Civil Service HRM Reforms in a new Democracy: The Case of Bhutan

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Abstract

The civil service in developing countries plays an important role in socio-economic development, strengthens good governance and provides continuity to the government. To date, most civil service human resource management (HRM) research has been on developed countries and there is limited empirical civil service HRM research on developing countries. Bhutan has received little research attention and research is sparse that investigates Bhutan Civil Service HRM strategies, policies and practices, and their contribution to achieving the national goal of Gross National Happiness (GNH). To address this research gap and contribute new knowledge to the civil service HRM literature, this study has examined: (i) the HRM model of the Bhutanese civil service in comparison to Brewster’s (1995) HRM model, and (ii) how and to what extent the civil HRM policies and practices contribute to achieving GNH. A qualitative case study approach was adopted. A total of 32 participants were purposively selected and interviewed, comprising senior and highly experienced civil servants. The data were analysed based on the framework of Brewster’s (1995) HRM model and major themes arising from the semi-structured interviews.

The thesis found that the Bhutanese civil service model of HRM differed from Brewster’s (1995) HRM model in significant ways. The 1998 devolution of executive authority from the King and change of government to parliamentary democracy in 2008 acted as a catalyst to influence the civil service and civil service HRM strategy. While Bhutan is dependent on international aid, the data suggest that there was no compulsion on Bhutan to adopt a western management system, in contrast to other aid dependent developing countries. The findings show that at the environmental level, the international context (donor aid countries, UN agencies, international financial institutions) therefore have indirect rather than direct influence on the HRM policies and practices of the Bhutanese civil service. At the national context, four important factors – GNH, government/legislative system, socio-economic development and leadership of the fourth king – have influenced the Royal Civil Service Commission’s RCSC’s corporate strategy and HRM strategy of the Bhutanese civil service. Overall, this study further finds that the GNH principles
founded on the Buddhist values and principles of harmony, equity and fairness, accountability, trust and well-being influence the national HRM context and the civil service HRM strategies and policies. The Bhutanese values, norms, beliefs and attitudes embedded in GNH provide a guiding framework for the HRM strategies and policies in the civil service. As proposed in Brewster’s (1995) HRM model, the government, legislative system, socio-economic development and national HRM context were found to influence HRM reforms in the civil service. There are however some contextual factors in Brewster’s (1995) HRM model that are as yet not relevant for Bhutan. For instance, trade unions do not exist in the national HRM context of Bhutan.

The study finds that the HRM of the Bhutanese civil service is meeting its strategic objective of achieving GNH. At the corporate strategy level, HRM strategy level and HRM practice level, elements including the creation of an apolitical, small and efficient civil service, devolved decision-making and merit-based recruitment; training and promotion contribute to achieving GNH. Ongoing civil service HRM challenges are found to include equitable compensation, youth employment, and flexible employment practices to support work-family balance. The study findings extend the applicability of Brewster’s (1995) HRM model for analysing different factors influencing civil service HRM policies and practices in developing countries.
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<tbody>
<tr>
<td>ACC</td>
<td>Anti-Corruption Commission</td>
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>AFD</td>
<td>Administration and Finance Division</td>
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<tr>
<td>APS</td>
<td>Australian Public Service</td>
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<td>ANZAM</td>
<td>Australian and New Zealand Academy of Management</td>
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<td>AusAID</td>
<td>Australia Awards Scholarships</td>
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<td>BCSR</td>
<td>Bhutan Civil Service Rules</td>
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<tr>
<td>CBS</td>
<td>Centre for Bhutan Studies</td>
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<tr>
<td>CCP</td>
<td>Chinese Communist Party</td>
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<tr>
<td>CPC</td>
<td>Communist Party of China</td>
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<td>CSC</td>
<td>Civil Service Commission</td>
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<tr>
<td>BDID</td>
<td>British Department for International Development</td>
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<td>DYT</td>
<td><em>Dzongkhag</em> Development Committee</td>
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<tr>
<td>ECB</td>
<td>Election Commission of Bhutan</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FAO</td>
<td>Food and Agricultural Organisation</td>
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<td>GATT</td>
<td>General Agreement on Tariff and Trade</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GG</td>
<td>Good Governance</td>
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<td>GNH</td>
<td>Gross National Happiness</td>
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<td>GNHC</td>
<td>Gross National Happiness Commission</td>
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<tr>
<td>GOI</td>
<td>Government of India</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>HRM</td>
<td>Human Resource Management</td>
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<td>HRMC</td>
<td>Human Resource Management Committee</td>
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<tr>
<td>ICFTU</td>
<td>International Confederation of Free Trade Unions</td>
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<td>ICIMOD</td>
<td>International Centre for Integrated Mountain Development</td>
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<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
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<tr>
<td>IFAD</td>
<td>International Fund for Agriculture Development</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>JIDE</td>
<td>Japan Institute of Developing Economies</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>MFA</td>
<td>Ministry of Foreign Affairs</td>
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<td>MNEs</td>
<td>Multi-national Enterprises</td>
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<td>MOE</td>
<td>Ministry of Education</td>
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<td>MOLHR</td>
<td>Ministry of Labour and Human Resources</td>
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<tr>
<td>NAB</td>
<td>National Assembly of Bhutan</td>
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<td>NCWC</td>
<td>National Commission for Women and Children</td>
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<td>NPM</td>
<td>New Public Management</td>
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<td>NUFFIC</td>
<td>Netherlands Universities Foundation for Int. Cooperation</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
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<tr>
<td>PC</td>
<td>Planning Commission</td>
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<tr>
<td>PCS</td>
<td>Position Classification System</td>
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<tr>
<td>PDP</td>
<td>People’s Democratic Party</td>
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<tr>
<td>PVM</td>
<td>Public Value Management</td>
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<tr>
<td>QUT</td>
<td>Queensland University of Technology</td>
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<tr>
<td>RCSC</td>
<td>Royal Civil Service Commission</td>
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<tr>
<td>RGOb</td>
<td>Royal Government of Bhutan</td>
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<tr>
<td>RIM</td>
<td>Royal Institute of Management</td>
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<tr>
<td>RAA</td>
<td>Royal Audit Authority</td>
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<tr>
<td>RUB</td>
<td>Royal University of Bhutan</td>
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<tr>
<td>SAARC</td>
<td>South Asian Association for Regional Corporation</td>
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<tr>
<td>SES</td>
<td>Senior Executive Service</td>
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<tr>
<td>SHRM</td>
<td>Strategic Human Resource Management</td>
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<tr>
<td>SIHRM</td>
<td>Strategic International HRM</td>
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<tr>
<td>TICA</td>
<td>Thailand International Development Cooperation Agency</td>
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<tr>
<td>UNCAD</td>
<td>United Nations Conference on Trade and Development</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
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<tr>
<td>UNESCO</td>
<td>UN Educational, Scientific and Cultural Organization</td>
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<tr>
<td>WB</td>
<td>World Bank</td>
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<tr>
<td>WHO</td>
<td>World Health Organisation</td>
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<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
</tr>
<tr>
<td>VET</td>
<td>Vocational Education and Training</td>
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<td>VTI</td>
<td>Vocational Training and Institutes</td>
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Statement of Original Authorship

I, Ugyen Tshewang, declare that this thesis titled ‘Civil Service HRM Reforms in a new Democracy: The Case of Bhutan’, has not been previously submitted to meet requirements for an award at this or any other higher education institution. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made.

QUT Verified Signature

_________________________

Ugyen Tshewang:

Date: 2 November 2015
Acknowledgements

‘An investment in knowledge always pays the best interest’.
- Benjamin Franklin

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Chapter 1: Introduction

1.1 INTRODUCTION

In a less developed country with a limited private sector, the civil service is one of the most important institutions for promoting socio-economic development and a major provider of employment (Blackman, O'Flynn, & Mishra, 2010; Dorji, 2007; O'Flynn & Blackman, 2009). In an emerging democracy and a small developing country, the civil service also plays a crucial role in strengthening democracy through its impartial and apolitical actions. The very high expectations placed on the civil service in Bhutan make this small country a most interesting context for studying public sector reforms. In 2007, His Majesty King Jigme Khesar Namgyel Wangchuck (RCSC, 2014) pointed out that:

….the Royal Civil Service Commission [RCSC] should focus on bringing about required reforms of the civil service, in time for it to facilitate and support the emergence of democracy, meet the challenges of building a dynamic economy and to fulfil its role in achieving the goals of Gross National Happiness [GNH].

Yet little is known about the Human Resource Management (HRM) of the Bhutanese civil service and how it contributes to achieve the national goal of Gross National Happiness (GNH). Bhutan’s overall development philosophy is based on the concept of GNH, coined by the fourth king in 1974, which challenges the conventional concept of GDP for measuring the progress of the country. Instead it considers the psychological and social wellbeing of the citizens and the need to balance between economic growth and social development (Jigme, 2010; O'Flynn & Blackman, 2009; Ura, Alkire, Zangmo, & Wangdi, 2012). The Bhutan constitution of 2008 requires the state to provide the necessary conditions to pursue GNH so that the wellbeing and happiness of the people is achieved at the national level (Dorji & Schreven, 2007; Ura, et al., 2012). Bhutan’s development concept is based on the four pillars of GNH: preservation and promotion of culture, sustainable development, good governance, and conservation of natural environment (Hershock, 2004; Planning Commission (PC), 1999; Ura, et al., 2012). The role of the civil service is crucial to strengthening good governance, which is one of the four pillars of GNH.
However, the literature is silent on the extent to which the HRM policies and practices of the Bhutanese civil service contribute to achieving GNH.

This thesis presents the findings of an investigation of the HRM model of the Bhutanese civil service and how its HRM policies and practices contribute towards achieving GNH. This study is organised into six chapters and in the first chapter, the research is introduced and the rationale for the study justified. Section 1.2 presents the research background, while Section 1.3 discusses the research problems and questions. Section 1.4 and Section 1.5 outlines the research purpose and research methodology. Section 1.6 defines key terms, Sections 1.7 and 1.8 outline the research contribution and the structure of this document respectively.

1.2 BACKGROUND TO THE RESEARCH

Bhutanese civil service HRM is relatively new and reflects Bhutan’s national culture, socio-economic development, political-administration and international influences. HRM in the Bhutan Civil Service is managed by the Royal Civil Service Commission (RCSC) which is constitutionally an independent organisation tasked with ensuring fair treatment, adherence to merit-based HRM policies and practices, and the maintenance of an apolitical civil service to minimise the influence of the politicians and nepotism in HRM decisions. The Civil Service Act 2010, Bhutan Civil Service Rules (BCSR) and the Constitution of Bhutan, 2010 provide broad and specific guidance to the RCSC and HRM Committees to carry out their mandates.

Bhutan established its parliamentary democracy in March 2008, which has flow-on implications for the management of the civil service and its HRM strategies and policies. The establishment of democracy involved the transfer of executive authority from the monarch to the elected leaders of the government.

This study makes an important contribution to our knowledge: no previous empirical study has been conducted to examine whether the reforms in the Bhutanese civil service were inspired by the international context or the national context and whether the HRM policies and practices in the civil service contribute towards achieving GNH. Using Brewster’s (1995) HRM model as a conceptual framework, this study intends to fill this research gap. Thus the focus of the research is twofold, to: (1) investigate the HRM model of the Bhutanese civil service in comparison to Brewster’s (1995) HRM model, and (2) evaluate whether the civil HRM policies and
practices contribute to achieving GNH. To align to the changes in the government, several reforms in the civil service were carried out. These included the decentralisation and devolution of major HRM functions, such as employment, training, promotion, performance and disciplinary measures, to locally based civil service organisations; and the introduction of a new institutional structure of Ministry-level Human Resource Management Committees (HRMC) with the Secretary and Directors of Ministries as members (Blackman, et al., 2010). All these major changes are HRM strategies intended to align to the new environment (Royal Government of Bhutan (RGOB), 2005).

To gain a better understanding of the HRM of the Bhutanese civil service and its contribution to GNH, this thesis uses three important research streams: the literature on the Bhutanese development philosophy of GNH; the literature on civil service reforms in both developed and developing countries, which includes literature on New Public Management (NPM) and Public Value Management (PVM); and the application of HRM models to national and international contexts.

Public service management practices have been transforming both in developed and developing countries. Governments across the globe have launched public sector reforms since the early 1970s (Ferlie, Lynn, & Pollitt, 2005). Traditionally the public sector in developing countries has been under pressure from donor countries, international financial institutes and globalisation (Aucoin, 1990), to change and innovate for greater efficiency and effectiveness. Further, owing to socio-economic forces and political systems, Pollitt and Bouckaert (2004) assert that by the early 1980s there was a paradigmatic shift to NPM from the bureaucratic or traditional public administration. While recognising its strengths, NPM has its inherent limitations (Turner, 2002), and that led to another paradigmatic shift to PVM in the early 2000s (Alford & Hughes, 2008; Spano, 2009).

In democratic governance, public sector HRM serves as one of the main implementation arms of the government (Woodward, Parkin, & Summers, 2006). Public sector or civil service human resource management is defined as management of HRM of employees working in the government organisations (Nunberg, 1995; Stanova, 2014). Civil service HRM has two main functions (Stanova, 2014; Wright & Snell, 1991): (1) strategic functions which take care of alignment and implementation of HRM and business strategies, and (2) transitional HRM functions
which are concerned with the delivery of HRM services, such as capacity development, recruitment, reward and other related HRM functions.

The function of the civil service has evolved over time from the political and parliamentary realm (Rhode, Wanna, & Weller, 2009) across cultures and nations. The principles reflected in the Northcote-Trevelyan Report on the Civil Service of 1854 are still regarded as the main foundation for the modern civil service (Rhode, et al., 2009; Turnbull, 2005). These principles include: merit based appointment, central recruiting, political neutrality and an internal labour market with standardised conditions (Brown, 2004; Colley, 2012a; Colley & Head, 2013; Colley, McCourt, & Waterhouse, 2012; Thornthwaite, 2012).

The NPM model, which is derived from private sector principles, meant that governments attempted to address the unresponsiveness and authority of public servants (Colley, 2011). Based on the NPM model, government services were contracted out to the private sector; a reform intended to weaken the model of career or tenured service and make public service more responsive (Colley, 2011). Civil service reform initiatives undertaken by many developing countries in the early 1990s have resulted from the public sector reforms in the developed western countries being extended to developing countries by donor agencies, such as the World Bank, International Monetary Fund (IMF), Asian Development Bank (ADB), and the United Nations Development Programme (UNDP) (Burns, 2001). For example, the modernisation of HRM in the civil service of Romania was partially driven by external agencies such as the World Bank, International Labour Organisation (ILO), and European Union (EU) (Poor & Plesoianu, 2010).

NPM reforms have led to the fragmentation of the civil service system and a decrease in coordination and monitoring of the service, since central personnel agencies were abolished in Australia, New Zealand, the UK and other developed countries (Colley, et al., 2012; Colley & Price, 2010; Pollitt, 2009). The NPM model of HRM in the public sector dismantled recruitment to an internal labour market and reduced career employment security (Brown, 2004). Parker and Bradley (2004) assert that the reduction of public sector employment created fear, tension and feelings of job insecurity amongst public servants. One of the limitations of the NPM model reforms is the possibility of undermining the values of the public domain through emphasising commercial culture (Stewart & Walsh, 1992). More recently,
and in a reaction to the NPM framework, a new paradigm shift, the Public Value Management (PVM) has emerged.

The theory of Public Value Management (PVM) was first articulated by Mark Moore (1995). He proposed that the ultimate aim of the government in the public sector is to create public value (Grant & Fisher, 2011). Public value is defined as a ‘multi-dimensional construct’ through which the government is able to create value through service regulations, rules and laws (O’Flynn, 2007, p. 358). PVM represents a new way of thinking beyond the market-oriented approach which is dominant in NPM (Hefetz & Warner, 2004; Kelly, 2002; Moore, 1995).

Public sector agencies create value when agencies are able to meet the needs of citizens (Moore, 1995). Hefetz and Warner (2004) assert that the public manager exercises a much broader responsibility which is beyond private sector responsibility whose main focus is profit making. Public value is a new form of institutional governance in which users and providers collaborate and work in partnership to run the public institution effectively; in other words cooperation between politicians, public managers, public and private organisations is essential to aid the public service in better creating maximum public value (Smith, 2004; Spano, 2009; Stoker, 2006). PVM model elements include: constructive interaction between stakeholders and the public sector; transparency; modernisation of employment; and a client orientation. Alford and O’Flynn (2008), Kelly, et al. (2002), and Samaratunge and Wijewardena (2009), argue that the narrow approach of NPM with its focus on efficiency, effectiveness and performance neglects the broader democratic and social values of equity, due process, transparency, and accountability which are important elements of public value. These values are similar to values of GNH.

The extant literature on HRM strategies and practices in civil or public service and public administration focuses on what happens within a civil service and how the civil service responds to changes in the external environment, especially changes to government’ beliefs about the role of a civil service. One of the important HRM models which integrates internal strategy factors and also takes the external environment into account is Brewster’s (1995) HRM model. It is most relevant for this study as it integrates external and internal HRM strategic factors more comprehensively and accommodates the multi-level HRM influences present in a national HRM context.
Brewster (1995) asserts that these environmental factors interact between themselves and interact with the organisation level factors that comprise corporate strategy, HRM strategy, and HRM practice. The external environmental factors consist of: international influences (such as international bodies); national level influences (national culture, legislation and social factors); and national HRM practices (education, training, and involvement of trade unions). There is also an interaction between the factors at the organisation and external environment level. Brewster’s (1995) model calls for an empirical testing to assess whether this HRM model is applicable to other countries.

Extant HRM research has been conducted primarily in organisations in industrially and economically advanced countries. Although previous research has addressed HRM across government and corporate sectors, limited work appears to address civil service HRM in countries transitioning to modern socio-economic systems. Hence, there is a research gap in the operationalisation and contribution of government organisations in small and developing countries. It is important to study the Bhutan civil service HRM policies, practices and their contribution to GNH as the HRM in the Bhutanese civil service is one of the main sources of employment in Bhutan and the size and scope of civil service activities span all sectors of the national economy in the country. Further, there is a sparse literature exploring the government sector of the Kingdom of Bhutan and limited research that specifically investigates Bhutan Civil Service HRM, its strategies, policies and practices, and their contribution to the achievement of national GNH goals.

Brewster’s (1995) HRM model helps to conduct a multi-level analysis of international context, national context and national HRM context at the environmental level. Similarly, it facilitates an analysis of HRM policies and practices of corporate strategy, strategic HRM and HRM practice at the organisation level. Batt and Hermans (2012) argue that strategic HRM researchers have not paid enough attention to integrating organisation level and institutional level HRM research or what Brewster (1995) terms, environmental level context. This research offers an opportunity to address this gap. Further, very little is known about the HRM reforms in Bhutanese civil service.
1.3 RESEARCH PROBLEMS AND QUESTIONS

This study examines and analyses the impact of the Bhutanese civil service reforms in the new democracy that is Bhutan. As a new democracy and a developing nation, Bhutan has had the freedom to develop solutions to best meet its own development needs and for the civil service to play a role in shaping Bhutan’s socio-economic development. However, there is minimal research on Bhutan’s civil service and it is timely to investigate whether the HRM reforms in the Bhutanese civil service are achieving their desired goals of building GNH. There have been two major civil service reforms (in 1998 and 2006) resulting in the devolution of major HRM functions from the central personnel agency of the Royal Civil Service Commission to line ministries and agencies. No previous empirical study has examined what has motivated the reforms in the Bhutanese civil service. Using Brewster’s (1995) HRM model, this study examines how various national and international factors determine HRM policies and practices of the Bhutanese civil service.

Brewster’s (1995) HRM model suggests that the international context, national context, and national HRM context of a nation influence the HRM strategies, policies and practices of organisations within that nation. However, research into how these factors affect the HRM policies and practices in the civil services of developing countries is sparse and in the case of Bhutan, little extant work is available. This study attempts to address this gap using Brewster’s (1995) HRM model as a framework to examine the case of Bhutan. Based on these research issues and the issues mentioned in Section 1.1 above, this study addresses the following two research questions:
Research Question 1

What is the model of HRM in the Bhutanese civil service?

Research Question 2

What is the alignment between civil service HRM and the goals of GNH?

1.4 PURPOSE OF THE RESEARCH

The primary purpose of this research is to analyse and examine how the HRM model of the Bhutanese civil service is shaped by various contextual factors which include the environmental level or external level (international context, national culture, and national HRM Context) and factors at organisational level (corporate strategy, strategic HRM, and HRM practice) in comparison to Brewster’s (1995) HRM Framework. The other important purpose of this research is to examine how the HRM policies of the civil service, which is one of the main institutions in a developing country such as Bhutan, contributes to achieving GNH. Literature on GNH, Strategic Human Resource Management (SHRM), the traditional public administration system of civil service, NPM and PVM have been examined. Each of these bodies of literature has implications for the way in which the civil service is structured and the associated HRM policies and practices adopted. In turn, these influence the contribution of a civil service to its socioeconomic goals and the contribution of civil service HRM policies and practices to achieve national happiness.

