implementation of the transfer of vulnerable groups in terms of the location as stated in the BCSR. An equitable deployment of experienced and new civil servants in the *Dzongkhags* and head offices or ministries should also be done.

6.6.4 Training

In order to have the new recruits performing at their best right from the early stages of entry into the civil service, mentoring program has to be initiated. To encourage the seniors to take up the role of a mentor, it could be included in their annual performance target. The 2015 RCSC reform of succession planning will no doubt take care of the issues related to lack of succession planning.

6.6.4.1 Short- term Training

Based on the analysis, it is recommended that the central agencies must decentralize the nomination and selection for training opportunities to the *Dzongkhags* or *Thromdes* rather than asking the *Dzongkhags* or *Thromdes* to endorse a candidate who has been already nominated or selected. On the same note, it is suggested that either some portion of central HRD budget from Ministries (short term training programs) be decentralized to *Dzongkhags* or *Thromdes* or the selection for such training programs be distributed in a fair and equitable manner with the *Dzongkhags* or *Thromdes*.

Further, it is proposed that relevance of civil servants' in terms of current work position be considered for nomination and selection in short term training programs. A clause on this may be added to section 9.4.3 of BCSR 2012.

In addition, a central database within the CSIS on training records be built, updated and made accessible to the HROs and HRC chairs so they will be able to monitor the frequencies of trainings and conferences attended. This will contribute towards fair and informed decision making.

Moreover, a committee at the Departmental or Regional level for training nominations should be established. This is because there is HRC to deal with training matters at the ministerial level but there is no HRC at the departmental or regional level. This allows a single person to make decisions regarding training nomination which goes to the ministerial HRC for approval. Also, it is important to make short term in and ex country training available for the support and operational employees at the *Dzongkhag* level.

It is suggested that there is a need to re-visit current system of defining rural place of posting and awarding points based on access to basic amenities as also the distance from the capital city. Similarly, the long term trained civil servants need to be deployed proportionately to *Dzongkhags* and *Thromdes*.

6.6.5 Executive Selection

In order to improve the executive selection, it is recommended to make public announcement of short listing and selection criteria with the vacancy announcement. It is equally important to institute an integrity vetting process for purpose of short listing. Also, a list of shortlisted candidates using their codes with scores for each criterion should be made accessible on the RCSC website. This will promote transparency in the HRM process. On the same note, it is important to make public announcement about the selected candidates through their codes with scores by each panellist on the RCSC website to promote transparency and accountability. Further, in order to address the deep rooted practice of favoritism, it is important to publicly state CoI declared by all members of the selection panel on RCSC website.

Additionally, integrity has to be included as a core component of executive selection criteria taking into consideration the fact that executives are the head of the organization. As the head, he or she has to play a very strategic role in upholding the value of integrity and promoting corruption free practices.

To further enhance the level of transparency and objectivity of executive selection, practices such as that of The University of California, Los Angeles, Sweet Briar College of Virginia, United States, Standford University or New York University where they make public announcement on their websites about the availability of an executive position can be adopted. Along with the announcement a document that forms the guidelines for the recruitment of the executive is also made publicly available. It is recommended that the public document includes the following: the composition of the selection committee members with names, positions, organizations and their competencies; role of the selection committee; selection tools to be used; the process of interview to be conducted and management of unsuccessful candidates (UCLA, 2015; SBC, 2006; Stanford, 2015; NYU, 2014).

Furthermore, review of current policy for executive recruitment and posting be considered, incorporating requirement of relevancy of educational qualification and experiences to the agencies be posted particularly for agencies requiring technical expertise for executives.

7. CONCLUSION

This research attempted to study whether selected HRM processes, namely, recruitment, promotion, transfer, selection for training, performance management, and executive selection were equitable, just, fair, transparent and accountable in the civil service. Current thinking on HRM and its strategic importance views transparency and accountability as core requirements for an HRM system that functions efficiently, effectively, equitably and responsively. An efficient, transparent, accountable and responsible HRM system places the right people in the right place, enhances individual and group motivation and thereby contributes to better service delivery.

Both the qualitative analysis (based on illustrative case studies and semi-structured interviews) and quantitative (based on complaints analysis and survey questionnaire) indicate that corruption in the form of bribery is low in the HRM processes of the civil service but corruption exists in the form of favoritism. It is important to acknowledge the quality of the civil service. They appeared to be the icon of energetic, collaborative, well selected and trained. Moreover, the RCSC has been able for years to set up strategic and operational objectives at the highest level. Thus, the recent RCSC reforms are perfectly in line with the GNH philosophy and ideology of sustainable development. However, despite the clear and commendable achievements of RCSC, this research highlighted some issues related to HRM processes such as weaknesses in HRC functioning, wrong application of compassion in organizations, potential lack of integrity, weak enforcement of BCSR, disturbing influence of social ties in HRM processes, alongside other issues concerning the various HRM processes.

However, on the brighter side, the issues can be addressed by an effective check and balance system through educating the civil servants on ethics and integrity and strict implementation of the existing BCSR 2012 by addition or modification of some clauses to it. One of the outstanding solutions to reduce the impact of favoritism on HRM processes and their decisions thereof is a proper system of managing Conflict of Interests and whistle blowing. This indicates the strategic role of HROs in enhancing transparency and accountability in HRM.

This research also complements the recent RCSC reforms such as OD exercise, Bhutan civil service system, succession planning and leadership development, performance management system and civil service welfare, and other reforms. The study reaffirms that the RCSC reforms are not only heading in the right direction but is also in sync with the times.

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GLOSSARY

Abuse of Authority: The abuse of authority is the improper use of a position of influence, power or authority by a staff member or non-staff personnel against another staff member or non-staff personnel or a group thereof.

Accountability: Accountability denotes bearer of a right and relationship between agents or agencies responsible for fulfilling or respecting that right. One basic type of accountability relationship is that between a person entrusted with a particular task or certain powers or resources, on the one hand, and the 'principal' on whose behalf the task is undertaken, on the other.

Clientelism: An informal relationship between people of different social and economic status: a 'patron' (boss, big man) and his 'clients' (dependents, followers, protégés). The relationship includes a mutual but unequal exchange of favors, which can be corrupt.

Conflict of Interest: Arises when an individual with a formal responsibility to serve the public participates in an activity that jeopardizes his or her professional judgment, objectivity and independence.

Collusion: Secret agreement or cooperation especially for an illegal or deceitful purpose.

Cronyism: Favorable treatment of friends and associates in distribution of the resources regardless of their objective qualification

Bribery: The act of taking or receiving something with the intention of influencing the recipient in some way favorable to the party providing the bribe.

Disproportionate Assets: Refers to asset of a person acquired at or around the time the person is alleged to have committed an act of corruption and whose value is disproportionate to one's lawful sources of income at or around that time and for which there is no reasonable or satisfactory explanation.

Dzongkhag: District

Dzongdag: Governor of a district

Embezzlement: Fraudulent taking of public property/fund for personal gain.

Favoritism: A normal human inclination to prefer acquaintances, friends and family over strangers

Forgery: An act of promising, offering or giving an advantage to a public servant as an inducement to or reward for performing or abstaining from performing directly or indirectly any act in his or her capacity as a public servant.

Gewog: Lowest administrative unit in Bhutan's three tiered governance system. A group of villages make up a Gewog and is translated as a block

HR Audit: An assessment of the implementation of all HR actions by the Agencies as per the provisions of the Constitution, the Civil Service Act, the BCSR and the other relevant rules with the view to ensure fairness and objectivity in the Civil Service.

Integrity: Adherence to a set of moral or ethical principles

Nepotism: A form of favoritism that involves family relationships.

Patronage: Support or sponsorship of a patron (wealthy or influential guardian). Patronage is used, for instance, to make appointments to government jobs, promotions, contracts for work, etc.

Thrompon: Mayor

Thromde: Municipality

Transparency: Transparency refers to open decision making based on sufficient information so that other agencies and general public can assess whether the relevant procedures are followed, consonant with the given mandate

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Annexure 1: HRM Sampling for Questionnaire Survey

SI. No	Major Occupational Groups	No. of Civil Servants	%	SUM %	Strata No.	Number of civil servants who will receive the questionnaire		
1	Education & Training Services	8,180	31.1	31.1	1	1504	N=	26320
2	General Administration & Support Services	4,312	16.4	47.5	2	793	n=	1452
3	Architectural, Engineering & Land Services	2,885	11	58.4	3	531	Response Rate	30
4	Medical and Health Services	2,715	10.3	68.7	4	499	Sample Size required	4840
5	Finance & Audit Services	1,589	6	74.8	5	292	Confidence level at 95%	
6	Forestry & Environment Protection Services	1,479	5.6	80.4	6	272	Margin of error at 2.5	0.021
7	Agriculture & Livestock Services	1,229	4.7	85.1	7	226		
8	Laboratory & Technical Services	933	3.5	88.6	8	172		
9	Legal, Judiciary and Legislative Services	471	1.8	90.4	9	87		
10	Information Communication &Technology Services	450	1.7	92.1	10	83		
11	Planning & Research Services	409	1.6	93.7	11	75		
12	Human Resource Services	386	1.5	95.1	12	71		
13	Library, Archives & Museum Services	381	1.4	96.6	13	70		
14	Transportation & Aviation Services	261	1	97.6	14	48		
15	Executive Services	236	0.9	98.5	15	43		
16	Trade, Industry & Tourism Services	132	0.5	99	16	24		
17	Sports & Youth Services	121	0.5	99.4	17	22		
18	Arts, Culture & Literary Services	82	0.3	99.7	18	15		
19	Foreign Services	69	0.3	100	19	13		
	Total	**26,320**	**100**			**4840**		

HRM Sampling Final Version 15 September 2015

Annexure 2: Sample Interview Guide
Social talk: If any, exchange of business cards

Thank you very much to have accepted to be interviewed.