Relatively little is known about Bhutan. Gallenkamp (2011, p.1) states that ‘the Kingdom of Bhutan is probably the most understudied country in South Asia’. With the exception of a few scholars, for instance research by O'Flynn and Blackman (2009), Blackman et al. (2010), Turner, Chuki, and Tshering (2011), and Ugyel (2014) there is severely limited research conducted on the Bhutanese civil service HRM. Bhutan’s development philosophy of Gross National Happiness (GNH) plays a significant role in strengthening good governance and socio-economic development of the country. Bhutan is a Buddhist country and Buddhist beliefs and values define Bhutan’s unique cultural identity (Mathou, 2000). In 1972, the fourth king announced that Bhutan’s overarching guiding philosophy of development should be based on gye-l-yong gaki pelzom, a literal translation of Gross National Happiness.
(GNH), with the belief that the pursuit of happiness should be the desire of all citizens in the country (Thinley, 2005a). His Majesty’s view was that material and economic progress should not be at the expense of the spiritual and psychological wellbeing of the population, rather it should seek to encourage a balance between economic development and spiritual pursuit. So GNH is based on the Buddhist principle of ‘middle path’ which seeks to balance the pursuit of economic growth in a broader social context with preservation and promotion of the spiritual and cultural needs of the society (Gyamtsho, 2009).

The reasons for choosing to examine Bhutan’s civil service reforms and their implications are:

(i) The civil service is one of the main sources of employment in Bhutan. The civil service employs 23,170 Bhutanese, or 3.31 per cent of the total population of 0.7 million (RCSC, 2011). Of the 23,170 civil servants, about 7,326 (31.62%) are females and 15,844 (68.38%) are males;

(ii) The practices of the civil service are highly influential in Bhutan due to the size and the scope of its activities which are nationwide and extend throughout all aspects of the country’s socio-economic activities;

(iii) Limited work has been published exploring HRM in the Bhutan civil service, and whether it mimics European HRM models or has developed a unique, contextualised HRM model;

(iv) There is hardly any previous work exploring the contribution of the civil service to achieving GNH goals

In Bhutan, the civil service plays an important role in shaping socio-economic development. This makes Bhutan’s civil service HRM an important area to research to establish the implications for civil service practices and the HRM functions. The study will also be able to establish the model of civil service HRM in Bhutan and to examine which factors shape civil service HRM strategy and policies in order to achieve the national goal of GNH.
1.5 RESEARCH METHODOLOGY

As previously stated, the main aim of this research is to analyse and examine the perceived influence of contextual factors on civil service HRM policies and practices, and how these policies and practices contribute to enhance the achievement of Bhutan’s national development goal of national happiness.

Since there is so little published research on Bhutan, a qualitative exploratory case study, using semi-structured interviews and documentary analysis was deemed most appropriate. This method provided insight into the ongoing HRM reforms and how the Bhutan Civil Service HRM model has been changing (Chesebro & Borisoff, 2007, p.9). Qualitative approaches are useful for the how, what and why type of research questions (Baxter & Jack, 2008; Creswell, 2007; Yin, 2003). This view is supported by Silverman (2013).

Further, the distinctive advantage with a qualitative research method is that it helps the researcher to study events with in-depth understanding since informed participants have direct knowledge and perspectives on HRM in the Bhutan Civil Service and thereby provide important insights (Bernard & Ryan, 2010; Bloomberg & Volpe, 2012; Cavana, Delahaye, & Sekaran, 2001; Creswell & Clark, 2007; Gill, Stewart, Treasure, & Chadwick, 2008; Yin, 2009). Moreover, qualitative research methods are widely used in management research study, for instance, in the investigation of programs and organisation of a phenomenon in real life contexts (Creswell, 2009; Darke, Shanks, & Broadbent, 1998).

A purposive sampling strategy identified 32 participants who have extensive Bhutan Civil Service experience at senior levels (Ministers, Legislators, Secretaries, Directors and senior HR Officers), who could share their perspectives about various factors shaping the civil service HRM policies and practices and how they contribute towards achieving GNH. The review of primary documents (including civil service statistics, Bhutan Civil Service rules, legislation including the Civil Service Act) and secondary documents (such as published literature and reports by funding and donor agencies) has been useful to triangulate the interview data and increase the reliability of the data findings (Marshall & Rossman, 2006).

The data analysis adopted three key phases. In step one, the interview data were transcribed and sorted to make it manageable (Creswell, 2009). In step two, the
data were coded using NVivo version 10 to cluster into main themes and dimensions based on research questions, literature, and the aims and objectives of the research and Brewster’s framework (Creswell, 2009; Marshall & Rossman, 2006; Miles & Huberman, 1984).

This section has reviewed the research methodology, justified the adoption of a qualitative case study research method and reported strategies for data collection. The next section presents the key terms and definitions.

### 1.6 KEY TERMS AND CONCEPTUAL DEFINITIONS

To make the key concepts used in this study more clear, conceptual definitions are provided in Table 1.1 as follows:

Table 1.1 Definitions of key concepts and terms

<table>
<thead>
<tr>
<th>Terms</th>
<th>Conceptual definition</th>
</tr>
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<tbody>
<tr>
<td>Bhutan Civil Service</td>
<td>The civil service in Bhutan is a constitutionally independent organisation, which is responsible for merit-based HR policies and practices. It plays a central role in socio-economic development as the private sector is small and there are limited civil societies (Dorji, 2007). One of its main responsibilities is to contribute to the achievement of national happiness.</td>
</tr>
<tr>
<td>Public Value Management (PVM)</td>
<td>The PVM model elements include constructive interaction between stakeholder and public sector; transparency; modernisation of employment and client orientation (Moore, 1995; Stoker, 2006).</td>
</tr>
<tr>
<td>Gross National Happiness (GNH)</td>
<td>The concept of GNH emphasises that the pursuit of national happiness (gyalyong gakid pelzom) should be the aspiration of all the citizens in the country. The GNH concept implies that the development of the nation should take a holistic approach towards socio-economic development and provide equal importance to non-economic elements such as wellbeing and happiness. The four pillars: sustainable socio-economic development, cultural preservation, good</td>
</tr>
</tbody>
</table>
1.7 CONTRIBUTION

This study’s findings make two theoretical contributions. Firstly, the findings suggest the applicability of Brewster’s (1995) HRM model in developing countries although there is no influence from the corporate strategy at the organisation level towards the international contexts. This suggests that the capacity to influence the international context by the smaller countries is limited. Secondly, this study responds to Batt and Hermans’ (2012) recommendation to integrate analysis of HRM at the institutional and the organisational levels.

The study also has practical implications for HRM policy makers and practitioners in modernising the civil services of the developing countries. At the RCSC strategic level, the study findings suggest that too much emphasis on a small and efficient civil service would have implications for civil service job opportunities, and therefore national employment levels, while pursuing an apolitical civil service strengthens good governance. At the practical level, the implementation of decentralised HRM functions is not perceived to be well implemented in Bhutan. This study’s findings would be helpful to inform how such perceptions can be altered to further the achievement of national happiness.

1.8 THESIS STRUCTURE

This thesis is organised into six chapters. The first chapter briefly presents an introduction to the thesis; then a background to the research by articulating the development of HRM in the Bhutanese civil service and its important role in achieving GNH. Two research questions and brief contributions have been presented. In Chapter 1, the justification for the need to conduct this research and its contribution has been presented.

Chapter 2 provides a literature review on the main research streams of this thesis – HRM in the civil service, NPM, PVM, HRM models and Brewster’s (1995) HRM model more specifically – and establishes the research questions and gaps in the literature. Based on the literature review, the advantages and disadvantages of governance, and conservation of natural environment explain the concept of GNH (Ura, et al., 2012).
both the bureaucratic and NPM paradigms have been reviewed and their implications for HRM policies and practices discussed. After reviewing various HRM models, Brewster’s (1995) HRM model is identified as the most useful conceptual framework to conduct this study.

Chapter 3 discusses the research methodology adopted for this research and an explanation of the qualitative research method adopted. A purposeful sample is proposed to allow selected participants to share their rich experiences and knowledge on the Bhutanese civil service. This chapter explains and justifies the use of semi-structured interviews as a data collection method.

Chapter 4 presents the Bhutan context through documentary and literature sources while Chapter 5 presents the qualitative interview data. Interview data are presented which analyses the various factors affecting the HRM reforms in the civil service and how HRM policies and practices have an impact on the goal of GNH. Some challenges to GNH, as perceived by the participants, are analysed and findings are reported. The data have been analysed at both the environmental/institutional and organisational levels to investigate how they affect HRM policies and practices in the civil service.

Finally, Chapter 6 presents the conclusions along with the theoretical and practical contributions of this research, the research limitations and proposed future research.
Chapter 2: Literature review

2.1 INTRODUCTION

This chapter reviews the literature relevant to the HRM reforms of the Bhutanese civil service. Four approaches to public management – the bureaucratic or traditional public administration system, New Public Management (NPM), Public Value Management (PVM), and civil service Human Resource Management (HRM) policies and practices are discussed. Then Brewster’s (1995) HRM model is used as a theoretical framework. This chapter is presented as follows: (Section 2.2) GNH concept; (Section 2.3) civil service reforms and the traditional public administration model of civil service HRM; (Section 2.4) New Public Management (NPM) and civil service reforms; (Section 2.5) Public Value Management; (Section 2.6) HRM policies and practices in the civil service; (Section 2.6) Brewster’s (1995) HRM model and strategic HRM models; (Section 2.7) HRM concepts and business strategy; (Section 2.8) HRM models; (Section 2.9) civil service system in Bhutan; (Section 2.10) the case of Bhutan; (Section 2.11) the conceptual framework; (Section 2.12) Research gap/research problems; and (Section 2.13) the Chapter conclusion.

There is a sizable body of literature on human resource practices in public administration. This body of literature follows the trajectory of public management HRM practices from a traditional career model to variations imposed by the political shift towards New Public Management (NPM). The literature reflects the changing beliefs of governments in their approach towards public management. The focus in the first section of the chapter is on GNH and how this guides Bhutan’s development philosophy and how the political stance of a government plays out in the respective HRM policies and practices within the civil service.

2.2 GNH CONCEPT

Bhutan’s overall development philosophy is based on gvel-yong gaki pelzom, which translates literally as Gross National Happiness (GNH), the concept coined by
the fourth King in 1972, which challenges the conventional concept of GDP for measuring the progress of the country. Instead, it considers the psychological and social wellbeing of the citizens and the need to balance between economic growth and social development (Jigme, 2010; O’Flynn & Blackman, 2009; Ura, et al., 2012). GNH is based on the belief that economic progress should not be at the expense of the spiritual and psychological well-being of the population, rather it should seek to encourage a balance between economic development and spiritual pursuits (Thinley, 2005a). Instead, it considers the psychological and social wellbeing of the citizens and the need to balance between economic growth and social development (Jigme, 2010; O’Flynn & Blackman, 2009; Ura, et al., 2012).

In 2011, the UN adopted a resolution to encourage nations to pursue happiness and wellbeing which has resulted in a series of conferences. Since then, many countries have conducted studies in GNH and happiness globally (Luechauer, 2012). Views on the concept of GNH are contested even within Bhutan. Although, GNH is the overriding guide for socio-economic development; for the critics, GNH is considered an empty slogan (Bhutan: the pursuit of happiness, 2004). Luechauer (2012) argues that GNH as a philosophy is good, but it has drawbacks in terms of operationalising it. At the philosophical level of GNH, there is a lack of agreement on the key variables of GNH and, on the basis of GNH, Bhutan is moving towards socialism while China gradually inclines towards a free market (Luechauer, 2012). Further, the GNH concept is over used and masks corruption and low standards of living, as well as the country’s problems of youth unemployment, food shortages and poverty (Bhutan PM casts doubts over GNH, 2013)

Luechauer (2012) further argues it would be good to measure other substantive issues such as: degree of tolerance by a nation, civil rights protection, consumer protection, child protection and basic freedom of speech. The fact that there are social problems such as alcoholism, substance abuse, violence indicates that people are not happy (Luechauer, 2012). Further, there is a need to have basic infrastructure in place and demonstrate a self-sufficient economy instead of over dependence on India.
So, GNH is based on the Buddhist principle of a ‘middle path’ which seeks to balance the pursuit of economic growth in a broader social context with preservation and promotion of the spiritual and cultural needs of the society (Gyamtsho, 2009). The influences on GNH and the interrelations and philosophical dimensions are reflected in Figure 2.2, which shows three levels of conceptual building blocks: superstructure, concept and output.

Figure 2.1 GNH Concept and philosophy

Source: Priesner (1999, p. 30)

At the uppermost level represented by superstructure are the input components or the determining factors influencing Bhutan’s development concept. At the second level there are four conceptual elements which are termed as the four pillars of GNH: preservation and promotion of culture, sustainable development, strengthening good
governance, and environmental conservation (ADB, 2014b; Hershock, 2004; PC, 1999). These four pillars facilitate Bhutan’s socio-economic development strategies and policies (Thinley, 2005b). These four pillars are known by different names – model pillars (Prakke, 2005), four interdependent domains (McDonald, 2005).

According to O’Flynn and Blackman (2009), GNH is a blend of modernisation, culture, environment and spirituality. GNH embraces the guiding principles of identity; harmony; stability; self-reliance; sustainability and flexibility (RCSC, 2002). The focus of this study on HRM reforms in the civil service directly links to good governance, which is one of the pillars of GNH. The concept of GNH is consistent with broader literatures examining wellbeing, which will be reviewed in the next section.

### 2.2.1 Wellbeing and happiness

The concept of wellbeing is very important for individuals in every nation. Traditionally, wellbeing is measured through the macroeconomic indicators of GDP or GNP, but it is argued that wellbeing is more than material wealth (Jēkabsone & Sloka, 2014). Recently, the conventional way of measuring progress through economic indicators is being challenged as it is argued that economic indicators alone do not sufficiently measure the wellbeing of the people (Forgeard, Jayawickreme, Kern, & Seligman, 2011; Michalos, 2011; Stiglitz, Sen, & Fitoussi, 2010; Weijers & Jarden, 2013). For instance, in the United States, GDP has increased threefold over the last five decades, however, life satisfaction has not improved (Diener & Seligman, 2004). The measures of GDP do not include health of the citizens, quality of education, joy and happiness of the people, or integrity of public officials (Forgeard, et al., 2011). Similarly, the report of the Commission on the Measurement of Economic Performance and Social Progress (CMEPSP) initiated by France in 2008 indicates that there is a shift in measuring economic production to measuring people’s wellbeing as there is a gap of information between GDP and wellbeing (Stiglitz, et al., 2010).

Happiness is recognised as an important thing in life, although happiness is understood differently by different people with different cultural backgrounds (Joshanloo, 2014; Mathews, 2012; Thin, 2012). So, policy makers are interested in societal conditions which help them to increase the happiness of the citizens
(Veenhoven, 2012). The concept of happiness is used in several ways, for instance, it is interchangeably used with ‘wellbeing or quality of life’ both at the individual and social level (Veenhoven, 2012, p. 334). Researchers recognise that the wellbeing is a multifaceted construct which includes emotional and social components (Forgeard, et al., 2011; Stiglitz, et al., 2010).

Wellbeing can be defined in three distinct ways: (1) happiness - psychological wellbeing; (2) health - physical wellbeing; and (3) relationship - social wellbeing. Psychological wellbeing is concerned with the subjective experiences of pleasure, positive and negative thoughts, while physical wellbeing is concerned with the health of the persons, and social wellbeing refers to the relationship with the other people (Grant, Christianson, & Price, 2007). Happiness is the ultimate goal of human beings and development should be focused not only on economic growth, which is the material means of happiness, but development needs to conceptualise other aspects which include physical, mental, social and spiritual development (Kittiprapas, Sawangfa, Fisher, Powdthavee, & Nitnitiphrut, 2007). Other studies found that the important dimensions associated with happiness are health, relationships, knowledge, paid work, material goods and freedom (Bojanowska & Zalewska, 2015).

In a less developed country, the civil service plays an important role in promoting socio-economic development (Blackman, et al., 2010; Dorji, 2007; O'Flynn & Blackman, 2009). In Bhutan, there is a high expectation entrusted on the civil service. In 2007, His Majesty King Jigme Khesar Namgyel Wangchuck (RCSC, 2014) indicated that:

….the Royal Civil Service Commission [RCSC] should focus on bringing about required reforms of the civil service, in time for it to facilitate and support the emergence of democracy, meet the challenges of building a dynamic economy and to fulfil its role in achieving the goals of Gross National Happiness [GNH].

There is a challenge in maintaining a balance between economic and non-economic development and this potentially poses a challenge to GNH. Priesner (1999) argues that as the younger generation of Bhutanese are educated outside Bhutan, the thinking and perceptions of tradition and culture are changing and these
pose a challenge for the future. Further, because of satellite TV and ongoing
globalisation, traditions are weakening, challenging Bhutan’s measures of national
identity and social cohesion (Choden, 2004; Penjore, 2004). There are clearly
difficulties in maintaining a balance between economic and non-economic
development and these factors pose conceptual and practical challenges to GNH
(Blackman, et al., 2010). Taking a somewhat different approach, Burns (2011)
argues that the concept of GNH should expand across the globe for the pursuit of
happiness everywhere. There are some examples of the happiness goal being adopted
more widely. For example, in 2009, Vermont in the USA established ‘Gross National
Happiness-USA’ (Burns, 2011), and ‘Happiness: towards a holistic approach to
development was adopted by the UN General Assembly in 2011 during its 65th
session (United Nations (UN), 2011). Happiness therefore is worth investigating.

2.3 CIVIL SERVICE REFORMS

Civil service reform is defined as the efforts undertaken by governments to
deliberately change the structures and process of public sector organisations in order
to perform better (Panchamia & Thomas, 2014a; Pollitt & Bouckaert, 2004; Ying
reform helps to: (i) save government expenditure, (ii) improve service quality, (iii)
make government more efficient and (v) increase the effectiveness of government
policies. The civil service reform helps to strengthen the control of politicians over
the bureaucracy, increase government accountability to the legislatives and citizens
for their policies and programs (Pollitt & Bouckaert, 2004).

The themes and rationale for civil service reform are: to improve skills and
capability in the civil service; to ensure departments achieve best possible value for
tax payer’s money; to improve the role, structure and capacity of the government and
to rationalise the size, structures and functions of the civil service (Panchamia &
Thomas, 2014b). Following these reform themes, the main reform approach is to
downsizing or cut-back management by a reduction of civil service employees,
privatisation, greater use of private sector principles and management, corporate
management, decentralization of managerial authority, devolution of power and
reassertion of political control over the bureaucracies are some of the popular
approaches for public service reforms adopted since the 1980s (Halligan, 2001; Pollitt & Bouckaert, 2000; Rhodes, 1998). However, while some of the reforms have been a success not all have been successful (Panchamia & Thomas, 2014a). For instance, as a result of the civil service reforms, there was focus on customers and improvements in talent management and career development through improvement in the diversity of recruitment and selection, introduction of public service agreements between department and delivery units of the Prime Minister. Panchamia and Thomas (2014a) claim that some reform initiatives are unsuccessful due to difficulties in managing leadership transitions at the bureaucratic or executive political level.

Reforms in the United States have varied from minor adjustments of existing systems to comprehensive overhauls (Kellough & Nigro, 2010). From the 1950s onwards, the policy issues of ‘constitutional protection, equal employment opportunity, pay equity, political activity and labour relations’ were raised (Kellough & Nigro, 2010, p. 75). Kellough and Nigro (2010) argue that civil service reforms have become complex and dynamic, and which worked on three interrelated levels: (i) ideological level, (ii) political level and (iii) technical level. At the ideological level, it is the expressed belief of the policy makers that, for instance, contracting public service will produce better results and reduce costs as opposed to public services being managed by the public agencies or bureaucracies. So the justification of the government performance problems indicate that the values and structures and policies of the civil service systems are in contradiction to those embedded in the particular belief system (Kellough & Nigro, 2010). The solution then lies with the civil service reforms which prescribe to conform to that set of particular beliefs. Kellough and Nigro (2010) argue that civil service reforms initiated based on the ideological level hardly produce any long-term commitment. Civil service reforms based on the political level, on the other hand, emphasise that reforms are intended to alter and realign the authority of the government (Hagan, 2013). Hood (2002) argues that civil service and government reforms lead to meaningful influence on the allocation of values in society which include the balance of authority among agencies and three branches of government (A. Kelly, 2012). Some of the reforms include, for example, structural reorganisations, modifications in the jurisdictions of the office of Human Resources, changes in the job classification system leads to a shift
in internal political dynamics of agencies and balance of authority in the agencies (Braun, 2009). This list of reforms agenda exhibits a symbolic political dimension to influence public opinion (Kellough & Nigro, 2010). Kellough and Nigro (2010) argue that ‘civil service reforms are sold’ whenever needed to increase executive leadership and accountability for results to remove unresponsive bureaucrats.

At the technical level, civil service reforms are intended to implement structural and procedural changes in HRM systems to increase efficiency and performance in the ministries and departments (Kellough & Nigro, 2010). Such kinds of reforms focus on changes to HRM methods, procedures and policies. Examples of such reforms are: improving performance management systems, establishing more efficient recruitment and selection procedures, and improving training and development system’ design. Civil service reforms are mostly driven by the ideological and political agendas which are packaged as means to increase the efficiency and effectiveness of organisations (Sahadi, 2014).

From 2007 onwards, state governments have carried out HRM reforms in the civil service in the US (Mothersell, Moore, Ford, & Farrell, 2008). The general trend in HRM reforms in the civil service has been in increasing authority over human resources, decentralisation of HRM functions, broadband classification system, to reduce protection extended to public officials and to increase the use of contract service in order to reduce labour costs (Kellough, Nigro, & Brewer, 2010).

The Westminster system is a democratic parliamentary system of government derived from the British political system (Anckar, 2007; Lijphart, 1999; Lucy, 1993). Under the Westminster Model, a separation of the authorities of the government exists across three separate entities: (i) Legislature, (ii) Executive and (iii) Judiciary. The Westminster system ensures that the authorities of the government are not concentrated in any of the single branches of the government (Harding, 2004; Lucy, 1993; N. Ryan, Brown, & Parker, 2003).

Civil service in Westminster systems evolved over time through a hybrid of traditions of governance which have been inherited from the political and parliamentary realm and civil servants are subordinate to political authority (Rhode, et al., 2009). In Britain, the principles reflected in the Northcote-Trevelyan Report on the Civil Service of 1854 are still regarded as the main foundation for the modern
civil service (Turnbull, 2005). The main characteristics of civil service under the Westminster system are: (1) recruitment and selection based on merit; (2) a central personnel agency or an independent personnel agency for the unified civil service to manage public service policies and performance and to maintain politically neutral or non-partisan public service; (3) tenured or career service that provides employment security; and, (4) standard pay and service conditions (Brown, 2004; Colley & Head, 2013; Colley, et al., 2012; Thornthwaite, 2012). This career service model endured for more than 140 years and some features of it still exist.

2.3.1 Patronage to career model of civil service

The career model of employment in the public service originated from administrative reforms to tackle civil service corruption and political patronage experienced in Britain and Australia in the 1850s (Brown, 2004; Colley, et al., 2012; Parris, 1969). Employees in the civil service were appointed based on political patronage and there was an absence of competence and merit. Further, there was absence of employment security as there was fresh recruitment with every change of government replacing the existing employees (Colley, et al., 2012; McCourt, 2001b). The public service was regulated by master and servant regulations with inconsistent employment conditions (Thornthwaite, 2012). The Northcote-Trevelyan Report of 1854 recommended that a career civil service model be introduced in place of the system of patronage (Brown, 2004; Colley, et al., 2012; McCourt, 2001a) as there were problems of politicisation and corruption in the British civil service (Colley, 2011). The rationale for the career service was to enable the employees to gain experience and refrain from subjective treatment of their political masters.

2.3.2 Professionalising and modernising the civil service

The HRM reforms of Northcote-Trevelyan helped to modernise and professionalise employment in the civil service. The Northcote-Trevelyan civil service report recommended professionalising the civil service by removing the corrupt patronage of the recruitment system (Pyper & Burnham, 2011). These reforms included: (1) open competition for recruitment; (2) promotion on merit, and (3) political neutrality (Colley, 2011, 2012b; Colley & Price, 2010; Halligan, 1991; Vandenabeele & Horton, 2008).
Today’s civil service has evolved from those times (Amosa, 2008; Turnbull, 2005). Theoretically, a public service model which is politically neutral, appointed on merit and has tenure service is intended to provide “frank and fearless advice” (Colley, 2011, p.335) and protect from the pressure of the politicians. The public services that operate under the Westminster model therefore provide checks and balances to ensure that governments are functioning democratically and effectively (Briggs, 2007). The career service model creates a clear distinction between the political role of ministers and the administrative functions of civil servants (Coxall & Robins, 1998; Jaensch, 1984). Ministers are in charge of departments and responsible to Parliament, civil servants implement the decisions of government (Lucy, 1993).

The career model service removed the HRM decisions from the politicians in order to provide stable and efficient service. Over the years, this British career service model has been adapted in many developed and developing countries (Colley, 2011). It provides a standard career path for promotion, employment security, recognition for performance and achieving desired behaviours.

### 2.3.3 Challenges of the traditional public administration civil service model

There was pressure for HRM reforms to move from the career model to employment that is more flexible. The career model of the civil service was criticised for resulting in sluggish performance; unresponsiveness to the political masters and an expressed need for devolution of recruitment to the line agencies and reductions in the size of the government (Dunleavy & Hood, 1994; McCourt, 2001b). The reforms promoted flexible employment to better increase efficiency and responsiveness (Brown, 2004).

The employees in the civil service have independence from the political masters; however, it is not easy to maintain separation of authorities (Colley, 2011). Ministers wanted to exercise authority and control over the public servants and blamed public servants for being unresponsive to the directives of their political masters (Caiden, 1990; Savoie, 2003). For example, in the UK, the former Prime Minister Margaret Thatcher was opposed to the ethos of a permanent civil service; and later Prime Minister Tony Blair wanted to make the public service more responsive, contestable and focused on delivery (Rhode, et al., 2009; Savoie, 2003). In Australia, successive governments have done away with permanent appointments
at the senior level in the public service, and instead they have introduced contract and fixed term appointments as opposed to career-based public service (Pollitt & Bouckaert, 2000). One example, introduced during the 1980s, can be found in the Senior Executive Service (SES) of the Australian Public Service (APS) (Maor, 1999).

The career model began to shift to flexible and contract employment with the rise of NPM in 1980s. However, Rhodes, Wanna, and Weller (2008) assert that the NPM principles do not totally replace traditional public administration ideals or the career service model; rather they are grafted onto the earlier set of beliefs and ideals. To remedy these challenges of the career model, the Australian government adopted private sector principles and contractual reforms to reduce reliance on bureaucracy (Colley, 2012a; Davis, 1998). The central elements of NPM (Dunleavy & Hood, 1994) included:

- Devolving authority; flexible recruitment;
- Ensuring performance, control and accountability
- Developing competition and choice
- Providing responsive service
- Improving HRM management.

In this thesis, the focus is on the devolution of HRM as a major reform measure and issues surrounding a desire for an apolitical civil service. Devolution is one the core elements of NPM (McCourt, 2001a). Through devolution, it is expected that public service will become more responsive and ensure better performance. In the developed countries, for example the UK, New Zealand and Australia, there is greater clarity and improved efficiency with the devolution of the authority. Those countries that adopted the devolution of the authority for staff recruitment, argue that it provides clear benefits and creates positive values (McCourt, 2001a).

Beginning from the 1980s, the concept of a career service started to lose many of its characteristics as special privileges and service protection previously extended to public servants were altered; senior public servants were recruited from outside instead of confining recruitment to within the public service, and services were frequently contracted out (Halligan, 1991). However, some features of career model employment may be still relevant in developing countries. For instance, Australia and New Zealand who adopted NPM model have realised the advantages of values
and principles of impartiality and merit of traditional public administration (United Nations. Dept. of Economic, 2005).

2.4 NEW PUBLIC MANAGEMENT (NPM) AND CIVIL SERVICE REFORMS

NPM was a reaction to the apparent weaknesses of the traditional public administration model (O'Flynn, 2007). The NPM model is based on business concepts and principles, techniques and values. NPM is in effect a critique of the public sector and assumes that the public sector is inherently inefficient, and bureaucratic in nature (Rainnie, Fitzgerald, Gilchrist, & Morris, 2012). NPM advocates small government or decreased reliance on government, and a public service that is de-regulated, decentralised, corporatised, privatised, outsourced, and contracted out (Brown, Ryan, & Parker, 2000; Hays & Plagens, 2002; C. Hood, 1991; Ingraham, 1998, 2005; O'Flynn, 2007; Pyper & Burnham, 2011).

Beginning from the 1980s, many developed countries adopted the NPM framework for reforms in their public sector. In Australia, successive governments have embraced NPM inspired public sector reforms; the US, UK, Canada and New Zealand also adopted this NPM model (Bach & Bordogna, 2011; C. Hood, 1995a, 1995b; Poor & Plesoianu, 2010; Rainnie, et al., 2012). Many other developed and developing countries adopted the NPM framework because their governments were large and difficult to fund in economic downturns (Colley & Head, 2013). The traditional or bureaucratic public administration model emphasises procedural regulations as opposed to NPM which emphasises results more than procedures (Poor & Plesoianu, 2010). Some of the key theoretical perspectives underpinning the NPM model include public choice theory and contestability or competition theory (Delaine, 1997; Kaboolian, 1998; O'Flynn, 2007).

2.4.1 Small and efficient government: public choice theory

Public choice theory suggests that there should be separate agencies responsible for formulating policies and implementing these policies to minimise the likelihood of decisions influenced by self-interest (Delaine, 1997). On the basis of this, the NPM model recommends that policy advising functions need to be separated from the policy implementation functions, so service delivery agencies need to be separated from the ministries and agencies which are responsible for policy formulation functions. One of the main reasons for public choice is to influence the
decision makers’ policies and practices in order to have smaller government (Boston, Martin, Pallot, & Walsh, 1996; Delaine, 1997; Mascarenhas, 1993; O’Flynn, 2007; Stewart & Walsh, 1992). In spite of criticisms (Boyne, 1998), public choice theory has been instrumental in forming key components of NPM which include a competitive market for public services and a preference for provision of services by the private sector governed by contracts (Dunleavy, 1994; Stewart & Walsh, 1992). The other key theoretical perspective underpinning NPM is contestability or competition theory.

2.4.2 Corporatisation: contestability or competition theory

Competition theory has played a key role in the development of NPM model reforms (O’Flynn, 2007). It is a strategy to enhance cost efficiency and effectiveness for the provision of goods and services (Delaine, 1997). Traditionally, the public sector has been the sole provider of services and advice to the government. Stewart and Walsh (1992) assert that the removal of the monopoly characteristic of service provision by public sector agencies and permitting the private sector to compete with the public sector for provision of services enhances small and affordable government, thereby achieving efficiency in provision of services. Based on these perspectives and the theories mentioned above, key components of NPM have been created (Kaboolian, 1998; Kelly, 1998; Lynn, 1998). The next section will discuss the components of the NPM framework.

2.4.3 NPM framework

The NPM principles are drawn from the private sector and exhibit commercial values. Various factors included in the NPM framework are: downsizing, managerial autonomy, private sector management practices, greater competition in the public sector, and setting performance standards (Bockel & Noordegraaf, 2006; C. Hood, 1991; Pollitt, 1995). In essence, NPM favours lean, flat, autonomous organisations demonstrating a private sector style of management, as opposed to the Weberian model of traditional public administration, which is characterised by large, multipurpose hierarchical bureaucracies (O'Flynn, 2006; Weber, 2012c). The elements of the NPM model include: resulted-oriented, devolution of authority, decentralisation of activities, flexible employment, responsiveness to clients (McCourt, 2013). The traditional model of the employment system that included
career-based service was challenged by the principle of the NPM model (Brown, 2004).

According to Pollitt (1995), the following are the main components of NPM (see Table 2.1 below).

Table 2.1 Components of NPM

| (1) | Decentralization of the authority within public agencies |
| (2) | Disaggregating traditional bureaucratic organisations into separate agencies |
| (3) | Introducing market and quasi-market type mechanisms |
| (4) | Performance management |
| (5) | Shifting permanent public employment to contracts |
| (6) | Emphasis on service quality, standards setting, and customer responsiveness |


NPM model reform was advocated as a global phenomenon (Osborne & Gaebler, 1992; Rainnie, et al., 2012). International organisations such as the World Bank and the IMF and the OECD countries have promoted the NPM model as the best alternative for public sector reform measures. Owing to global economic pressure, rapid growth global communications and role of international organisations including the IMF and the World Bank, policy transfer to developing countries has become an important form of policy making (McCourt & Foon, 2007).

The NPM model which focuses on decentralisation, client focus; separation of policy making from implementation, and use of private sector enterprise for service delivery continues to play an important role. The NPM model has been considered effective for cost reduction in the public sector and in the modernisation of public institutions. NPM-inspired reform is recognised for improvement of service quality, and service performance, and admired for its business-like efficiency (Moon & Hwang, 2013; Stewart & Walsh, 1992).

2.4.4 Application of the NPM framework

A range of factors such as diversities in historical, cultural and socio-economic conditions, political systems and the stability of the state influence the approach to public sector reforms across different countries (Turner, 2002). By the end of the 20th
century, Australia, the UK, New Zealand, and some countries in Europe had embedded the NPM reform paradigms (Kettl, 1997). Gradually, the reform themes of NPM have been internationalised due to the existence of international consulting firms, the interconnectedness of professional and academic communities and the pressure of international financial institutions including the IMF and the World Bank for reforms in developing countries (Aucoin, 1990; McCourt & Foon, 2007). There is no “single model of reform” in relation to public sector reform (Cheung, 1997, p.446). The various elements of NPM comprise a “shopping basket” (Pollitt, 1995, p.133) for those countries interested in modernising the public sector and not every element of NPM is present in every case. Relevant elements of NPM are discussed in the following sections:

2.3.4.1 Cost cutting and greater transparency in resource allocation

During the 1970s and 1980s, the rising cost of government in Australia, Britain and the USA emerged as a strong political issue, which led to debates that challenged the size of government. The primary objective of the NPM reform measures was to make government small, compact, responsive and cost effective (Armstrong, 1998; Beresford, 2000; C. Hood, 1991). All these circumstances encouraged governments towards privatisation (Hays & Plagens, 2002; Ward & Stewart, 2010). This was achieved by outsourcing and contracting out services such as health care and social welfare to commercial firms. As a result, many of the services which were traditionally carried out by the public service were restructured and outsourced to the private sector. All these reforms have fundamentally changed the way government functions (Kettl, Ingraham, Sanders, & Horner, 1996).

In many countries, there was fundamental downsizing of government (Kettl, 1997). For example, the Conservative government of the UK achieved its objective of reducing civil service numbers to 494,000 from 735,000 between 1979 and 1996, which accounts for a 32 per cent reduction in the size of the civil service (Coxall & Robins, 1998). This reduction in size was obtained through early retirement, not filling vacant posts, and the privatisation and corporatisation of civil service functions. In Australia, the Labor party during the 1980s and the Liberal National Party Howard Government during the late 1990s and 2000s both downsized the Australian Public Service as successive governments adopted a neo-liberal policy for small government based on market model of governance (Beresford, 2000).
Australian Public Service (APS) employment had dropped by 36 per cent from 177,742 in 1987 to 113,268 in 1999. By 2000, the APS strength had further reduced to 110,995, or another 2.05 per cent (Vromen & Gelber, 2005). These same reforms occurred in many developing countries. For example, in 1998, China downsized its civil service and four million employees became jobless (Colley, et al., 2012). The global financial crisis forced a further reduction in public services globally (Colley, et al., 2012).

The NPM model of HRM in the public sector created more flexible structures by removing centralised agencies. More responsibility was given to managers in the line agencies, there were flatter management structures instead of hierarchies, more devolved and decentralised HRM programs and activities. Performance of the employees was emphasised for promotion instead of seniority. The reforms reduced career employment security; instead the new model relied on work flexibility, productivity and performance-based systems (Brown, 2004).

2.4.5 The impacts of reforms on civil service HRM

The NPM reform measures caused tension with the model of career public service in which government was dependent on it for implementation of government programs as the autonomy of the public service was reduced (Colley & Head, 2013). The reforms led to the erosion of civil service morale due to the constant changes, deterioration of pay and service conditions (Coxall & Robins, 1998; Pollitt, 1994). Parker and Bradley (2004) assert that reduction of public sector employment created fear, tension and feelings of job insecurity. The NPM model of HRM in the public sector has been criticised for eroding employment conditions and career development as there was reduction in tenured service. The NPM model led to reduced benefits and wages of employees, reduced number of employees, and there was a change of organisational structures and culture (Brown, 2004). The NPM reforms also reduced the institutional capacity of central personnel agencies responsible for coordinating and monitoring HRM functions in the public service (Colley, et al., 2012).

2.3.5.1 Addressing the issue of unresponsiveness of public servants

In Australia and the UK, governments started to recruit more private advisors and consultants instead of solely depending on public servants (Colley, 2011). This mechanism increased the policy control of the PM’s office and significantly reduced
its dependency on bureaucracy. This reform weakened the career employment model as politicians gained control over strategic elements of process and department heads became the implementer or controller over operational processes (Colley, 2011).

The reform measures adopted differ from country to country depending on the stage of development. For instance, in Australia and New Zealand the reform emphasis was on enhancing flexible civil service employment as opposed to a system based on permanence and tenure (Moon & Hwang, 2013). It is useful to compare the NPM and the Weberian model as most of the HRM systems of the civil service in developing countries are a hybrid of these two models.

Table 2.2 Comparative models of NPM and Weberian bureaucracy

<table>
<thead>
<tr>
<th>NPM model</th>
<th>Weberian bureaucracy model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1) Formal structure</strong></td>
<td></td>
</tr>
<tr>
<td>Structural decentralisation</td>
<td>Hierarchical centralisation</td>
</tr>
<tr>
<td>Delegated organisation has autonomy</td>
<td>Organisation has limited autonomy</td>
</tr>
<tr>
<td><strong>2) Civil service organisation</strong></td>
<td></td>
</tr>
<tr>
<td>Career decided on professional basis</td>
<td>Career decided on formal legal basis</td>
</tr>
<tr>
<td>Specialist and managerial training</td>
<td>General and legal training</td>
</tr>
<tr>
<td>High degree of public/private mobility</td>
<td>Low degree of public/private mobility</td>
</tr>
<tr>
<td>Decentralised recruitment</td>
<td>Centralised recruitment</td>
</tr>
<tr>
<td>Flexible employment</td>
<td>Limited practice of flexible</td>
</tr>
<tr>
<td>Contract employment widely practiced</td>
<td>Limited contract employment practiced</td>
</tr>
<tr>
<td>Minimal bureaucratic ethos</td>
<td>Significant bureaucratic ethos</td>
</tr>
<tr>
<td>Merit system</td>
<td>Seniority system</td>
</tr>
<tr>
<td>Widespread use of collective bargaining</td>
<td>Minimal use of collective bargaining</td>
</tr>
<tr>
<td><strong>3) Administrative procedures and process</strong></td>
<td></td>
</tr>
<tr>
<td>Management by objectives/result oriented</td>
<td>Compliance to formal rules and procedures</td>
</tr>
<tr>
<td>Performance audits and measurements</td>
<td>Ex ante control</td>
</tr>
<tr>
<td>Instrument for evaluation of results</td>
<td>Lack of evaluation of civil servants</td>
</tr>
<tr>
<td>Simplification and de-bureaucratisation</td>
<td>Strong normative/legal regime</td>
</tr>
</tbody>
</table>
The nature of public sector human resource management tends to be a hybrid model of old and new practices in many developed and developing countries (Colley, et al., 2012). Most of the developing countries follow a mix of a career employment model and the NPM inspired civil service model. They commonly have a central personnel agency known as a civil service commission to manage HRM in the civil service.

2.3.5.2 Limitations of NPM reforms

The NPM-inspired reforms caused unintended consequences as a result of the loss of centralised control and unified policy implementation due to the devolution of managerial responsibility (Bach & Bordogna, 2011). The NPM approaches have led to high transaction costs owing to the high costs involved in preparation of contracts and related processes (Alford & O'Flynn, 2008; Entwistle & Martin, 2005; Stewart & Walsh, 1992). There is a range of identified weaknesses associated with NPM-based reforms. One limitation of the NPM model reforms is the possibility of undermining the values of the public domain through emphasising a commercial culture (Stewart & Walsh, 1992). Competitive models in government lead to the fragmentation of relationships which may challenge the public sector’s collective culture and undermine the fundamental values of public service organisations by exposing them to competition (Haque, 2007). Even the OECD, which was a long-time advocate of NPM, acknowledges that the NPM reforms produced some unexpected negative results (Curristine, 2005), indicating that reform in some cases hardly satisfied the intentions of those who initiated it (Olsen, 2006). So while reforms based on the NPM model helped to break from the model of traditional public administration, because of the monopolistic delivery of services by the government NPM had its own limitations (O'Flynn, 2007). More recently, and in a reaction to the NPM...
framework, a new paradigm shift, the Public Value Management (PVM) has emerged.

2.5 THE EMERGENCE OF PUBLIC VALUE MANAGEMENT

The theory of Public Value Management (PVM) was first articulated by Professor Mark H. Moore of the Kennedy School of Government at Harvard in 1995. He proposed that the ultimate aim of the government in the public sector is to create public value (Grant & Fisher, 2011). Public value is defined as a “multi-dimensional construct” through which the government is able to create value through service regulations, rules and laws (O'Flynn, 2007, p. 358) and it represents new ways of thinking beyond the market-oriented approach which is dominant in NPM (Hefetz & Warner, 2004; Kelly, 2002; Moore, 1995). Further, public value is defined as a “corrective measure” to NPM and is a way to overcome the limitation of excessive focus on efficiency and market-oriented issues, rather than on the citizens’ broader needs (Spano, 2009, p. 332). Public sector agencies create value when agencies are able to meet the needs of citizens and correspondingly if agencies are able to better meet the needs of citizens, the level of public value created is higher (Moore, 1995). Public value is a new form of institutional governance in which users and providers collaborate and work in partnership to run the public institution effectively, in other words cooperation between politicians, public managers, public and private organisations is essential to aid the public service in better creating maximum public value (Smith, 2004; Spano, 2009; Stoker, 2006). PVM model elements include: constructive interaction between stakeholders and public sector, transparency, modernisation of employment, and a client orientation.

Public value is created when the needs of present and future citizens are satisfied (Alford & O'Flynn, 2008). Kelly et al. (2002) and Samaratunge and Wijewardena (2009) argue that the narrow approach of NPM neglects the broader democratic and social values of equity, due process, transparency, and accountability which are important elements of public value.

2.5.1 Components of the PVM framework: the strategic triangle

In the PVM model, the users and providers work collaboratively to enable the public institutions to function (Moore, 1995). Rather than emphasising only efficiency and outsourcing, the PVM model embraces valued public services and
more accountability to citizens and politicians (Alford, 2002). According to Stoker (2006), PVM theory is fundamentally different from NPM. The important elements of the PVM framework are a performance culture, a commitment to accountability, access to public services, responsible employment practices and a contribution to community wellbeing (Stoker, 2006). Although the PVM framework accepts public values of economic efficiency and quality, its emphasis is more on the importance of broader social objectives and relationships (Horner, Lekhi, & Blaug, 2006). Public value can be considered as the contribution made by the public sector to the economic, social, political and environmental wellbeing of a nation (Kelly, et al., 2002).