I am X, researcher at RIM and I am doing a research about HRM. Despite recorded, the interview is totally confidential and anonymous, and neither your name nor your organization name will be used.

There is no right or wrong answer.

I want to have your perspective about the matter.

Could you please read this respondent consent form (hand over a copy of the consent form).

The interview will be divided into 2 topics: first, I would like you to talk about yourself and then HRM decision process and improvements.

Questions

YOURSELF

1. Could you introduce yourself, in terms of education and experiences in order for me to understand what your perspective on this topic is (if not given, ask for year of birth, probing questions year of graduation, year of joining the civil service, year of getting the current position).

2. Could you describe your organization/department/Division/Sector?

3. What is your actual title (if not already given or no business card)?

4. What are your actual responsibilities?

5. What are key objectives given to you by your organization?

HRM

6. What are the priorities (Initiatives) of your agency in the HR domain at present?

7. What are the challenges of your organization/department/Division/Sector regarding HR?

8. What are **YOUR** difficulties in doing your job as HRO?

9. Is there any situation where you cannot follow the formal HRM processes of BCSR due to lack of time and resources, please describe?

10. Imagine that you have lot of time and resources, what will you do to improve your performance?

11. There are important reforms done by RCSC. From your point of view, what could be improved in recruitment?

12. What could be improved in promotion?

13. What could be improved in transfer?

14. What could be improved in Performance Management?

15. What could be improved in Training?

16. What could be improved in Executive Selection?

17. In order to make HR decisions more effective, HRC have been created few years back in the agencies, what are potential areas for improvement in HRC functioning?

18. Who are the key decision makers in HRC in your agency?

19. Does the legal officer always participate in the HRC?

20. As HRO, how could you improve the HRC functioning? (***Probing ….. Is it a problem? Can you explain/give examples without giving names?***)

21. In an agency like yours, what could influence HR decisions not following the formal processes?

22. In an agency like yours, what types of abuse of power you could face in HRM?

23. In an agency like yours, could you describe a specific situation where abuse of power did influence HR decisions without giving any name?

24. Do you believe that social relationship may influence HR decisions? Please explain.

25. In an agency like yours, what could be the consequences of abuse of power, favoritism, nepotism (**the words the interviewees use**) in HRM?

26. What could be the cost for our country of *(abuse of power, favoritism, nepotism (the words the interviewees use)* influencing HR decisions?

27. In an agency like yours, how could we evaluate this cost? (**What about motivation, performance, resignation, etc…)**

    Summarize key problems shortly and then

28. What could be the solutions to resolve *(Abuse of power, favoritisms, nepotism-Use respondent's words)* that you could propose?

29. What could be done practically to increase transparency in HRM processes?

30. What could be done practically to increase accountability in HRM processes?

31. Are there any subjects that we have not covered but that you think are important in order for me to understand in relation with HR and corruption? (warm and nice)

32. Are there any reports / documents that you think I should read about HRM, corruption, or any other related subjects? (Could you provide me with a pdf copy?)

33. Who do you recommend me to meet about HRM and corruption in Bhutan and any related subjects?

THANK YOU FOR YOUR PARTICIPATION

Annexure 3: Sample Survey Questionnaire (few sample questions extracted)
RIM RESEARCH – QUESTIONNAIRE Version 27

Reference Number (Please do not write anything in this table)	
Please write the date, you filled this questionnaire:	(_ _ / _ _ / 2015)

Transparency & Accountability in HRM processes in the civil service in Bhutan.
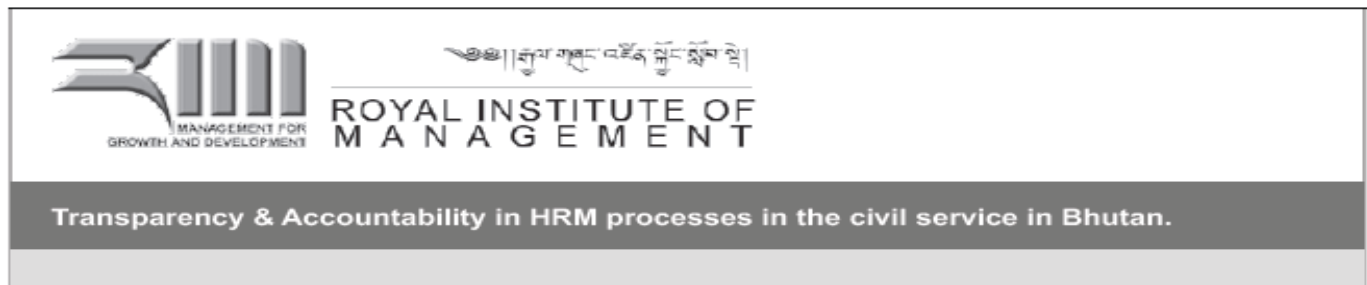
Dear Dasho/Aum/Sir/Madam

We would like to thank you for agreeing to participate in our research.