According to Moore (1995), just as managers in the private sector are concerned with making profits, public managers in the public sector are required to create public value through responding to the desires and aspirations of the public, in terms of goods and services which are in alignment with the values of fairness, equity, justice, rights, efficiency and effectiveness. Public managers need to act as political managers, responsible for making the political process instead of mere administrators of the bureaucratic public administration model to create public values (Moore, 1995). Managers in the public sector need to follow a strategic triangle of objectives that includes: (1) substantive value such as promotion of fair and just HRM process, (2) legitimacy and political support and (3) operational and administrative capability (Bossert et al., 1998) all of which are shown in Figure 2.2

In order to achieve operational objectives, public managers need to know how to manage the political process (Moore, 2005) and seek support from political supervisors, media, legislators and other interest groups to strengthen the operational management of the bureaucracy in order to achieve greater public value. Public managers need to prioritise the values according to the need of the public and reorient and reprioritise those values for achieving them.

Specific components of each of the three areas of the PVM framework are shown in Figure 2.2. The public value framework has three main components represented by a strategic triangle in which the three inter-relationships amongst components include: (a) public value, (b) political management of the authorising environment, and (c) building operational capability to deliver public value (Moore, 1995; Scott, 2010; Try & Radnor, 2007). The strategic triangle of public value theory
suggests that without the support of the political and public, the executives and managers will find it difficult to sustain resources, stakeholder cooperation and employee motivation to achieve goals and objectives (Moore, 2000; Roberts, 1995).

Figure 2.2 Public value creation framework: The strategic triangle

Source: Adapted from Alford & O'Flynn (2009); Moore (1995) and Williams and Shearer (2011)

**2.5.2 Public Value**

The first point of the triangle is public value which represents the task environment of public managers and the strategic aims of the public programs so that they are able to create public value in line with the mission of the public sector. The aim is to create something substantially valuable in relation to the mission of the public sector (Alford & O'Flynn, 2009; Grant & Fisher, 2010; Weinberg & Lewis, 2009; Williams & Shearer, 2011). Public value highlights the importance of pursuing aims that bring tangible benefits to the public and that help to address the priorities of the citizens. Scott (2010) posits that the public value entails the task environment underpinning the social conditions to be improved, the problems to be solved, and the needs and objectives to be met. According to this component, public managers need to engage the public in identifying value, and in deciding which priorities and
what outcomes they consider important (Moore, 2005). Based on the need of the public, managers legitimately decide a course of action to create public value (Grant & Fisher, 2010).

### 2.5.3 Legitimacy and support

The second objective of the triangle relates to the authorising environment which comprises those who have the authority to grant or withdraw approval of allocation of resources. These include: government, policy makers, legislators, bureaucrats, and donor agencies (Scott, 2010). The decision makers of the public sector should be accountable to these groups and engage them in an ongoing dialogue (Moore, 2005; Williams & Shearer, 2011). Alford and O’Flynn (2009) assert that public value should be legitimate and politically sustainable to gain sufficient support and the required resources from the authorising environment that includes politicians and other stakeholders. The authorising environment of the triangle recognises that the aims and objectives of the public can be pursued and achieved with the prior authorisation of the government and support from the public. It is therefore essential for managers to use the strategies to enable them to create a platform of legitimacy.

### 2.5.4 Operational capability

The third objective of the PVM strategic triangle relates to resources and how the agencies will be organised and operated to achieve the goals and objectives already set (Moore, 1995). Operational capability includes resources such as finance, human resources, skills and technology. Williams and Shearer (2011) assert that public managers should make an effort to increase and reallocate resources at their disposal in the pursuit of public value management. Operational capacity focuses on the question of whether the public sector agency has the capacity and ability to achieve the stated goals. The operational capacity includes the core competencies of employees, technologies and organisational policies and processes (Zhang & Wang, 2010).

The three integrated components of the PVM model imply that successful public strategists develop not only public value, strategies and an operational model to deliver public value, but they also need to develop political strategies and operational capacity (Weinberg & Lewis, 2009). Overall, the strategic triangle serves
to focus the attention of managers in three directions: upward to the political level which authorises and funds programs, outward to the desired impact and values to be created for society, and downward to address internal management capacity (Moore, 2000). The strategic triangle demonstrates the need to align with the values and mission for creation of public value (O'Flynn, 2007; Stoker, 2006) which is summarised in the table below:

Table 2.3 PVM framework

<table>
<thead>
<tr>
<th>(i)</th>
<th>Publicly funded organisations should understand, articulate and continually review their public value aims;</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ii)</td>
<td>Strategic planning and management practices should be geared towards the generation of public value;</td>
</tr>
<tr>
<td>(iii)</td>
<td>Public value aims are not reducible to narrow (that is exclusively monetary) notions of benefit;</td>
</tr>
<tr>
<td>(iv)</td>
<td>Public value aims must be authorised by political overseers and the broader public in an ongoing process of dialogue and deliberation;</td>
</tr>
<tr>
<td>(v)</td>
<td>Pursuit of public value must be subject to operational capability and the need to align the three points of the strategic triangle;</td>
</tr>
<tr>
<td>(vi)</td>
<td>Performance against this public value must be measured.</td>
</tr>
</tbody>
</table>

Source: Williams & Shearer (2011, p.7)

Public value theory offers an opportunity to achieve public service reforms and the ultimate goals and objectives of the organisations, unlike the NPM model which was based on over-simplified approaches that have dominated in the past (Kelly et al., 2002). NPM lead to fragmentation of relationship and undermine public values through competition (Haque, 2007). On the other hand, PVM creates value through rules and laws (O'Flynn, 2007), which is beyond the market approach (Hefetz & Warner, 2004). Therefore, Spano argues that PVM is a corrective measure to NPM (Spano, 2009)

2.5.5 Limitations of the PVM model

Moore’s (1995, 2000) PVM model of strategic management provides a strategic triangle to direct public managers on three core issues: (1) a framework to create public value, which helps to clarify goals and outcomes, (2) sources of
legitimacy of the organisation (authorising environment) which includes collaborating with the public and private sectors, and (3) operational capabilities of organisations to achieve the outcome of public values (Garofalo, 2015; R. Shaw, 2013). The PVM model has received academic support (Alford & O’Flynn, 2009) and academic challenges and critics (Rhodes & Wanna, 2007; 2009).

The meaning of public value is contested by many scholars as the term ‘public value’ is quite fluid and there is a lack of consensus with regard to the PVM model (Shaw, 2013). Rhodes and Wanna (2009) argue that under the Westminster system the elected members have a legitimate role in prioritising the needs, or creating values, for the public and not the non-elected public managers. While acknowledging the fact the PVM approach is a corrective measure to NPM, public managers are encouraged to bypass the conventions of the Westminster system and assume the role of political managers. However, Prebble (2012) argues that the PVM approach is appropriate as public managers are required to navigate the dynamics of politics and accountability in a public management role. Some of the key values of PVM equate to those that are embedded in GNH, hence the PVM literature enriches the context of this study.

2.6 HRM POLICIES AND PRACTICES IN THE CIVIL SERVICE

By the early 1970s, the term ‘human resource management’ had replaced the term ‘personnel management’ as the preferred term for people management concepts (Australian Public Service (APS), 1992). This section examines the experience of civil service HRM reforms in developed and developing countries in Asia using the three different paradigms: the bureaucracy, the NPM, and PVM paradigms. It examines issues related to the civil service reform process, reform characteristics and major challenges.

In developing countries, the civil service is still an important institution in transforming and implementing the reforms of the country and impacts on the way the civil service performs its duties. Countries like China, India, Nepal and Bangladesh are heavily depend on a civil service workforce both for political stability and economic development (Jahan, 2006; Jarrett & Huihan, 2009; Liou, 1997; Monem, 2008; Tiwari, 2009). The main roles of bureaucracies are to implement the government’s administrative functions, provide policy advice, and
maintain political stability (Heywood, 2002). Challenges such as nepotism, and corruption are prevalent in many developing countries (Zafarullah, Khan, & Rahman, 2001).

Civil service management is defined as the human resource management (HRM) of employees in the government structures (Nunberg, 1995; Stanova, 2014). The civil service system is a central part of government institutions. Usually, the civil service system is either managed by an executive agency under the cabinet or an independent agency known as the civil service commission or the public service commission. They are in charge of civil servants and of ensuring a non-partisan and politically neutral civil service (Moon & Hwang, 2013). In many countries in Asia and developing countries, the civil service system plays a central role (Moon & Hwang, 2013). Civil service HRM has two main functions: (1) strategic functions which take care of HRM and business strategies and (2) transactional or operational functions which are concerned with the main delivery of HRM services (Stanova, 2014).

Civil service reform initiatives undertaken by developing countries in the early 1990s have resulted from the public sector reforms in the developed western countries being extended to developing countries by donor agencies, such as the World Bank, International Monetary Fund (IMF), Asian Development Bank (ADB), and the United Nations Development Programme (UNDP) (Burns, 2001). For example, the modernisation of HRM in the civil service of Romania was partially driven by external agencies such as the World Bank, ILO, and the EU (Poor & Plesoianu, 2010). The Romanian civil service reform project was implemented within the framework of the European Commission, for example, National Public Service Office and the competitive exam system (Poor & Plesoianu, 2010).

Overall, a civil service system is governed by the legal framework (Moon & Hwang, 2013). For instance, Japan’s civil service is governed by the National Public Service (NPS) Law of 1947, revised in 2006. The Pendleton Act of 1883 provides the legal framework for the merit-based public service in the United States, which was revised under the Civil Service Law of 1978. In Australia, the Public Service Act of 1999 provides the legal basis for Australia; in New Zealand the State Sector Amendment Act 2004 and Crown Entities Act 2004 provide the legal framework. In many developing countries, the civil service system is broadly influenced by the
British Westminster system. For instance, Sri Lanka, Nepal, and Bangladesh have retained some features of the Weberian career employment model. Sri Lanka’s civil service commission has primary responsibility for recruitment and selection, development of capacity, HR auditing, promotion, transfer and discipline issues. In the UK, recruitment has been delegated since 1964 and recruitment is centrally managed only at the senior level (McCourt, 2001b). The civil service system in Sri Lanka is based on the British system of a career employment model (McCourt, 2007).

Many features of traditional personnel administration are retained in the civil service of developing countries. The neutral and apolitical nature of the civil service and centralised personnel agency are still relevant in the public service of developing countries (Colley, et al., 2012).

2.6.1 Recruitment on merit and apolitical civil service or political neutrality

The employees in the public service are appointed on merit and continue to serve different political parties who form the government (Jaensch, 1997; Keating, 1999; Mulgan, 1998). They have no allegiance to any political party and they are required to serve any elected government (Gomery, 2005). Employees in the civil service are required to remain politically impartial and neutral in the Westminster civil service model. In Britain and Australia most positions in the civil service are required to serve the government of any political party with the same loyalty and effectiveness (Coxall & Robins, 1998). Based on this principle, the separation of civil service HRM management from the politics helps to make merit-based HR decisions in place of political criteria (Burns, 2001). Employees are prohibited from involvement in partisan activities like contesting as a candidate for a political party without first resigning from the service (Jaensch, 1997; Wilson, 2003). Therefore neutrality means loyal support for the elected government regardless of the party in government.

Civil servants are expected to implement the programs and policies of the government and to provide honest and courageous advice. Ward and Stewart (2010) argue that civil servants should be politically neutral and non-partisan to avoid political pressures and so that they could serve any government of the day without a requirement to retire upon change of government. This model protected employees
by providing a secure job and protecting them from political dismissal (Colley & Head, 2013). Civil servants are independent of political leadership, however, they are still required to be responsive and loyal to the political leader of any party and uphold the principle of political neutrality.

Many developing countries in Asia have adopted the Westminster model of civil service. For instance, the civil service systems of Bangladesh, India, South Korea, and Thailand have elements of Weberian type bureaucracy (Bowornwathana, 2001; Zafarullah & Huque, 2001). Entry into the civil service system in India and South Korea is autonomous from the political system and entrance into the civil service system is highly competitive. However, in China, the Chinese Communist Party (CCP) has a monopoly over the civil service and in fact, there is no clear boundary between politics and administration, as most civil servants are also members of the CCP (Burns, 2007). The CCP manages all promotions of senior civil servants.

2.6.1.1 Apolitical civil service or political neutrality

The concept of apolitical civil service is derived from the Westminster system. The concept addresses the need for checks and balances so that there is no abuse of authority by the elected government. Although, in theory, apolitical civil service is designed to provide checks and balances, in practice, the elected government always has the final say over HRM appointments and the postings of senior civil servants.

Civil service autonomy depends on the degree of interference in HR decisions from the government. If there is more intervention from the government and the ministers in the HR decisions, the Civil Service Commission, as central personnel agency, is deemed to have less autonomy and has greater potential for politicisation (Verhoest, Peters, Bouckaert, & Verschuere, 2004). Issues such as who appoints the head of the civil service commission and who makes HR decisions, are relevant for structural autonomy. If the head of the organisation is more accountable to the government, there are greater constraints of structural autonomy and greater risk of political patronage (Verhoest, et al., 2004).

In theory, if the head of the Civil Service Commission is directly accountable to the government, the civil service will have little potential to prevent political patronage (Stanova, 2014). On the contrary, Stanova (2014) argues that if the CSC
head is appointed by a council of ministers consisting of coalition parties, there would be less potential for control from the government as the CSC head is not solely accountable to the government. If the CSC is accountable to the legislature, there would be more structural autonomy of the CSC as parliament consists of opposition and coalition parties. Government will have less potential to pressurise the civil service for political patronage.

Table 2.4 Structural accountability of heads of civil service commission

<table>
<thead>
<tr>
<th>Category</th>
<th>Minister/PM</th>
<th>Executive</th>
<th>Legislature</th>
<th>Judiciary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority to</td>
<td>Head of CSC appointed by the PM</td>
<td>Head of the CSC appointed by council of ministers/executive</td>
<td>Head of the CSC appointed by parliament</td>
<td>Head of the CSC by non-political party</td>
</tr>
<tr>
<td>appoint</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Countries</td>
<td>France (Administration and public employment at the ministry of public</td>
<td>The Netherlands (Ministry of interior and kingdom relations)</td>
<td>Kosovo (independent oversight board)</td>
<td>Sweden (Swedish agency for government employers)</td>
</tr>
<tr>
<td></td>
<td>employment)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potential to</td>
<td>Weakest &lt;------------------------------------------------------------------</td>
<td>strongest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>prevent patronage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Stanova (2014, p. 319)

The CSC is most independent in Sweden as the head of the Swedish Agency which is responsible for government service employment is appointed by the Judiciary and accountable to the board as shown in Table 2.4 (Stanova, 2014). Several countries in Asia and Pacific have adopted independent government institutions, such as CSC or Boards. The main purpose of having these as independent institutions is to ensure political neutrality in the civil service (Moon & Hwang, 2013).

An independent commission responsible for HRM policies and practices in the public sector helps to minimise and to a large extent prevent political patronage. Political patronage blurs the lines between party politics and the civil service commission that enables “politics to dominate the administration” (Stanova, 2014, p.308). Stanova (2014) argues that a central civil service organisation specialising in
civil service HRM management and civil service rules acts as a constraint on political discretion. His study showed that the abolition of the civil service office in Slovakia and Hungary has increased the politicisation of HRM management in the civil service. When there is a central personnel organisation, it is easier to control potential patronage and easier to uphold the values of unified civil service (Stanova, 2014).

2.6.1.2 Decrease of civil service autonomy and its implication for HR policies

There has been a substantial decrease of civil service autonomy in many developed countries as central personnel agencies were directly brought under the control of the cabinet with the NPM-led reforms in the public sectors (Colley, et al., 2012; Colley & Price, 2010; Pollitt, 2009). For instance, the HRM reforms of the Australian Public Service (APS) during the 1980s and early 1990s increased the control of ministers over senior employees in the public sector (Podger, 2007a, 2007b). The 1984 Public Service Reform Act in Australia dismantled the hierarchical chain of public service and devolved HR decision making. This reform replaced the permanent heads of departments and secretaries with fixed-term appointments, known as the Senior Executive Service (SES). The competition was open to both internal candidates as well as to candidates from outside the public service.

The objective of this change was to make the senior officers more responsive to ministers (Thompson, 1997). Podger (2007b), Kimber and Maddox (2003) and Halligan (1991) argue that in order to strengthen the role of the ministers in the HR decisions of the public service, the Public Service Commission was brought under the direct control of the Minister in 1987. This arrangement had consequences for the ability to maintain the impartiality and political neutrality of the civil service. For instance, with the introduction of the new Public Service Act 1999 in Australia, senior public servants and secretaries began to be appointed by the Prime Minister (Podger, 2007b; Ward & Stewart, 2010). When government changes, new ministers are often suspicious of the impartiality of heads of departments, particularly if they were appointed by their political opponents and they wonder how they could serve the new government. This was confirmed when the Howard government in 1996 removed six departmental secretaries who had worked with a previous government.
Colley (2011) argues that these political appointments create fear and instability in the minds of the departmental heads. The HRM functions came under direct control of the ministers which vastly reduced the autonomy of the public service commission (Colley, 2011). Similarly, two Secretaries of the ministry of external affairs and the home ministry in India were made to resign in 2015 with the change of government (Srivastana, Sen, & Sanyal, 2015).

There is an ongoing debate on the validity of direct recruitment to senior positions within a civil service. While Amosa (2008) and Mulgan (1998) posit that the government should be given the authority to select the right candidates to help them to deliver on their election promises to the people, Kimber and Maddox (2003) argue that when senior public servants are dependent on ministers for their jobs, this may limit their efforts and willingness to provide objective policy advice to their ministers. However, Shergold (2007) asserts that Secretaries do provide frank and robust advice to ministers. Briggs (2007) and Keating (1999, 2003) argue that, to enable the public servants to carry out independent professional service, a balance between independence and responsiveness needs to be maintained. However, with a shift away from a career service in the senior positions, Shergold (2005) argues that if civil servants are dismissed at the will of the Minister, honest advice and neutrality will be adversely affected. One of the dilemmas is that civil servants face a conflict between being politically responsive and professionally responsible (Gordon & Milakovich, 2009).

2.6.2 Merit-based HRM in the public sector

Merit has been well defined and operationalised through practices such as open competitive examinations and protection from political patronage and favouritism (Woodard, 2005). The concept of merit has been evolving socially and politically through legislation, rules and societal interests (Woodward, et al., 2006). Open competition, fair compensation, and due process to protect the constitutional rights of the employees are important elements of merit-based HRM functions (APS, 1992). These are associated with fairness and equity in hiring and promotion.

In the 1980s and 1990s, overall views on tenured and career services changed (Colley, 2011). Employment security has been reduced and instead of full time jobs, part-time jobs have become more frequent from 1980s onwards (Colley & Head,
The NPM-led reforms reduced tenured service in the public sector and reduced the institutional capacity of central personnel agencies responsible for coordinating and monitoring HRM functions in the public service (Colley, et al., 2012). As the tenure system was changed to contracts, the government was able to exercise more control over HR decision making.

### 2.6.3 The size and quality of the civil service

The size and quality of the civil service are considered important elements of governance and public service. Ideas around NPM created questions about the size of the government. Comparatively, the size of the civil service in many Asia Pacific countries is smaller than in western countries (Moon & Hwang, 2013). The table below (refer Table 2.5.) shows that the size of public employment, as a proportion of total employment, is smaller in Asian countries than in most other countries (Moon & Hwang, 2013).

Table 2.5 Size of civil service in various countries

<table>
<thead>
<tr>
<th>Countries</th>
<th>Employees in the central government</th>
<th>Employees in the local and [state] governments</th>
<th>per cent total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Civil service number</td>
<td>per cent in proportion to population</td>
<td>Civil service number</td>
</tr>
<tr>
<td>Australia</td>
<td>171,000</td>
<td>2.1</td>
<td>233,000</td>
</tr>
<tr>
<td>New Zealand</td>
<td>191,000</td>
<td>5</td>
<td>20,000</td>
</tr>
<tr>
<td>United States</td>
<td>2,634,000</td>
<td>1</td>
<td>15,812,000</td>
</tr>
<tr>
<td>Japan</td>
<td>894,000</td>
<td></td>
<td>1,548,000</td>
</tr>
<tr>
<td>Korea</td>
<td>204,000</td>
<td>0.4</td>
<td>356,000</td>
</tr>
<tr>
<td>Taiwan</td>
<td>160,761</td>
<td>0.7</td>
<td>137,345</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1,030,581</td>
<td>3.5</td>
<td>181,287</td>
</tr>
<tr>
<td>Philippines</td>
<td>417,500</td>
<td>0.57</td>
<td>368,000</td>
</tr>
<tr>
<td>Thailand</td>
<td>711,000</td>
<td>1.24</td>
<td>499,000</td>
</tr>
<tr>
<td>China</td>
<td>3,000,000</td>
<td>0.15</td>
<td>31,000,000</td>
</tr>
</tbody>
</table>

Source: Moon and Hwang (2013, p.125)

NPM has impacted greatly on the management of the civil service in developing countries. For instance, the Pay Commission of India has asked the government to reduce the size of the civil service by 30 per cent (Mishra, 2001). The South Korean Government has adopted NPM principles and governance such as downsizing, deregulation and the establishment of an anti-corruption office (Burns,
2001). In China, civil service reforms have been spurred by economic development (Burns, 2007). During the late 1970s, China initiated public sector reforms such as the decentralisation of decision-making authority, simplification of administrative structures, and professionalisation of capacity building and training. However, the Chinese administrative system had many problems (Liou, 1997), for instance, a rigid and overly centralised system and there are suggestions of corruption in recruitment. Other authors agree that there is a prevalence of abuse of authority, favouritism, patronage and recruitment corruption in the Chinese civil service (Chou, 2007; Sundell, 2014; Tong, Straussman, & Broadnax, 1999). Further, the blurred boundary between the government and business encourages the breeding of corruption (Chou, 2007). The other factors which lead to recruitment and promotion corruption in the Chinese civil service are a weak monitoring system, regulatory loopholes, and bureaucratic bottlenecks (Burns & Xiaoqi, 2010). Under such circumstances, civil service positions are filled by relatives of high ranking Chinese officials (Yang, Wu, Xu, & Chen, 2012). In spite of introducing a merit system, and centralised examinations for recruitment in the civil service, many Asian countries face the challenges of patronage, nepotism and corruption in HRM appointments and promotions (A. B. L. Cheung, 2005; Poocharoen & Brillantes, 2013).

2.6.4 Decentralisation of HRM functions in the public service

Devolution is one the components of the NPM framework. Hanson (1998, p.112) has defined decentralisation as “the transfer of decision-making authority, responsibility and tasks from central organisations to lower organisations”. Decentralisation varies across countries with different political, institutional, fiscal and cultural characteristics (Smoke, 2003). With the NPM model reforms, many countries have decentralised HRM functions within the civil service to improve management in the civil service (Colley & Price, 2010), which was otherwise rigid and hierarchical in structure. Tessema, Soeters and Ngoma (2009) are of the view that decentralisation is prudent and has a positive impact if governments are able to balance the centralisation and decentralisation of HRM policies and practices to enhance performance. With the decentralisation of HRM functions to line agencies, centralised HRM functions are reduced to a considerable extent (Kettl, 2000). There is ongoing debate on how extensively the core HRM functions need to be decentralised (Turner & Hulme, 1997). When the government devolves and
decentralises HRM functions, there is an improvement in performance and transparency (Hays & Kearney, 2001). Further, the devolved functions help the central organisations to devote more time to strategic issues (Hall & Torrington, 1998; Marcus & Onjala, 2008). Some of the components of devolution are identified below.

2.5.4.1 Critical factors for devolution of HRM functions

The literature suggests that if proper mechanisms are not in place, decentralisation encourages nepotism and corruption. Hence, for civil service reforms to be successful, effective control mechanisms have to be in place (Nunberg, 1995; Polidano & Hulme, 1999). The decentralisation of HRM functions has not been effective in many developing countries (Smoke, 2003), owing to lack of institutional capacity, scarcity, and lack of control mechanisms. As more HR functions are decentralised, managers get greater flexibility for operational decisions, and the challenge is to maintain a balance between the decentralisation and control to secure accountability, avoid misuse and abuse of authority (Demmke, Hammerschmid, & Meyer, 2006). Prior to the devolution of the HR function, there need to be HR strategies and HR capacities developed for better effectiveness of the HR functions (Bach, 2001). HR managers have to follow the process within the overall framework of the HR rules and criteria (Collins, Njeru, Meme, & Newbrander, 1999). However, Turner, Imbaruddin and Sutiyono (2009) acknowledge that excessive delegation of HR functions and authority to line agencies will lead to nepotism, corruption and abuse of authority.

Although decentralisation of HRM functions leads to flexibility and can assist the management of HR functions, it is also associated with some problems such as lack of capacity to manage the newly decentralised functions (Fisman & Gatti, 2002; Tang & Bloom, 2000; Wang, Collins, Tang, & Martineau, 2002). Fisman and Gatti (2002) also caution that decentralisation may cause more dispersion of decision-making authority by the government which will in turn lead to lack of coordination and in the process extract greater potential for bribes. According to Wang et al. (2002), decentralisation has a mixed impact on how HRM is conducted. Some of the other disadvantages of decentralisation in developing countries, for example in India, have been that some of the officials in the districts collude with powerful politicians which leads to poor performance in the civil service (Tummala, 1997).
With decentralised and devolved HRM functions, there are possibilities of favouritism because of pressure from the local politicians (Wang, et al., 2002). For instance, in Uganda and China, there is nepotism in recruitment where there are devolved HRM functions, with applicants recruited based on tribalism (Bossert, Beauvais, & Bowser, 2000), and in China, staff are recruited from known friends and relatives of government officials (Tang & Bloom, 2000). Nepal has resisted the decentralisation of HRM functions in the public service as previous reform had enabled the politicians to use Nepal’s public service in recruiting their supporters through a patronage system (Colley, et al., 2012). Further, Sri Lanka has recentralised its public service management to restore the autonomy of the civil service commission in order to retain political neutrality and minimise influence from political figures (Colley, et al., 2012; McCourt, 2007). This thesis should therefore be aware to the potential effects of patronage.

2.6.5 Internal labour market

Internal labour markets “involve policies and practices that determine the way human resources are used and rewarded within the organisation” (Burns, 2001, p. 87). The Civil Service Systems in many of the developing countries in Asia follow the UK’s model merit principles for recruitment and promotion. Although in principle developing countries follow the merit principles of recruitment and promotion in the civil service (Siddiquee, 2003), in practice a developing country like Bangladesh is not able to implement merit principles (Siddiquee, 2003; Zafarullah, et al., 2001). Consequently there is a prevalence of bureaucratic corruption and politicisation that affects the selection of candidates. Further, in Bangladesh, about 55 per cent of vacant positions in the civil service are filled by candidates based on a quota system reserved for the tribal population, (such as partners and children of freedom fighters), which leads to compromising the principle of merit-based recruitment. Therefore, quite often decisions on appointment, promotion, transfers and capacity development are based on political considerations instead of merit (Siddiquee, 2003; Zafarullah, 2000). For example, in Sri Lanka and Nepal, appointments are made based on political connections. So, there is politicisation of the appointments, with politicians abusing their authority as selection committee members by providing employment for their supporters.
(McCourt, 2001b). The devolution of HRM functions under NPM may therefore lead to the corrosion of merit values.

2.6.6 Corruption in the civil service

There is a high prevalence of corruption in the civil service in developing countries. According to the Corruption Perception Index (Transparency International, 2011), as indicated in the Table 2.6, corruption is quite high in developing countries. For instance, in Bangladesh the corruption ranking is 120 out of 183 countries, likewise Nepal ranks 154 out 183 countries (Transparency International, 2011).

Table 2.6 Perceptions of corruption for selected countries

<table>
<thead>
<tr>
<th>Country rank</th>
<th>Country</th>
<th>2011 Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Least corrupt)</td>
<td>New Zealand</td>
<td>9.5</td>
</tr>
<tr>
<td>2</td>
<td>Denmark</td>
<td>9.4</td>
</tr>
<tr>
<td>5</td>
<td>Singapore</td>
<td>9.2</td>
</tr>
<tr>
<td>8</td>
<td>Australia</td>
<td>8.8</td>
</tr>
<tr>
<td>16</td>
<td>UK</td>
<td>7.8</td>
</tr>
<tr>
<td>24</td>
<td>USA</td>
<td>7.1</td>
</tr>
<tr>
<td>38</td>
<td>Bhutan</td>
<td>5.7</td>
</tr>
<tr>
<td>43</td>
<td>South Korea</td>
<td>5.4</td>
</tr>
<tr>
<td>75</td>
<td>China</td>
<td>3.6</td>
</tr>
<tr>
<td>80</td>
<td>Thailand</td>
<td>3.4</td>
</tr>
<tr>
<td>95</td>
<td>India</td>
<td>3.1</td>
</tr>
<tr>
<td>120</td>
<td>Bangladesh</td>
<td>2.7</td>
</tr>
<tr>
<td>134</td>
<td>Pakistan</td>
<td>2.5</td>
</tr>
<tr>
<td>154 (higher)</td>
<td>Nepal</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Source: Transparency International (2011)

There is a public perception that bureaucratic corruption is serious as it promotes social inequality (Jahan, 2006). Another challenge is the value of political neutrality. For instance in China, reformers have not considered the value of political neutrality, which is essential for providing checks and balances, and is regarded as an important administrative principle (political-administrative dichotomy) in western democracies. In view of the absence of political neutrality, there is an absence of a well-defined line between civil servants and the party leaders. In fact, the party controls all the key personnel and civil servants through emphasising loyalty to the party. This poses serious issues for generating a balance between merit-based appointment and the politicisation of the civil service system in China (Liou, 1997; Liou, Xue, & Dong, 2012). Similarly, in most of the developing countries, there is politicisation in the management of the civil service (Wilder, 2009).
Corruption in the civil service seems to be rampant in developing countries mainly because of the low salary, weak legal system and weak anti-corruption agencies (Xue & Liou, 2012).

In summary, this section has examined the civil service system in developed and developing countries. Many of the developing countries have a civil service system similar to the model of the civil service in Australia and the UK. However, corruption, nepotism, inadequate pay and rewards affect civil servants in most of the developing countries in Asia. Some of the other challenges faced by the civil service in the developing countries are political neutrality and politicisation of appointment to the senior positions in the civil service. Although employees in the civil service are paid much less than their counterparts in the private sector, in countries like Bangladesh, Nepal, India and China, government jobs are still the main source of employment, which sometimes results in overstaffing in the civil service. Most of these issues are not incorporated into standard HRM models, which largely derive from the developed world as will be identified in the following section.

2.7 HRM CONCEPTS AND BUSINESS STRATEGY

The previous sections have reviewed the literature on HRM strategies and practices in civil or public service. This public administration literature focuses on what happens within a civil service and how the civil service responds to changes in the external environment, especially changes to government’s expectations of the role of a civil service. While this is a valuable body of literature and identifies patterns of change over time, more recently, scholars have been grappling to understand why these different public administration HRM strategies arise. For example, the literature on Asian civil services indicates that economic development and cultural practices in relation to recruitment to the civil service exert an impact.

By the late 1980s, ‘HRM emerged as the alternate approach’ to personnel management (A. B. Cheung, 2005, p. 4). The term personnel management which was commonly used in the 1960s through the mid-1980s for managing people was changed to Human Resource Management (HRM) (Tyson, 2006). Wilson (2014b) and Beardwell (2014) argue that it was a change from the old style of personnel management to a new style of HRM. In the broadest sense, HRM is defined as an approach to the management of people to carry out their job (Beardwell, 2014). As
such, HRM is associated with recruitment and selection, training and development, promotion and reward, teamwork and performance management. HRM has become integral part of organisational effectiveness. However, in the UK, HRM came to prominence only from 1989 (Storey, 1995b). HRM has advantages over the traditional mode of managing people (Beardwell, 2014) as HRM is more strategic since its policies are designed to strengthen and support each other to achieve the business strategy of the organisation through vertical and horizontal integration. Well integrated HRM policies help employees to be motivated and committed to cooperate with the management to achieve the goals of the organisation (Beardwell, 2014).

HRM conveys the notion that people are not comparable to other economic factors such as physical plant and financial resource but considered as assets and not as costs (Legge, 2005). The important implication of this approach is thus developing people through capacity building, which is recognised as a long-term investment. For instance, the soft model of HRM not only integrates HRM policies and practices with the business objectives, employees are regarded as a valued assets and a main source of competitive advantage through their flexibility, commitment and adaptability (D. E. Guest, 1987; Legge, 2005). The soft model of HRM emphasises investment in employees to increase their added value (Legge, 1998). On the other hand, the hard model of HRM focuses on the integration of HRM policies and activities so that employees are just like any other resources to be exploited for profit (Legge, 1998, 2005). In essence, the hard model of HRM emphasises ways of managing human resources to minimise their cost (Legge, 2005).

The HRM policies and practices of organisations need to fit with its strategy and within the environment. For instance, if the top priority of the organisation is quality as a key success factor, then HRM policies and practices need to encourage the employees in the organisation to address the problems of quality. However, Beer et al (1984) argue that quite often there is a poor match between HR policies and organisational strategies. One of the reasons for the poor match is that managers develop business plans and investments without adequate consideration of the requirement for the human resources to support the business plan. On the other hand, HR planning and programs are not developed in close consultation with business planning which results in a poor fit between the business strategy and HRM policies.
Organisations as part of societies are also responsible to deal with the problems and challenges of fairness in regards to managing human resources. The strategies that have to be employed to achieve fairness are: clear articulation of management values and philosophy on issues of fairness; setting clear goals for hire and promotion, create clear policies and systems which encourage fairness, due process systems needs to be in place for resolving complaints related to hiring, promotion, performance evaluation decisions on dismissal. Beer et al (1985) argue that if there is more power given to employees or their representatives to adjudicate disputes, more perceptions of fairness will result.

2.7.1 Integration of Human Resource Management Policies

From the organisational point of view, the HRM system has to be integrated to attract and retain the right mix of employees. HRM policies need to fit the organisational strategy. The alignment of strategic HRM practices with each other ‘(internal consistency or alignment)’ and HRM strategy with that of the organisation’s strategy ‘(external consistency or the alignment)’ are important (Storey, 1995a, p. 23). Three dimensional HR strategies based on the work of the UK organisations indicate: (i) vertical alignment between HR strategy and organisational goals; (ii) horizontal alignment between individual HR policies and practices; and (iii) an implementation dimension to assess the impacts of HR strategy on the day to day experiences of employees and managers in the organisation (Beardwell, 2014; Jackson, Schuler, & Rivero, 1989). The first dimension-vertical alignment: Truss and Grattan (2003) and Beardwell (2014) argue that an HR strategy needs to be in place based on the organisational goals and strategies. In order to play a strategic role in the organisation, HR strategies need to reflect and support the business aims and objectives of the organisation. This calls for a strong alignment between the HR strategy and overall vision of the organisations or business strategies. Truss and Grattan (2003) and Beardwell (2014) term this alignment between the HR strategy and organisational strategy, vertical alignment. Vertical alignment ensures that the HR intervention is dynamic and not an inhibitor for sustained competitive advantage (Beardwell, 2014; Jackson, et al., 1989).

The second dimension is at operational level, which emphasises horizontal integration, in that the HR policies and practices have to be consistent and compatible with each another. The research by Truss and Grattan (1989) indicates
that organisations that achieve higher levels of vertical alignment do not necessarily achieve higher horizontal alignment and vice versa. The vertical alignment is concerned with the HR strategy that supports the strategic direction of the organisation, whereas the horizontal alignment is concerned with the internal consistency in the HR policies and practices of the organisation. The third dimension of the HR strategy is implementation, translating HR policies into action. The implementation of HR policies affects the performance and desired values and behaviours of the employees in the organisations.

2.8 HRM MODELS

There are three primary approaches to conducting HRM studies: the first is concerned with the micro level, in managing employees through HRM policies and practices in organisations and in managing employee relations; the second is strategic, which is concerned with integrating HRM functions and examining linkages between HR strategies and performance (Bhutan: the pursuit of happiness, 2004); and the third is the international, in which the main focus is on cross-national examinations of HRM practices of organisations, primarily multinational organisations (M. L. Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009). The most appropriate literature for this study of HRM in the civil service of Bhutan is a blend of strategic HRM and comparative literature on international HRM.

The study on strategic HRM originated from developed countries of North America and Europe (Budhwar & Debrah, 2001) which primarily examines organisational level HRM in the private sector. In order to identify the HRM practices that contribute to organisational performance towards a desired outcome, the focus is on internal HR practices. Research indicates that HR practices are required to fit the strategy of the organisation (e.g., Schuler, 1992) and that they have to be aligned with the overall business strategy of organisations (C. A. Lengnick-Hall & Lengnick-Hall, 1988). Beer et al. (1984) indicated that situational factors – which comprise workforce, business drivers, management, information technology, labour market, unions and societal features – and stakeholders’ interests – comprising shareholders, management, employees, government, community and unions –
influence HRM policies and outcomes, individual well-being and effectiveness of the organisations. A study by Jackson, Schuler and Rivero (1989) showed that HRM policies and practices differ in line with the characteristics of organisations consisting of both: internal (size, structure and technology) and external (industry sectors and unions). In order to deliver a comprehensive typology, external categories were expanded to include – legal, social, and political environment; labour market conditions; and national culture (Jackson & Schuler, 1995; Schuler & Jackson, 2005). Similarly, a contextual model was developed by Hendry and Pettigrew (1992), however, they argued that the two main components which affect HRM strategy are: an outer environmental context (socio-economic, technology, legal, political) and inner organisation context (culture, structure, business output). However, the focus of this research was on the financial performance of the organisations (Schuler & Jackson, 2005). As a result, strategic HRM scholars were criticised for their narrow focus and inability to take account of organisational context (Batt & Hermans, 2012).

Some international HRM scholars attempted to extend the contextual strategic models by including country-level factors; however, this research is limited to the operation of multi-national enterprises. There are several bodies of research which identify differences in HRM practices and link these ‘to differences in the cultures and environments of the US and the other countries’ (Schuler & Jackson, 2005, p. 17). While some of these are useful, Batt and Hermans (2012) argue that the context is not central to the strategic choices of organisations.

Zhu, Warner and Rowley (2007, p.746) examined the fit between five main European/American HRM models and HRM practices in three Asian developed economies, two Asian developing economies, and two Asian transitional economies, and found that ‘the conceptual formation of HRM was not a purely “Western” notion but a combination of both “East” and “West” conceptualisations’. They found that an emphasis on collectivism, ‘harmony and relational based business operation’ (Ying Zhu, et al., 2007, p.764) were features of the HRM approach of East Asian countries. In contrast to the above HRM models, institutional research focuses on national and international contexts and explores how they affect the strategic choices of organisations. According to Batt and Hermans (2012), this research centres on four main ideas: (i)‘firms are embedded in sets of institutions ... that profoundly
influence firm strategies and behaviors’ (p.15); (ii) there is no ‘one best way’ for firms to operate; (iii) the sets of institutions are historically contingent and therefore prone to path dependence or isomorphism; and (iv) institutions in a nation operate complementarily by constraining organisational choices, while simultaneously reinforcing the prevailing national institutional logic.

Among the HRM models which focus on the firm level is Schuler’s (1992) 5-P model which links philosophy, policies, programs, practices and processes with the strategic business needs of the firm as shown in Table 2.7. While the model is useful for analysing the various activities of the HRM on the strategic needs of the organisation, it does not take account of institutional level impacts. Another influential model takes a configurational approach: Macduffie (1995) for instance, argues that HRM practice must be seen not individually but in bundles that are consistent with business strategy. The model sheds light on the fit between the HRM strategy and business strategy, but it has a limitation of measuring innovative HRM practices. The other HRM models which focus on firm levels are: an open model system of HRM or an integrative SHRM model by Wright and Snell (1991) which examines macro level integrative perspectives of the HRM to manage competencies and behaviour of employees in the organisations but does not place emphasis on the institutional level which could impede the organisational strategic plan.

In contrast to the US based firm studies, a contextual approach has been developed in the UK. Hendry and Pettigrew (1992) argue that there are two key components affecting HRM strategy: an outer environmental context (socio-economic, technology, legal, political) and an inner organisation context (culture, structure, business output). These two contexts influence the HRM policies of an organisation. However, this model does not integrate the SHRM impact at the environmental or the institutional level with the organisational level. The integrative model of Strategic International HRM (SIHRM) by Schuler, Dowling and Cieri (1993) examines how the HRM at the country level influence the organisational effectiveness of the Multi-national Enterprises (MNEs). The model is ideal for analysing international strategic HRM but the model itself requires substantive modifications as claimed by the authors. Budhwar and Sparrow’s (2002) integrative framework of cross-national HRM model evaluates and compares HR policies and practices and examination of determinants of cross-national contexts. The model
does not stipulate how the HRM would influence other factors such as national culture, institutional and industrials factors. Similarly, Budhwar and Debrah’s (2001) contextual models of HRM policies and practices is useful for analysing cross-national comparisons and comparative HRM studies. However, the model does not specify how the national HRM policies and practices could impact on other factors.