The Royal Institute of Management is conducting a research on transparency and accountability in HRM processes in the civil service. The goal of this survey is to gather information and opinions about HRM processes and practices in the civil service. Ultimately, the information gathered here will be published in a scientific journal. This research will also help to develop new policies and programs that enhance transparency and accountability in the HRM processes.

The duration of the survey will be about 45 minutes. The questionnaire has 277 questions.

The information obtained here will be held in the **strictest confidentiality**.

Neither your name nor the name of your organization will be used in any document based on this survey. In this survey, the word "organization" refers to your Ministry, agency or any other government institution where you work.

There is no right or wrong answer. We want your perception.

If you have any question about this research, you could directly contact Ms Tshering Lhamo (tshelha84@gmail.com).

PLEASE ANSWER THE QUESTIONS BELOW:

1. What is your gender? [*Tick* ($\sqrt{}$)]
    a. Male   **b. Female**

2. What is your year of birth? Please give the year only).
....

3. What is your highest qualification? (Please select below in the appropriate answer)
    a. **Class VIII and below**

b. **Class X**
c. **Class XII**
d. **Diploma**
e. **Bachelor**
f. **Master**
g. **Doctorate/ PhD**

4. When were you first appointed in the civil service (Give the year only)
……………………………………

5. What is your position level? (Please select below in the appropriate answer)
…………………………………………..

6. When were you appointed in your position level, given in the question 5? (Please give the year only).
....

7. What is your current job title? (Please indicate below)
……………………………………

8. When were you appointed in your current job, given in the question 7? (Please give the year only).
…………………………………….

INSTRUCTION

For each statement below, please choose the word that best describes how you feel about each one of them (Never, Seldom, Sometimes, Frequently, Mostly, Always or I Don't Know. Some statements could look similar to others. However, it is important that you take the time to respond to all.

Below are some examples of questions used in the survey questionnaire.

Only 3 questions are given for each concept. Some concepts could be measured with much more question (the maximum being 18 questions for corruption).
Procedural Justice (Colquitt, 2001)
In my case, the performance evaluation procedures have been applied systematically.
In my case, the performance evaluation procedures have been applied fairly.
In my case, the performance rating has been based on accurate information.
The performance evaluation procedures follow ethical guidelines.
Distributive Justice (Moorman, 1991)
I am fairly rewarded considering my responsibilities.
I am fairly rewarded in view of the amount of experience I have.
I am fairly rewarded for the amount of effort I put forth.
Interpersonal Justice (Colquitt, 2001)
My supervisor treats me in a polite manner.
My supervisor treats me with dignity.
My supervisor treats me with respect.
Job Satisfaction (Kim, 2005)
My job provides a chance to do challenging and interesting work.
I feel good about my job—the kind of work I do.
Overall, my organization is a good place to work.
(Venard, 2008, 2009a&b)
In an organization like mine, civil servants need to make unofficial payments to public officials to get recruited.
In an organization like mine, favoritism influences decisions regarding recruitment.
In an organization like mine, family or personal relationships influence decisions regarding recruitment.
Neutralization of corruption (Collins, et al., 2009)
Businesses generally engage in various types of corruption in order to compete effectively in Bhutan.
Engaging in various types of corruption is a normal part of doing business in Bhutan.
In Bhutan, irregular, additional payments to government officials are required to 'get things done'.

ABBREVIATIONS

ACC	Anti-Corruption Commission
ACAB	Anti-Corruption Act of Bhutan
BCSR	Bhutan Civil Service Rules and Regulations
CSIS	Civil Service Information System
CSA	Civil Service Act
CSO	Civil Society Organization
CoI	Conflict of Interests
ESP	Elementary Service Personnel
HRC	Human Resource Committee
HRD	Human Resource Development
HRM	Human Resource Management
HRO	Human Resource Officer
MoLHR	Ministry of Labour and Human Resources
MoF	Ministry of Finance
NIACS	National Integrity and Anti-Corruption Strategy
NGO	Non-Government Organization
NSB	National Statistical Bureau
OD	Organizational Development
PCS	Position Classification System
PMS	Performance Management System
RCSC	Royal Civil Service Commission
RGOB	Royal Government of Bhutan
RIM	Royal Institute of Management
RUB	Royal University of Bhutan
ToR	Terms of Reference