The other HRM models include ‘Organising framework: a political influence of HRM’ by Ferris and Judge (1991). The model is useful for analysing the political influence perspectives on the HRM decision but the dynamics and complexities of HR policies and practices are not shaped by political influence alone. Wright and MacMahan’s (1992) model of SHRM combines five theoretical models (behaviour perspectives, cybernetic models, transaction cost theory, resource-based view of the firm, and institutional theory). This model helps to better understand the perspectives of SHRM, but its challenge is the need to develop valid measures for these various theories. Soft and hard models of HRM by Truss, Gratton, Hope-Hailey, McGovern, and Stiles (1997) is helpful to analyse the conflicts and tensions between the soft and hard HRM models. This model also flags the need to consider rhetoric and reality when conceptualising HRM strategy. However, this model does not take account of divergent views, which are essential for developing a more holistic HRM strategy.
### Table 2.7 Key features of HRM models

<table>
<thead>
<tr>
<th>Authors</th>
<th>HRM Models</th>
<th>Focus of the models</th>
<th>Strengths of the models</th>
<th>Limitations</th>
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<tbody>
<tr>
<td>Wright and Snell (1991)</td>
<td>An open system model of the HRM or an integrative view of Strategic HRM</td>
<td>Examines macro integrative perspective on the HRM in managing competencies and behaviour of employees in the organisations</td>
<td>It demonstrates the need to integrate the HR policies and practices to accomplish business of the organisation.</td>
<td>The model does not emphasise the importance of environment or institution which can impede the strategic plan of the organisation</td>
</tr>
<tr>
<td>Schuler, et al. (1993)</td>
<td>An integrative framework of Strategic International HRM</td>
<td>Examines how the human resource management of a country influences the organisational effectiveness of MNEs</td>
<td>Good for analysing strategic international human resource management</td>
<td>It is tentative and requires substantive modification</td>
</tr>
<tr>
<td>Ferris and Judge (1991)</td>
<td>Organising framework: a political influence of the HRM</td>
<td>Analyses the political influence perspectives on the HRM decisions</td>
<td>The political influence factor supplements to other perspectives on the HRM which is useful for multiple perspectives of HRM analysis.</td>
<td>The dynamics and complexities of HRM policies and practices are not shaped by political perspectives alone</td>
</tr>
<tr>
<td>Wright and McMahan (1992).</td>
<td>Theoretical models of SHRM</td>
<td>Examines: behaviour perspectives, cybernetic models, transaction cost theory, resource-based view of the firm, resource dependence models, and institutional theory.</td>
<td>Helps to better understand the perspectives of SHRM</td>
<td>One of the limitations of this theoretical SHRM models is to develop valid measures for various theories</td>
</tr>
<tr>
<td>Schuler (1992)</td>
<td>5-P models of SHRM</td>
<td>Links HR philosophy, HR policies, HR programs, HR practices and HR processes with the strategic business needs of the organisation.</td>
<td>Useful for analysing the impacts of various HRM activities which include 5-Ps on the strategic needs of the organisations.</td>
<td>It examines only the organisation level and not at the institutional level</td>
</tr>
<tr>
<td>Authors</td>
<td>HRM Models</td>
<td>Focus of the models</td>
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<tr>
<td>Truss, et al. (1997)</td>
<td>Soft and hard models of HRM</td>
<td>The study analysed the conflicts and tensions between the soft and hard HRM models</td>
<td>The model helps to take into account the rhetoric and reality needs while conceptualising the HRM</td>
<td>The model has a limitation to take into account divergent assumptions</td>
</tr>
<tr>
<td>Budhwar and Sparrow (2002)</td>
<td>An integrative framework of cross-national human resource management</td>
<td>Evaluates and compares HRM policies and practices and examine their main determinants in cross-national context</td>
<td>This model provides a framework for analysing HRM</td>
<td>This model does not state how the various HRM practices would impact other factors such as national culture, institutions, business environment and industrial sectors.</td>
</tr>
<tr>
<td>Budhwar and Debrah (2001)</td>
<td>Contextual models of HRM policies and practices</td>
<td>Examines applicability of HRM models in different settings for instance national and international settings</td>
<td>This model is useful for analysing cross-national comparisons and comparative HRM studies</td>
<td>The model does not specify how national HRM policies and practices could impact the other factors</td>
</tr>
<tr>
<td>MacDuffie (1995)</td>
<td>The configurational model</td>
<td>Argues that HR practice must be seen not individually but in bundles that are consistent with business strategy</td>
<td>It sheds light on the fit between HR strategy and business strategy</td>
<td>It has the limitation of how to measure innovative HR practices</td>
</tr>
<tr>
<td>Hendry and Pettigrew (1992)</td>
<td>Model of strategic HRM</td>
<td>Analyse: an outer environmental context (socio-economic, political) and an inner organisation context (culture, business output). These two contexts influence the HRM policies of an organisation.</td>
<td>Useful for analysing strategic roles of the HRM</td>
<td>The model does not integrate to analyse how SHRM impact both at the environmental and organisational levels</td>
</tr>
</tbody>
</table>
One HRM model that blends comparative institutional research and HRM strategy in an international context is that of Brewster (1995). Brewster’s (1995) HRM model combines the internal, organisational-level strategic HRM factors and situates them within the organisational context at the country and international levels. A range of international HRM scholars have been active in identifying differences in HR practices across nations and trying to establish why these differences arise. HRM studies in the US normally focus on the firm level, whereas the European HRM model tends to be broader; it includes issues of nation and institutions such as national legislation and labour markets which helps to provide a better explanation of different national settings (Brewster, 1995, 2007). There are a variety of HRM models articulated by researchers from Europe: Brewster and Bournois (1991); Sparrow and Hiltrop (1994); and Thurley and Wirdenius (1990) but their common view is that there is a need to locate studies of the business strategy, HRM strategy and practices of an organisation within the broader environment of national culture, legislation, government and trade unions (Brewster, 2007).

To examine the HRM civil service model of Bhutan, Brewster’s (1995) framework is adopted as appears to be the most suitable model. It includes factors applicable for analysis of the internal organisational business and HRM strategies, while situating these within their environmental context by including environmental factors, such as: international factors, national factors (culture, legislation, social factors), and national HRM factors (education, training and trade union involvement). At the same time, Brewster’s (1995) model is not static as it tries to establish how factors interact to constrain or shape organisational strategic HRM choices. This framework is suitable for analysis at a national level without being too normative (Budhwar and Debrah 2001b) and is therefore adaptable for a single country study. Brewster’s model has been empirically tested previously in quantitative studies – for example in the public and private sectors in India (Budhwar and Khatri 2001) and in comparing India and the United Kingdom (UK) (Budhwar and Sparrow 1998) – and has been found to be a useful heuristic device. As such, Brewster’s (1995) model accounts for macro-level external contextual factors, permits exploration at institutional levels and helps identify multilevel influence patterns. This will counteract the limitations in the HRM literature that Batt and
Herman’s (2012) identify: that HRM strategy studies focus almost exclusively on the firm level and ignore the important role that institutions play; and that comparative institutional studies are concerned exclusively with institutional issues, but fail to take into account the organisational level in their analyses. In contrast to the above HRM models, the contextual approach developed by Brewster (1995) in Figure 2.3 integrates internal strategy factors and also takes the external environment into account. This is the model used as a framework for this research. Brewster’s (1995) external environment factors consist of: international, national (national culture, legislation, social factors), and national HRM level (education, training, and involvement of trade unions) which interact between themselves and interact with the organisation level factors that comprise corporate strategy, HRM strategy, and HRM practice. The lines indicate that HR strategies and HR practices of organisations interact and are part of the environment. There is an interaction between the factors at the organisation and external environment level.

According to this model, the external environmental factors affect the organisational level factors of HRM practice; HRM strategy and corporate strategy (Brewster, 1995). However, Brewster argues that empirical testing is needed to assess whether this kind of HRM model is applicable to other countries. This HRM framework enables agencies to explore beyond the short-term gain of HRM approaches seeking to reduce labour costs (Brewster, 1995, p.14); Brewster’s (1995) HRM model empirical test has been conducted only in the private sector in the large corporations of industrialised countries of the UK and India. It is unclear whether the model is applicable for public sectors of small and developing countries. This framework in Figure 2.3 helps to provide a broader perspective on contextual factors that are likely to affect HR policies and practices in the Bhutanese civil service.
Brewster’s model outlines all the elements that are relevant to a study of HRM practices in Europe and may well be relevant to a study of HRM practices in Bhutan. Each of the elements that combine to make up the model will now be discussed.

### 2.8.1 International context

Brewster’s (1995) HRM model is based on the premise that amongst others, the international factors in the case of Britain, the European Union (EU) plays a greater role in the area of HRM policies and practices than domestic forces (Brewster, 1995; Budhwar & Khatri, 2001). Brewster’s model has previously been empirically tested in India. Budhawar and Sparrow (1998) showed that less than one per cent of Indian managers perceived that international institutions influenced Indian HRM policies and practices indicating there is a perception of less influence of the international institutions on Indian HRM practices, than there is in the UK.
Their study found that in Britain, 6.2 per cent of the managers believed that domestic HRM policies and practices are influenced by international factors such as through EU directives and the European Court of Justice. The reasons for perceived international influence on Indian HRM practice and the comparatively high influence of international institutions on British HRM practice relates to the type of international institutions existing in these two countries, India and Britain, and their authority and ability to influence HRM policies and practice (Budhwar & Sparrow, 1998).

The relevant international institutions in India such as the International Labour Organisation (ILO); General Agreement on Tariffs and Trade (GATT) now the world Trade Organisation (WTO); and South Asian Association for Regional Cooperation (SAARC) have a weak influence on Indian HRM policies and practices (Sparrow & Budhwar, 1996). For instance, the ILO provisions are clearly laid out and thus expected to heavily influence India’s HRM policies, however, HR managers do not necessarily follow ILO provisions (Budhwar & Khatri, 2001). This could be because the provisions are not regulated or enforced properly. Similarly, a regional institution, such as SAARC, does not influence HRM practice in India (Budhwar & Sparrow, 1998; Whitley, 1992). On the contrary, EU legislation strongly influences British HRM policies and practices (Brewster, 1995; Budhwar & Sparrow, 1998).

The shift from traditional public administration to NPM in the early 1980s has had direct implications for the way the public sector has been managed (Pollitt & Bouckaert, 2004). NPM has direct implications for the HRM policies and practices in developing countries. In China, international factors influence HRM policies and practices. The various donor agencies such as the World Bank and the United Nations Development Program (UNDP) sponsored the Chinese leaders to visit some of the institutes in the developed countries to study their civil service position classification and pay system (Burns, 2001). Burns (2001) asserts that Chinese authorities have adopted some features of western HRM practices although they still retain Chinese characteristics. With China’s accession to the WTO in 2001, there are pressures from international institutions like the ILO, WTO and International Confederation of Free Trade Unions (ICFTU) on the employment relations issues which include: the implementation of international labour standards, labour rights,
working conditions, issues of trade union membership, wage-price factors and political reforms in China (Y. Zhu, 2005; Y. Zhu & Warner, 2004).

With the international pressures on China, Chinese labour issues, which were once a domestic issue, are now linked to international institutions. The labour standards of the ILO require basic rights of: freedom of association and rights of collective bargaining, abolition of all forms of forced labour, and the abolition of discrimination in employment (Y. Zhu, 2005). Similarly, consistent with the standards of ILO are the employment rights of the workers, education, training and working conditions which are important for China. Ahlstrom, Foley, Young, & Chan (2005) assert that the entry of the WTO in China, has sped up the dismantling of traditional personnel management and the adoption of western models of HRM into Chinese culture and a changing environment for improving selection, retention and promotion based on performance and merit. Further, the ILO and WTO monitor whether China adheres to labour standards, per the international conventions and regulations (Y. Zhu & Warner, 2004). Therefore, there is international pressure and influence on China to implement and adopt international conventions.

Other developing countries in south Asia, including Bangladesh and Nepal, are indirectly influenced by the international donor agencies which have implications for their HRM policies and practices. Khadka (1997) argues that Nepal is vulnerable to conditions imposed by donors. For instance, when the donor countries grant aid, the conditions attached to it included the recruitment of foreign consultants and 30 per cent of the aid budget was to be spent on the salaries of foreign consultants (Khadka, 1997). Similarly, when Nepal receives foreign loans from the World Bank and IMF, one of the conditions imposed is the deregulation of the economy and privatisation of many state owned enterprises; all these have implications for HRM policies and practices in the country, if conditions are imposed on funding.

Bangladesh’s reliance on donor aid funding is overwhelming and donors exert considerable influence on reform measures in civil service HRM in the country (Siddiquee, 2003). Donors exert pressure on the government of Bangladesh for transparency, accountability and good governance as forms of measures for administrative reforms (Siddiquee, 2003). The administrative reforms resulted in restructuring of the civil service; refining recruitment and selection process, pay
policy, improving promotion system, and reorganising training policy and infrastructure of the civil service (Siddiquee, 2003). The reform measures prescribed by the World Bank, UNDP, British Department for International Development (BDID), and the ADB focus on small government, decentralisation, transparency, and the improvement of civil service management in Bangladesh (Zafarullah & Huque, 2001). Farazmand (1998) asserts that less developed nations are pressured to accept the international corporate ideology of corporatisation, devolution and restructuring of the government administration by the global governments represented by World Bank, IMF and World Trade Organisation (WTO). These issues will be considered in the current study.

2.8.2 National context

The way in which HRM operates varies depending on country context (Brewster & Mayrhofer, 2012). While there is some convergence, HRM policies and practices depend on institutional and other social factors linked to the country, such as the national culture, societal values or local traditions and hard factors such as labour markets and legal framework (Brewster & Mayrhofer, 2012, p.12). So, the national context and cultural assumptions influence HRM policies and practices.

National culture is defined as a set of collective beliefs and societal values, distinctive traditions, norms and customs; and historical experiences which helps to distinguish people from one nationality to another (Hofstede, 1991; Newman & Nollen, 1996). Many researchers have stated that national cultural values have a strong influence on HRM policies and practices as they influence manager’s perspectives and guide the design and implementation of HRM (Easterby-Smith, Malina, & Yuan, 1995; Hofstede, 1983, 1993; Reiche, Lee, & Quintanilla, 2012; Tayeb, 1995). Some of the broader elements of national culture that influence HRM policies are the unique ways of doing things in a particular nation which reflect the broader national priority and working system (Sparrow & Hiltrop, 1997).

Cultural values, norms and customs influence the ways in which a manager assesses criteria and rules for fairness and justice (Morris, Leung, Ames, & Lickel, 1999). Because of this fairness and justice as one of the concerns of HRM, and in turn this influences how key policies and practices, such as recruitment, promotion, compensation, and capacity development, are formulated and implemented. Further,
studies conducted by Aycan (2005) and Huo, Huang, and Napier (2002) show that national culture influences HRM policies and practices in the organisation and in turn exerts an impact on the socio-economic performance of a nation. Brewster (1995) argues that the degree of influence of these factors on HRM policies and practices is context specific and varies from region to region and country to country. The empirical study undertaken by Budhwar and Khatri (2001) using Brewster’s (1995) European model of HRM in India shows that the state, which is the largest employer and enforcer of rules and law in the country, is able to heavily influence HRM policies and practices in a nation. Further, labour laws and legislation influence HRM policies related to recruitment and selection, transfer, promotion, and capacity development. HRM policies and practices are also strongly influenced by the educational and vocational training system in the country.

The other institutional systems at the national level which have an influence on HRM policies and practices are: national labour laws (Brewster, 1995; Sparrow, 1995); Trade Unions (Brewster, 1995; Tayeb, 1995); and educational and vocational training systems (Sparrow, 1995). The study conducted by Budhwar and Sparrow (1998) shows that under the different aspects of national culture: 54 per cent of the managers in India perceive that social relations is one of the crucial factors in managing human resources; the factors influencing HRM policies and practices include values, norms and customs which constitute 48 per cent. Forty-two per cent of the Indian managers perceive that the trade unions which act as pressure groups on behalf of employees influence HRM practices. On the other hand, the study has shown that 67 per cent of British managers perceive that culture of the organisation is important as it sets the standards for expected behaviour which determines the HR policies important for the success of the organisation. Common values, customs and norms of behaviour constitute 22 per cent which influences HRM policies and practices in Britain. Tayeb (1994, p.430) defines culture as “combinations of norms, values, feelings, roles, rules, behaviours, beliefs and attitudes”. Rowley (2005) argues that in Asian countries, national culture holds a powerful influence on HRM policies and practices. For instance in Korea, recruitment is through common ties which are based on a kinship-based relationship with the owners of the company. Cultural background and context plays an important role in influencing HRM policies and practices (Rowley & Bae, 2002).
With regard to the influences of different institutions (national labour laws; trade unions, professional bodies, and educational and vocational training set up) on HRM policies and practices, past comparative research has found that both Indian and British managers accord high priority to institutional factors. Over half of managers (Indian 61.5%, British 58.11%) perceive that national labour laws influence HRM policies and practices. In India, it was found that the national labour laws have direct influence on HRM policies and practices as compliance to these laws is important for upholding good industrial relations and sustaining organisations (Budhwar & Sparrow, 1998). Similarly, 28.4 per cent of Indian managers and 11.1 per cent of British managers perceive that trade unions influence HRM policies and practices. In terms of the influences of educational and vocational training on HRM policies and practices, 16.9 per cent of Indian managers and 24.7 per cent of British managers perceive that education and training have an important role. The study conducted by Budhwar and Sparrow (1998) indicated that 74.4 per cent of Indian managers perceive that their HRM function is under pressure to improve the productivity of workforce. These issues are likely to be common to all developing nations and worth keeping in mind in this study.

2.8.3 National HRM context

In the national HRM context, the key factors that determine HRM policies and practices are education and training, and labour markets. Vocational Education and Training (VET) and the national education system impact on the qualifications and skills held by workers and therefore influence HRM policies and practices in organisations (Brewster, 2004; Hendry & Pettigrew, 1990).

Budhwar and Khatri (2001) showed that there is a strong influence of vocational training and national educational systems influencing HRM policies and practices of organisations in India. These educational and training facilities have helped the country to produce required employees with skills, knowledge and talents (Budhwar & Khatri, 2001).

2.8.4 Corporate/Organisational strategy and HRM strategy

Corporate level strategy is defined as the overall strategy for a diversified organisation which is concerned with the ways in which the individual units are
coordinated and integrated (M. L. Lengnick-Hall, et al., 2009). Strategy in general terms is defined as positioning of an organisation for sustainable competitive advantage. The main goal of strategy is to create value for the stakeholders (Kluyver & Pearce II, 2003). Human resource strategies of the organisation should integrate with the corporate strategy of the organisation (Anthony, Kacmar, & Perrewe, 2006). The corporate strategy drives the human resource strategy which means HR professionals need to establish HR goals that support the corporate goals of the organisation.

Corporate strategy refers to the overall plan of the organisation (Porter, 1987). The corporate strategy of an organisation determines its objectives, purpose or goals and outlines the main policies and plans to achieve these goals (Lynch, 2006). Corporate strategy defines the range of programs the organisation intends to achieve, and it applies to an organisation of any size (Andrews, 1997; Porter, 1987). Although the concept of corporate strategy was developed for business firms initially, Andrew (1987) argues that the concept is useful for government agencies as well. If the managers of the public organisations can establish a corporate strategy in their respective organisations, they are useful as the basis for resources allocation, performance evaluation, supporting recruitment and for justifying decisions to the legislators (Behn, 1980). Formulating a corporate strategy is a method of creating a blueprint for the long-term direction of an organisation (Kluyver & Pearce II, 2003).

Strategic human resource management (SHRM) is defined as the pattern of planned human resource development and programs to enable an organisation to achieve its intended goals (Wright & McMahan, 1992). Truss and Gratton (1994, p.663) define strategic human resource management (SHRM) as “the linking of human resource management with strategic goals and objectives” to enhance the performance of the organisations as well as fostering innovation and flexibility. Line managers and HR professionals play a significant role in transforming the functions of HRM to make it more strategic in orientation (Martell & Carroll, 1995; Wright, 1998).

Brewster’s (1995) HRM model in Figure 2.3 states that the factors such as national culture, authority system, and employee representatives influence the HRM practices in various national settings. The model highlights the influences of important factors – national culture, system of government and power structure –
employee representatives on HRM policies and practices of different countries (Budhwar & Khatri, 2001). Brewster (1995) asserts that crafting the HRM model by involving employees will enable the organisations to be able to derive long-term benefits by focusing on capacity building, development and through the cost-effective use of employees.

In summary, the above model was tested in some larger companies in India (Budhwar & Khatri, 2001). The research findings show that national culture, government system, education and training have a strong influence on HRM practices; however, the international context factors – International Labour Organisation (ILO), European Union (EU), GATT and South Asian Association of Regional Corporation (SAARC) – have less influence on HRM in Indian firms (Budhwar & Khatri, 2001). The use of survey research does not allow for an in-depth examination of the factors and examination of how the institutions interact within the Indian private companies, nor has empirical research been conducted in the public sector, therefore extant research is partial. The literature on civil service HR and NPM practices indicates that practices are likely to differ across nations, as are the drivers of change, and a qualitative approach may aid greater explanation.

2.9 CIVIL SERVICE SYSTEM IN BHUTAN

The Civil Service system in Bhutan is relatively new. To strengthen and streamline the public administration, a central agency called the Royal Civil Service Commission (RCSC) was established in 1982 under Royal Charter. It is responsible for the creation of posts, staffing patterns, management development programs and human resource policy functions. In 1989, the RCSC introduced a Cadre system, based on the selective model of Singapore and the British Civil Service, for managing the Bhutanese civil service. The Cadre system is a hierarchical system which has grades ranging from 1 (highest) to 17 (lowest). Each Cadre has a well-defined entry position level, although this system was criticised as rigid, seniority based and lacking in objectivity (Consortium for Strategic Management of Development (COSMODE), 2002). The Cadre system was refined with the introduction of a Position Classification System (PCS) in 2006, which led to the adoption of a hybrid Cadre and Position Classification System. The PCS system had its origins in the Civil Service System of the United States (RCSC, 2005).
2.10 THE CASE OF BHUTAN

In 2008, with the establishment of democracy in Bhutan, there was a shift in decision making authority from the RCSC (central personnel agency) to line ministries, as major HRM functions were decentralised to the line ministries. Some of the devolved HR functions and responsibilities are: recruitment, promotion, training, transfer, performance evaluation and appraisal, and retirement of the staff in the civil service (RCSC, 2010). Major reforms were undertaken with a view to enhancing the public administrative-values and merit-based HRM through fairness, accountability, equity, efficiency and responsiveness (Blackman, et al., 2010).

This research will undertake an empirical investigation of how the environmental level factors (international context, national context, and national HRM context) and the organisational level factors (corporate strategy, HRM strategy) influence the HR policies and practices of the civil service in Bhutan and how they contribute towards achieving the national development philosophy of GNH. As a new democracy and a developing nation, Bhutan has had the freedom to develop solutions to best meet its own development needs and for the civil service to play a role in shaping Bhutan’s socio-economic development. However, there is minimal research on the HRM of Bhutan’s civil service and it is timely to investigate whether the civil service is achieving its desired goal.

2.11 CONCEPTUAL FRAMEWORK

The conceptual framework of the proposed study is shown in Figure 2.4. The conceptual framework helps the researcher in designing research and in establishing the main dimensions to be studied and the most appropriate methodology (Miles & Huberman, 1984). In a qualitative study, conceptual frameworks can be useful to guide the researcher (Corbin & Strauss, 2008).

The aim of the study is to establish the model of civil service HRM in Bhutan and to examine which factors shape civil service HR strategy and policies in order to achieve the national goal of GNH. The second overarching aim of the research, as shown in the framework at Figure 2.4, is to examine the influence of international and national factors – such as the system of government and socio-economic environment – on civil service HR strategy and policies, including the devolution of
HRM functions to line agencies. HR policies and functions in Bhutan have changed post-democracy and this research will examine whether the HR policies and strategies align with the overall Buddhist philosophy of GNH.

Figure 2.4 Brewster’s European contextual model of HRM


2.12 RESEARCH GAP/RESEARCH PROBLEMS

A range of models of civil service management appear in the literature, each with their own strengths and weaknesses, and with corresponding human resource management implications. Preliminary examination of the existing Bhutanese civil service model indicates that Bhutan has had two major civil service reforms (in 1998 and 2006), that resulted in the devolution of major HRM functions from the central personnel agency of the Royal Civil Service Commission to line ministries and agencies. No previous empirical study has examined the drivers for reforms in the
Bhutanese civil service. Using Brewster’s (1995) European HRM model, this study will analyse the various national and international factors shaping HR policies and practices in the Bhutanese civil service.

As the civil service has a primary responsibility to deliver results to Bhutan, in the form of service delivery, getting the model of service delivery correct is imperative for this new democracy. It is important to professionalise and improve the management of the civil service in Bhutan, to deliver major functions through the civil service workforce. Further, existing research on the Bhutan Civil Service and its reforms is limited as established previously by Gallenkamp (2011, p.1) who states “the Kingdom of Bhutan is probably the most understudied country in South Asia”. Bhutan’s Civil Service reforms and the implications for HRM functions have not received attention from scholars. This research study will aim to contribute towards filling this gap.

Based on Brewster’s (1995) model, it is argued that the environmental level which consists of various elements – international context, national context, and national HRM context – influence the HRM strategies, policies and practices of organisations within that nation. However, there is limited research conducted into how these factors affect the HRM policies and practices in the civil services of developing countries and in the case of Bhutan, little extant work is available. This study attempts to fill this gap using Brewster’s (1995) model as a framework (see Figure 2.4) to examine the case of Bhutan. Two research questions were proposed based on the literature review:

**Research Question 1**

What is the model of HRM in the Bhutanese civil service?

**Research Question 2**

What is the alignment between civil service HRM and the goals of GNH?

2.13 CHAPTER CONCLUSION

This chapter has reviewed the Westminster system of government, NPM, PVM and civil service reforms of both developed and developing countries and their implications. The lack of research conducted on how the culture and system of the
Bhutanese government has impacted on civil service reforms has been identified. This study hopes to contribute to the literature through extending or refuting some elements of Brewster’s (1995) European HRM model. As mentioned above, there is little scholarly research conducted on Bhutanese civil service reforms (Blackman, et al., 2010; O’Flynn & Blackman, 2009; Turner, et al., 2011). It is important to examine what drives civil service reforms and their implications for Bhutanese civil service HR functions. In Bhutan and many other developing countries, where the private sector is still growing, the civil service becomes the main source of employment and thus any change in the civil service potentially has an impact on the socio-economic development of the country. The next chapter will discuss the methodology for the research.
Chapter 3: Research methodology

3.1 INTRODUCTION

The purpose of this research is to examine two issues that have received little attention in the extant literature. Firstly, the research explores and illustrates the model of HRM in the Bhutanese civil service and the ways it differs from Brewster’s (1995) European HRM model. Secondly, the research investigates how the HRM of the Bhutan Civil Service contributes to the achievement of Gross National Happiness (GNH). This section presents the proposed research methodology to answer the research questions. Section 3.2 explains and justifies the research paradigm; Section 3.3 explains the research design; Section 3.4 explains the data collection process using semi-structured and open-ended questions; Section 3.5 summarises the research design; and section 3.6 discusses the ethical considerations of the research program. Section 3.7 is on naturalistic mode of achieving trustworthiness; section 3.8 on data analysis, Sections 3.9 and 3.10 are on limitations of the study and chapter conclusion respectively.

3.2 RESEARCH PARADIGM

Research is defined as the systematic process of critical enquiry or exploration and the main aim is to answer research questions; solve problems and advance the body of knowledge theoretically as well as practically (McLeod, 1994). A research paradigm is a set of assumptions or basic beliefs about how things normally work (Guba & Lincoln, 1994). Research paradigms, according to Higgs and Titchen (1998), consist of organising frameworks which include concepts, theories, assumptions, values and principles which form a basis to interpret the research under investigation or study as illustrated in Table 3.1. These assumptions underpin the research study and methods researchers choose (Saunders, Lewis, & Thornhill, 2007).
Table 3.1 Research paradigms and frameworks

<table>
<thead>
<tr>
<th>Beliefs/assumptions</th>
<th>Research paradigms</th>
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<tbody>
<tr>
<td><strong>Ontological assumptions: the nature of reality</strong></td>
<td></td>
</tr>
<tr>
<td>One reality/one truth exists; external, objective;</td>
<td>Several truth and realities; the reality</td>
</tr>
<tr>
<td>independent of social actors</td>
<td>shaped by social; political; cultural;</td>
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<td></td>
<td>individual experiences; economic; and</td>
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<td></td>
<td>gender values; socially constructed; people</td>
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<td></td>
<td>have different beliefs, assumptions; local</td>
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<tr>
<td></td>
<td>and specific realities</td>
</tr>
<tr>
<td><strong>Epistemological assumptions: Views on what constitutes knowledge</strong></td>
<td>Subjective; focus on details of context or situations; subjective meanings</td>
</tr>
<tr>
<td>Phenomena can provide credible data or true findings;</td>
<td></td>
</tr>
<tr>
<td>facts; can be generalised</td>
<td></td>
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<tr>
<td>**The role of values in research and the stance of</td>
<td></td>
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<tr>
<td>researcher**</td>
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<tr>
<td>Etic (external); researcher independent of the data; and</td>
<td>Researcher value laden and emic; the</td>
</tr>
<tr>
<td>maintain objective stance</td>
<td>researcher part of the research study and</td>
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<tr>
<td></td>
<td>cannot be separated hence will be</td>
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<tr>
<td></td>
<td>subjective</td>
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<tr>
<td><strong>Research methods: the model of the research process</strong></td>
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<tr>
<td>Quantitative</td>
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Sources: Adapted from Cuniffle (2010); Duberly, Johnson and Cassell (2012); Guba and Lincoln (1994); and Wahyuni (2012)
The philosophical assumptions consist of ontological, epistemological and methodological assumptions which guide the choice of appropriate research methods for the study (Denzin & Lincoln, 2008; Edmondson & McManus, 2007). Guba and Lincoln (1994) posit that ontological, epistemological and methodological assumptions are interconnected. It is helpful from the beginning to consider which research paradigm should be adopted as it has an impact on how the researcher conducts the study in terms of approach and social phenomena comprehension (Creswell, 2009; Saunders, Lewis, & Thornhill, 2009; Wahyuni, 2012).

### 3.2.1 Ontological paradigm

Ontology is defined as beliefs about how the researcher perceives a reality (Wahyuni, 2012); which means the ontological question is what exists in social reality. For example, the nature of reality, what exists, the researcher’s view of the world, the nature of reality in the social world, and truth or knowledge to be discovered (Guba & Lincoln, 1994; Higgs & Titchen, 1998; Stout, 2012). According to Crotty (1998) ontology is concerned with the study of ‘being’, the nature of existence, and the structure of reality and, more importantly, how it informs the theoretical perspectives of research framework. The fundamental ontological question faced by management researchers is whether the reality is of an objective nature and external to the researchers; or the reality is interdependent with the researcher (Babbie, 1995). Morgan (2007) holds that some researchers want to pursue issues of social change and justice, whilst other researchers focus on theory testing. These choices influence the ontological paradigm of the researchers in choosing research methods.

Many scientists and materialist philosophers believe that knowledge or reality is external (Lincoln & Guba, 1985). Therefore, researchers of this type of approach are known as objectivists. On the other hand, constructivists consider knowledge to be internally constructed (Higgs & Titchen, 1998). Constructivists consider different people have different experiences which add meanings and significance to events and ideas; therefore each person constructs a distinct or idiosyncratic explanatory system called a reality (Higgs & Titchen, 1998; Lincoln & Guba, 1985). Lincoln and Guba (1985) argue that in qualitative research, realities are multiply constructed which adds meaning to events – researchers are part of the events and not external to it.
Higgs and Titchen (1998, p.74) sum up ontology as “what can we know? What is reality?”

Therefore, researchers holding objectivist or realist ontological perspectives may assume that the reality or the world around them is independent and external to their observations of it; the reality can be understood by objective study and analysis. However, researchers holding relativist ontological perspectives and beliefs assume that the meaningful way to understand the reality or the world is to consider it as constructed through human interactions and experiences. This thesis takes a relativist ontological approach. Equally important to the research paradigm and closely related to ontology is the epistemological paradigm that deals with how and what can be known.

### 3.2.2 Epistemological paradigm

Epistemology refers to theoretical or philosophical perspectives of understanding knowledge through analysis (Creswell, 2007; Fleetwood, 2005; Moses & Knutsen, 2008). Babbie (1995, p.18) refers to epistemology as “the science of knowing, methodology (a subfield of epistemology) which is called the science of finding out”. Therefore, epistemology is about what constitutes knowledge and how researchers can obtain that knowledge. While ontology attempts to address the nature of the reality under study (Smith, 1998), epistemology attempts to address how knowledge of that particular reality can be studied (Creswell, 2007).

Epistemology provides justification for the selection of a choice of methodologies for the research (Schwandt, 2001). The ontology within the quantitative research paradigm is called realism or realist and argues that there is a truth about reality or that reality is fixed. The positivist or quantitative approach to knowing is based upon realist ontology in which the researcher’s approach of knowing knowledge is through etic or outsider’s perspectives in obtaining objective findings or through the scientific enquiry (Saunders, et al., 2007). Realists or positivists are more concerned with the facts which can be verified and measured to quantify the social world or the reality. On the other hand ontology within the qualitative paradigm is called relativism, and Stake (1995) posits that a relativist or constructivist approach recognises that knowledge reflects the experience and goals of the researcher, and hence, the epistemology of researchers is non-positivist.
Constructivist research focuses on the complexity of human sense making (Weber, 2004).

Relativists are interested in exploring the interpretations, meanings and experiences as opposed to the realist approach of measuring the issue and quantifying it as shown in Table 3.1. Saunders et al. (2007) argue that the social world and management are complex fields and researchers need to understand the differences and assumptions individuals in their roles as social actors. The challenge with the interpretivist epistemology assumption is that researchers initiate the conduct of social research subjects, however, they must understand the phenomenon from the perspectives of the participants (Saunders, et al., 2007; Tranfield & Starkey, 1998).

A constructivist perspective influences the research study presented here. The underpinning assumptions are: there exists a worldview, which is interactive between the researchers and participants; the reality that it is influenced by experiences and socially constructed; the researcher is a part of the research study. A constructivist perspective is adopted as the research explores individual actors’ perceptions, interpretations and constructions of reality from events and issues occurring in the social setting. Accordingly, the data from the perspectives of interviewees, relevant archival materials and other documents such as legislation, government circulars, letters, and press releases are collected. This research explores and illustrates the model of HRM in the Bhutanese civil service and the ways it differs from Brewster’s (1995) European HRM model. Secondly, the research investigates how the HRM of the Bhutan Civil Service contributes to the achievement of Gross National Happiness (GNH). The selection of the research methods depends on the research questions and the study’s feasibility and is now discussed.

3.2.3 Methodology

Research methodology can be described as a map which helps to review the main goals and objectives of methodologies in each research paradigm, so it is more theoretical, whereas the research methods are a set of tools and techniques to gather data and analyse it (Jonker & Pennink, 2010; Wahyuni, 2012). In the qualitative paradigm, the focus of research is capturing the perceptions and experiences of the participants in relation to the research issues or questions. The researcher adopts an inductive approach to the discovery of knowledge. The findings of the qualitative
data are usually themes for model development. The selection of the research methods depend on the research questions and study feasibility. The research design is important to connect between the methodology and a set of methods to address the research questions and objectives of the research (Wahyuni, 2012).

### 3.3 RESEARCH DESIGN

Research designs are logical plans linking the research questions, collection of data and analysis of the data to obtain the answers to research questions (Creswell, 2009; Yin, 2009). Maxwell (2005) argues that although research design does not have one correct and rigid fixed model, a good research design for a proposed study is needed to meet the aims and objectives of the study.

The design of case study qualitative research involves an ongoing process such as tracking back and forth among various components of design, goals, theories, research questions, research methods, internal and external validity (Maxwell, 2005; Yin, 2009). The model represented in Figure 3.1 illustrates interconnection and interaction among various components of the research goals, conceptual frameworks, research questions, methods and validity of this research project. The research design model is iterative rather than various components being linear and having a unidirectional interaction with other components (Maxwell, 2005).

The research questions must be clearly derived from the goal of the research study, the theoretical concepts and framework. Further, the possibility to address the issues of validity and trustworthiness of the study depends on the type of methods and research questions designed by the researcher. Hence, all these five components of the research design are iterative in process and they help to make the research study more effective.
According to Yin (2009), a research design normally comprises four components: (i) research questions to study; (ii) what data to collect; (iii) logic linking data to conceptual framework; and (iv) criteria for evaluating validity or the trustworthiness of the research. As mentioned earlier, this research explores and illustrates the model of HRM in the Bhutanese civil service and the ways it differs from Brewster’s (1995) European HRM model. Secondly, the research investigates how the HRM of the Bhutan Civil Service contributes to the achievement of Gross National Happiness (GNH). Based on the purpose and the goal of the research, this study has integrated theoretical concepts from several research streams: Gross National Happiness (GNH), Strategic Human Resource Management (SHRM), Westminster system, NPM, imported civil service system, and PVM. Each of these
theoretical perspectives has implications for the way in which the civil service is structured and the associated HR policies and practices.

The design of the research questions are based on the goals, conceptual framework and the methods of the research. Two research questions based on the literature review address the following issues:

**Research Question 1**

What is the model of HRM in the Bhutanese civil service?

**Research Question 2**

What is the alignment between civil service HRM and the goals of GNH?

To answer the above research questions, a qualitative case study method using semi-structured interviews and review of relevant documents is adopted. To maintain the effectiveness of the study and to address the potential issues of validity or trustworthiness of the study, a logical and stepwise verification method which includes credibility, transferability, dependability, and confirmability will be carried out.

### 3.4 QUALITATIVE RESEARCH

Previous research suggests that a qualitative method is more appropriate for exploratory research to answer ‘why, how and what’ types of research questions (Baxter & Jack, 2008; Creswell, 2007; Yin, 2003). Qualitative research provides an opportunity for a researcher to gain an understanding of the inner experiences of participants to determine how meanings are formed (Corbin & Strauss, 2008; Marshall & Rossman, 2008). Here, a qualitative method is adopted as it is a better fit to achieve the goals of the proposed research study. Qualitative research studies the research object in the natural setting in order to make meaning of the phenomena and is common in management research (Denzin & Lincoln, 2008; Easterby-Smith, Thorpe, & Lowe, 2002; Yin, 2003). Although qualitative research lacks the statistical power of quantitative research, it explores much deeper phenomena of ‘how and why’ questions (Easterby-Smith, et al., 2002). While a quantitative researcher knows in advance what they are looking for, the qualitative researcher is sensitive to related
issues and themes that may arise during the course of the research (Creswell & Clark, 2007; Keast, 2012), and the research design may adapt to such nuances as the research study unfolds.

In summary, a qualitative approach provides “insight into ongoing social process and outcomes” (Chesebro & Borisoff, 2007, p.9). Further, qualitative research methods obtain rich data to provide in-depth understanding of the case (Gill, et al., 2008). They enable the researcher to study events with research participants who have direct experiences and perspectives of the events. However, qualitative study may face challenges in the generalisability of the findings where this is desirable. This is further discussed in Section 3.9.

3.4.1 Using case studies for qualitative research

The case study is defined as a research strategy focusing on empirical inquiry which investigates a contemporary phenomenon within the real life context using several sources of evidence such as interviews, documents, observations (Andrade, 2009; Eisenhardt, 1989; Ravenswood, 2011; Yin, 2009). The distinctive advantage of the case study in the form of empirical research is that it enables the researcher to study contemporary events in their authentic setting with participants who have direct experience and their own perspectives of the events (Yin, 2009) and it is therefore aligned with constructivist approaches. Yin (2009) contends that case study design and method is relevant for conducting social science research if the research questions involve ‘why’ and ‘how’ questions.

Case study method is widely practised in qualitative research methods in many fields of management research, for instance, investigation of programs, processes and organisations within their real life contexts (Creswell, 2009; Darke et al., 1998). As a case study is undertaken in a natural setting, it can provide the researcher with rich understanding of the subject being investigated (Andrade, 2009; Creswell, 2007; Eisenhardt, 1989). Further, Yin (2009) argues that case study design and method is relevant for answering ‘how’ and ‘why’ questions. The single case study is a powerful and appropriate method where there is a unique case in which contextual elements and participants’ experiences are important (Brown et al. 2000; Darke, et al., 1998; Yin, 1994), as in the current research.
This research explores human resource management in the Bhutan Civil Service commission, specifically, the Bhutan Civil Service HRM model, and the contribution of civil service HRM to achieving GNH. The research takes place in its natural setting, the organisational context is unique, and a case study approach will facilitate the capture of multiple perspectives about the same events and issues. The information is gathered from the research participants who are selected purposively based on their experiences, wealth of direct knowledge, perspectives and detailed information about the practices of the HR reforms in the civil service and how its policies and practices help to achieve national happiness.

Overall, the research purpose, issues, and setting meet Yin’s (2009) criteria for using the case study method. Effective case study management requires careful arrangements: for collecting evidence, gaining management approval, arranging interview schedules, organising access to sites of departments, ministries and other relevant organisations, identifying the most appropriate respondents who are willing to take part and receiving their informed consent (Yin, 2009).

3.4.2 Data collection methods

Research methods are defined as sets of techniques and activities which help the researchers to gather data and analyse them (Crotty, 1998; Jonker & Pennink, 2010; Wahyuni, 2012). Qualitative researchers usually rely on four methods of collecting data: participating in the setting, observing, participant interviews and analysing relevant documents (Corbin & Strauss, 2008; Creswell, 2007; Marshall & Rossman, 2008). Case study data collection methods include: open-ended and semi-structured interviews of participants from organisations, recordings and field notes, and collection and analysis of archival and related documents (Collis & Hussey, 2009; A. Smith, 2000). This case study research adopts semi-structured interviews and analysis of relevant documents.

3.4.2.1 Interviews: Strengths and weaknesses

As noted above, semi-structured interviews are one of the main methods of data collection for case study qualitative research. Interviews of appropriate respondents provide case study evidence as well-informed interviewees are able to provide important insights into events (Yin, 2009). For effective interviews, an interview guide which consists of a list of questions which are based on the prior
literature review and the research questions (Krauss et al., 2009) is needed. The semi-structured interview model consists of “main questions, follow-up questions and probes” (Rubin & Rubin, 2005, p.129). Main questions help to cover the main part of research problems; follow-up questions help to ask for themes, concepts and events introduced by the respondents during the interview. Probes assist the researcher to achieve the desired level of depth by seeking examples and clarification.

The qualitative case study research data collected through semi-structured interviews has many advantages. The response rate is high, respondents usually agree to participate in the interview and the researcher can get a large amount of data quickly (Marshall & Rossman, 2006). The researcher can clarify and reword the interview questions and make it suitable depending on the respondent’s level of understanding (Appleton, 1995). Further, rich and detailed information can be obtained by using open-ended questions. The interview questions guide the researcher to ensure consistency of the research study and give the opportunity to explore different views on the same issues (Yin, 2009).

However, the disadvantages of the interviews are that: (i) it is a costly and time consuming approach, (ii) the researcher may need to travel to the research sites, (iii) each interview may take from 30 to 60 minutes, and (iv) interviews are time consuming to transcribe and analyse (Appleton, 1995). The other common drawbacks of interviews may be bias of the researcher, inaccurate records of conversation information and the interviewer may deviate from the question guide which may lead to not covering all issues with all respondents (Yin, 2009). In addition, data from the field need to be triangulated from multiple sources, including review of relevant documents and a diverse range of respondents to further strengthen the evidence of the case study (Maxwell, 2004; Neuman, 2006; Yin, 2009).

As the objective of the proposed research is to investigate the civil service HRM model and the contribution of civil service HRM to GNH, the interview participants included both present and former Civil Service Commissioners, HR Managers and current parliamentarians who were in the civil service prior to entering parliament, thereby achieving a pool of informed respondents.
3.4.2.2 **Review of documents: Strengths and weaknesses**

For case studies, the review of documents helps to strengthen the evidence of the research (Yin, 2009) by supplementing participants’ narratives, perspectives and interpretations. Relevant documents included: press releases of the Bhutan Civil Service Commission, job and promotion advertisements, Civil Service Commission Annual Reports, Civil Rules and Acts, policy-statements and bi-annual civil service statistical reports. The advantage of document analysis is that this method is non-reactive and unobtrusive, can be reviewed repeatedly and contains many events and settings (Marshall & Rossman, 2006). However, some of its demerits are, as Yin (2009) argues, documents may be difficult to find and may contain reporting bias. Flyvberg (2006, p.221) defines ‘bias’ as the tendency to influence the research by the “researcher’s preconceived notions”.

3.5 **PRACTICAL PROCEDURES OF THIS INVESTIGATION**

The data collection strategies and procedures for this research investigation will now be presented. The investigation procedures include data collection strategies aimed at gathering information and evidence for the research questions, gaining ethics clearance, locating sites and individual participants, and arranging time schedules (Creswell, 2007; Yin, 2009).

3.5.1 **Gaining access to research sites and participants**

The conduct of this case study investigation is grounded by research ethics standards and procedures (Saunders et al., 2007). Prior to obtaining ethics approval from the Ethics Committee at QUT (Appendix 1), the approval from the RCSC, Bhutan (Appendix 3) was sought. The researcher’s ability to collect primary and secondary data depends on their ability to gain access to the sources of data (Saunders et al., 2007; Yin, 2009). In order to establish the credibility of the research, the clear purpose and objectives of the types of access required was provided; and possible concerns and benefits of the case study research (Saunders et al., 2007) was provided while requesting access from the RCSC. As the researcher is an employee of the Civil Service Commission, there is an added advantage of being known to the organisation and the senior officers responsible for approving access. The approval of the RCSC (Appendix 3) was useful to further obtain approval from
the Ethics Committee of QUT and thereafter gaining access to the individual respondents.

Once the researcher has obtained research access approval from the RCSC and the ethics approval from QUT, individual participants’ fully informed consent was sought. The researcher had sent an introductory letter (Appendix 4) along with the information sheet (Appendix 5) and consent form (Appendix 6) through email illustrating the purpose of the research; mentioning the potential risks and benefits and likely time needed during the interview (Saunders et al., 2007). The letter also mentioned that the anonymity of the research participants will be fully protected by adopting a code number in place of their names while using quotations from the transcribed interview data in reporting the findings.

### 3.5.1.1 Selection of research sites

Selection of research sites is largely driven by three criteria: (a) knowledge and qualification of the research participants to enable them to contribute to the case study inquiry (Bernard & Ryan, 2010; Cavana, et al., 2001); (b) their rich experiences of the events under investigation; and (c) geographical representativeness, which includes capital city, and regional and district offices. This strategy should gain comprehensive and contrasting views of the participants so that the case study data are not concentrated from the capital city or the region and the districts. The research sites chosen and visited by the researcher are mentioned in Table 3.2 below:
Table 3.2 Research sites and interview participants

<table>
<thead>
<tr>
<th>Research Sites</th>
<th>Participant Category</th>
<th>Participant Description</th>
<th>Interview Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital city (Thimphu)</strong></td>
<td>Former civil servants</td>
<td>Civil servants</td>
<td><strong>Face to face</strong></td>
</tr>
<tr>
<td>Civil service commission</td>
<td>4 politicians/ministers</td>
<td>Face to face</td>
<td></td>
</tr>
<tr>
<td>GNH commission</td>
<td>2 CEOs of corporate sectors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 ministries</td>
<td>1 chairperson of constitutional office</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Parliamentarian offices</td>
<td>4 politicians/ministers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 corporate sectors</td>
<td>4 secretaries of ministries and agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 management institute</td>
<td>4 commissioners of constitutional offices</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Districts</strong></td>
<td>Civil servants</td>
<td>Civil servants</td>
<td><strong>Face to face</strong></td>
</tr>
<tr>
<td>2 from west</td>
<td>2 governors from west</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 from south</td>
<td>1 governor from south</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 from east</td>
<td>2 HR officers east</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Overseas: Australia</strong></td>
<td>Civil servants who are on study leave from the civil service</td>
<td>Civil servants</td>
<td><strong>Skype/telephone</strong></td>
</tr>
<tr>
<td>ECU, Perth</td>
<td>1 PhD student from ANU</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ANU, Canberra</td>
<td>1 PhD student from QUT (face to face interview)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QUT, Brisbane</td>
<td>One masters student from ECU, Perth</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As can be seen from the Table 3.2, the research sites mainly constitute government departments, agencies and corporate sectors. Regions include the centre (capital city) and four districts. The rationale of the geographical locations from the capital city and districts is to obtain representative perspectives from a range of informed stakeholders across the country.

3.5.1.2 **Selection of research participants and gaining access**

In case study qualitative research, selecting the research participants is purposive and not random selection, and is termed as purposive sampling.
According to Malhotra and Tatham (2006), the purposive sampling method depends on the researcher’s judgement. The logic of purposive sampling or selecting the research participants with certain criteria based on the judgement of the researcher is to gain rich information, unique and rich understanding of the phenomenon under study (Bloomberg & Volpe, 2012). Silverman (2013) and Denzin and Lincoln (2005) contend that purposive sampling is a suitable method for collecting qualitative data rather than random sampling. Here, purposive sampling is suitable as the chosen respondents are in a better position to share information and contribute their real-life experiences (Cavana, et al., 2001). Participants who have knowledge of the subject under investigation are able to provide more useful information than other participants who are selected randomly (Arthur & Boyles, 2007; Creswell & Clark, 2007).

The main principle of qualitative case study research is that each research inquiry is special and unique in its own context where the research objective is to describe and explain a specific context in depth (Bloomberg & Volpe, 2008). Bernard and Ryan (2010) further elaborate that people who have rich knowledge and rich personal experiences of the subject the researcher is undertaking would add more substance through their experiences of the civil service in Bhutan. As the main topic of this research study is about civil service HRM and how it contributes to achievement of national happiness, the logical and most advantageous choice of the participants are leaders of the department in the civil service; HR officers and former civil servants to gain their insider knowledge and extensive experience in the civil service. Therefore, purposive sampling enables the researcher to get a broad range of information and insightful perspectives on the issues under study.

In qualitative case study research, a small sample size is adequate when participants are homogeneous (Malhotra & Tatham, 2006; Zikmund, Babin, Carr, & Griffin, 2010). As the research participants are current and former civil servants, they are homogeneous and the sample size of 32 is adequate to achieve a purposeful sample across each of the major functions and lines of responsibility. Bernard and Ryan (2010) argue that for case study research, grounded theory and narrative analysis, a sample size ranging from 20 to 60 respondents who have higher levels of knowledge and rich experiences to share about the phenomenon and events under study are sufficient. Guest, Bunce and Johnson (2006) also agree that a sample size...
ranging from 20 to 60 is adequate when knowledgeable people are selected as the research participants. As noted, the selected research participants are highly experienced in the civil service context. Their profile is depicted in Table 3.3.

Table 3.3 Profiles of case study participants

<table>
<thead>
<tr>
<th>Category</th>
<th>Positions</th>
<th>Nos.</th>
<th>Qualification</th>
<th>Age range</th>
<th>Years of experience</th>
<th>Ministries /Agencies/Sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Former civil servants</td>
<td>Ministers</td>
<td>2</td>
<td>Masters</td>
<td>60-65</td>
<td>30-35</td>
<td>Parliament</td>
</tr>
<tr>
<td></td>
<td>Minister level</td>
<td>2</td>
<td>Masters</td>
<td>45-50</td>
<td>15-20</td>
<td>Parliament</td>
</tr>
<tr>
<td></td>
<td>Minister level</td>
<td>1</td>
<td>Masters</td>
<td>50-55</td>
<td>20-25</td>
<td>Constitutional Office</td>
</tr>
<tr>
<td></td>
<td>CEOs</td>
<td>2</td>
<td>Masters</td>
<td>45-50</td>
<td>15-20</td>
<td>Corporate Sectors</td>
</tr>
<tr>
<td></td>
<td>PhD students</td>
<td>2</td>
<td>Masters</td>
<td>40-45</td>
<td>10-15</td>
<td>Universities</td>
</tr>
<tr>
<td></td>
<td><strong>sub total</strong></td>
<td><strong>9</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current civil servants</td>
<td>Secretaries</td>
<td>2</td>
<td>Masters</td>
<td>55-60</td>
<td>25-30</td>
<td>Ministries</td>
</tr>
<tr>
<td></td>
<td>Secretary</td>
<td>1</td>
<td>Masters</td>
<td>50-55</td>
<td>20-25</td>
<td>Agency</td>
</tr>
<tr>
<td></td>
<td>Commissioners</td>
<td>3</td>
<td>Masters</td>
<td>45-50</td>
<td>20-25</td>
<td>Constitutional Office</td>
</tr>
<tr>
<td></td>
<td>Commissioner</td>
<td>1</td>
<td>Masters</td>
<td>55-60</td>
<td>30-35</td>
<td>Constitutional Office</td>
</tr>
<tr>
<td></td>
<td>Governors</td>
<td>3</td>
<td>Masters</td>
<td>45-50</td>
<td>20-25</td>
<td>Ministries/Agencies</td>
</tr>
<tr>
<td></td>
<td>Directors</td>
<td>3</td>
<td>Masters</td>
<td>45-50</td>
<td>20-25</td>
<td>Ministries/Agencies</td>
</tr>
<tr>
<td></td>
<td>Academicians</td>
<td>3</td>
<td>Masters</td>
<td>45-50</td>
<td>20-25</td>
<td>Management Institute</td>
</tr>
<tr>
<td></td>
<td>Chief HR Officers</td>
<td>4</td>
<td>Masters</td>
<td>45-50</td>
<td>20-25</td>
<td>Ministries/Agencies</td>
</tr>
<tr>
<td></td>
<td>Sr. HR Officers</td>
<td>3</td>
<td>Masters</td>
<td>35-40</td>
<td>5-10</td>
<td>Ministries/Agencies</td>
</tr>
<tr>
<td></td>
<td><strong>sub total</strong></td>
<td><strong>23</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Accordingly 32 participants from the Bhutanese civil service were interviewed including seven current and former Commission members; seven Directors/Secretaries and HR managers; nine former civil servants. The respondents are chosen from the civil service from ministries and districts based on the nature of jobs, their years of experience and geographical locations to get a wider picture of the civil service reforms and their implications. There are five members of the RCSC. At the time of data collection, the commission was in its first iteration, with a potential sample of five, and four of these commissioners were interviewed. There are 10 Ministers, and five were interviewed based on their past experiences as the members of the Civil Service Commission. Therefore, these factors add to the rigour and robustness of the case study. Secondary data consists of documents describing matters relevant to the civil service reforms and devolution of the Royal Civil
Service Commission of Bhutan, its rules, policy, circulars and other relevant documents to supplement and strengthen the interview data.

Overall, gaining access to most research participants was helped by the fact that the researcher has been in the civil service system for more than 15 years. However, access to those individuals at the Ministerial level was challenging and required extensive liaison due to the ministerial commitments of the respondents. In relation to district-based participants, access was challenging due to the geographical distances.

3.5.2 Data collection

This case study research adopts: (a) semi-structured interviews and (b) analysis of documents as the main sources of evidence (Marshall & Rossman, 2008; Yin, 2009).

3.5.2.1 Semi-structured interview

Conducting interviews is one of the most important methods of data collection for case study qualitative research (Yin, 2009). Interviews of appropriate respondents provide case study evidence as case studies deal with important events of human affairs and well-informed interviewees are able to provide important insights about such events (Yin, 2009). To conduct semi-structured interviews effectively, an interview guide (Appendix 7) which consists of a list of questions (Krauss, et al., 2009) was developed based on the prior literature review and research questions (Yin, 2009).

The interview questions were pilot tested as recommended by Creswell (2007) and Krauss et al. (2009). Accordingly, the semi-structured interview questions were pilot tested with two former civil servants and one civil servant from Bhutan studying in Australia: one each from QUT, Brisbane; ANU, Canberra; and ECU, Perth to improve the interview methods and format. These respondents were chosen since they have civil service experiences and as informed respondents could provide valuable experience, knowledge and their perceptions of the contribution of civil service HR policies and practices to achieving GNH. Their feedback was helpful and therefore was incorporated to improve the interview questions and methods.

This researcher is an ongoing member of the Bhutan Civil Service Commission, and therefore researcher bias was a potential threat to the investigation.
To avoid potential researcher bias, interview questions were carefully designed to allow interviewees to present their own experiences, feelings and reflections, however, it remains possible that interviewees were guarded in their statements.

From 27 October to 5 December 2012, the researcher was located in Bhutan conducting face to face in-depth semi-structured interviews with the 32 participants in the Ministries, department, and agencies of the civil service and with the nine former civil servants. The dates on which semi-structured interviews were conducted are shown in Table 3.4:

Table 3.4 Dates of interviews conducted

<table>
<thead>
<tr>
<th>Category</th>
<th>Positions</th>
<th>Nos.</th>
<th>Agencies and location</th>
<th>Dates of interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Former civil servants</td>
<td>Ministers</td>
<td>2</td>
<td>Ministries, Thimphu</td>
<td>27 Nov - 02 Dec 2012</td>
</tr>
<tr>
<td></td>
<td>Minister level</td>
<td>2</td>
<td>Parliamentarian Offices, Thimphu</td>
<td>05 - 22 Nov 2012</td>
</tr>
<tr>
<td></td>
<td>Chairperson</td>
<td>1</td>
<td>Constitutional Office, Thimphu</td>
<td>05 Nov 2012</td>
</tr>
<tr>
<td></td>
<td>CEOs</td>
<td>2</td>
<td>Corporate Sector, Thimphu</td>
<td>02 - 05 Nov 2012</td>
</tr>
<tr>
<td></td>
<td>PhD students</td>
<td>2</td>
<td>Australian universities</td>
<td>17 - 25 Oct 2012</td>
</tr>
<tr>
<td></td>
<td><strong>Sub total</strong></td>
<td><strong>9</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commissioners</td>
<td>4</td>
<td>Constitutional Offices, Thimphu</td>
<td>31 Oct - 08 Nov 2012</td>
</tr>
<tr>
<td></td>
<td>Governors</td>
<td>3</td>
<td>Districts (west and south)</td>
<td>07 Nov - 20 Nov 2012</td>
</tr>
<tr>
<td></td>
<td>Directors</td>
<td>3</td>
<td>Department and Agency, Thimphu</td>
<td>29 Oct - 19 Nov 2012</td>
</tr>
<tr>
<td></td>
<td>Academicians</td>
<td>3</td>
<td>Management Institute, Thimphu</td>
<td>29 Oct - 23 Nov 2012</td>
</tr>
<tr>
<td></td>
<td>Chief HR Officers</td>
<td>4</td>
<td>Ministries and Agency, Thimphu</td>
<td>31 Oct - 13 Nov 2012</td>
</tr>
<tr>
<td></td>
<td>HR Officers</td>
<td>3</td>
<td>Agency and District: One from east and two from Thimphu</td>
<td>30 Oct - 08 Nov 2012</td>
</tr>
<tr>
<td></td>
<td><strong>Sub total</strong></td>
<td><strong>23</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

During the interviews, the researcher was mindful of interview protocols. Creswell (2007) and Yin (2009) recommend using friendly and non-threatening questions; while Staples and Dalrymple (2011) suggest that the format and pattern of questions follow a funnel-type model that begins with open-ended questions followed by more structured questions. The researcher informed participants about: (a) the main objective of the research, and how the participants can contribute because of their long experiences associated with the particular phenomenon, (b) the confidentiality of the interviews and data, and (c) their right to withdraw during the interviews if they wished to. When starting each interview, the participant’s informed
consent and permission to audiotape the interviews was obtained. Interview protocol and interview guides are considered very important as they help to ensure consistency during the interview thereby increasing the reliability of the qualitative case study findings (Boyce & Neale, 2006).

The interviews began with open-ended questions as indicated in Table 3.5 allowing the research participants to speak about a range of topics of their choice. This increased their comfort and confidence in the process, and assisted trust-building for sharing their experiences in and knowledge about the civil service. More sensitive questions were subsequently introduced when the participants were more relaxed (King, 1995). The semi-structured questions facilitated emergence of issues thereby enabling the researcher to further prompt and probe depending on the responses of the participants.

Table 3.5 Open-ended questions

**Open ended questions**: Tell me about your background and work history in the civil service.

What are your broad responsibilities?

What are the HR practices that are working well in your agency? Why?

**Open ended questions focused on research question**: How can HR policies and practices contribute in the civil service to achieve GNH? Give examples

**Closed questions focused on sub-research question**: Do you think there were external pressures, influences to devolve HR functions or other related civil service reforms in the country? Could you share your views on this.

An open-ended question followed by a semi-structured interview and then followed by probing helps to prevent the researcher from including prior assumptions and promptings (Layder, 1998). Bernard and Ryan (2010) contend that probing is one of the main strategies to conduct interviews successfully. For instance, the researcher asked Respondent 23, “Do you think HR decentralisation in the civil service is working well?” The Respondent said ‘yes’. To probe further, the researcher asked “like what?” Respondent 23 replied, “oh, in many areas of the HR functions decentralised by the RCSC”. The researcher instead of prompting by saying,
“recruitment and selection; promotion”, asked, “Could you give one or two examples of HR functions or activities” which are working well as a result of the devolution and decentralisation of the HR functions in the civil service. The interview protocol/semi-structured questions are presented in Appendix 7.

The interview was audiotaped with the permission of the respondents. According to Kvale (1996) audiotape recording is a common method of recording research interviews. All interviews were audio-taped and later transcribed and the data analysed. The time duration for the interviews ranged from 45 to 130 minutes for each respondent. In case some respondents would not allow audiotaping, the researcher was prepared to take notes to record data obtained through the interview conversation (Layder, 1998). However, audio-taping of all interviews was approved.

The advantage of interviews is that a large amount of data can be gathered quickly (Marshall & Rossman, 2006), but they are time-consuming to transcribe and analyse. In addition, the interview method may have researcher bias or inaccurate records of conversations (Yin, 2009). However, efforts have been made to strengthen and corroborate interview evidence with the collection of relevant documents from the departments and ministries during the field visits.

The researcher faced some challenges during the field visit for data collection in Bhutan. Travelling from one district to another posed challenges as it affected the agreed schedule of the interviews. Two participants could not be interviewed as they could not spare time due to commitments overlapping with the scheduled interviews. Thus, 32 participants were interviewed in Bhutan. Further, the researcher felt very uncomfortable to probe to a deeper level of inquiry when interviewing three participants who are at a very senior level. However, the participants were very willing to engage and the desired data were obtained.

3.5.2.2 Access to document resources

As documents are important sources of information for this study, relevant documents were collected during the field visit in Bhutan. Copies of recent bi-annual civil service statistics, Civil Service Act, revised Bhutan Civil Service rules, and the newly enacted constitution of Bhutan were obtained for analysis which helped to triangulate the data to increase the reliability of the finding (Maxwell, 2004). However, some documents were not available although requested, for instance,
documents on corruption, and the findings of a perceptions survey on nepotism and favoritism in the civil service which was conducted by the Anti-Corruption Commission. These could not be obtained although the researcher requested access or a copy. It is possible that the decision was made to not release this information to the public domain.

3.6 ETHICAL CONSIDERATIONS

The nature of qualitative research is such that it probes human experiences to uncover details. As such, it raises ethical issues since it places the findings in the public arena through published thesis and articles (Brinkman & Kvale, 2005). Haverkamp (2005) argues that the awareness of the ethical requirements of conducting qualitative research is a necessity. The researcher here followed the ethical guidelines and requirements of the Queensland University of Technology. After obtaining approval (Appendix 1) from the Ethics Committee of QUT, Brisbane; approval (Appendix 3) from the RCSC was sought and granted. QUT also issued approval for the field visit from 27 October 2012 to 5 December 2012 (Appendix 2) to enable the Endeavour Scholarship Manager to release the monthly stipend to the researcher while away from the host country.

Care must be taken to ensure the confidentiality, privacy and anonymity of participants (Creswell, 2007; I. F. Shaw, 2003; Wiles, 2008). The respondents consist of Senior Executives; HR managers, mid managers, and retired civil servants who have become politicians and members of the Upper House or the National Council. They were informed that their confidentiality, anonymity and privacy would be maintained throughout. Before the interview, all interviewees were informed of the objectives of the research and their right to withdraw if they decided not to participate in the interview. Fontana, Frey, Denzin, and Lincoln (1998) and Walker (2007) assert that researchers need to cover issues of informed consent, right to privacy and protection from any harm. So interviews were conducted only with the consent of the respondents. One of the respondents at the end of the interview informed the researcher that he would like to withdraw one of his comments made during the interview, so subsequently the statement in question was not included in the data for analysis. In this way respect for the autonomy of the participants was observed (Hewitt, 2007). Agnius and Henle (2001) assert that giving the right to
respondents to withdraw, making participants aware of the objective and intention of the interview can reduce the potential unethical issues in the research program (Byrne, 2001).

As previously noted, all respondents approved audio-taping and were informed that, as per the university regulations, these documents are securely stored in the university and not released to anyone from outside. To protect their identity, codes such as OS1 (which stands for respondent number one from ‘outside civil service’) and IS1 (for respondent number one ‘within civil service’) are adopted in the research rather than using given names. This anonymity helps to protect the identity of the participants while making use of their quotations from the transcribed data.

3.7 NATURALISTIC MODE OF ACHIEVING TRUSTWORTHINESS

For evaluating and establishing the trustworthiness and credibility of the qualitative case study research, a qualitative research method has four criteria: credibility, transferability, dependability and confirmability. The trustworthiness of this qualitative case study is ensured through addressing the bias of the researcher; member checking; triangulation through use of multiple sources of data such as interview and review of documents (Maxwell, 2004). The four main criteria which help to verify the trustworthiness of the qualitative case study research are mentioned in Table 3.6.
Table 3.6 Four aspects of trustworthiness

<table>
<thead>
<tr>
<th>Aspects</th>
<th>Quantitative term</th>
<th>Qualitative term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Truth value</td>
<td>Internal validity</td>
<td>Credibility</td>
</tr>
<tr>
<td>Applicability</td>
<td>External validity (Generalisability)</td>
<td>Transferability</td>
</tr>
<tr>
<td>Consistency</td>
<td>Reliability</td>
<td>Dependability</td>
</tr>
<tr>
<td>Neutrality</td>
<td>Objectivity</td>
<td>Confirmability</td>
</tr>
</tbody>
</table>

Source: Criteria for assessing trustworthiness (Guba, 1981, p. 80)

3.7.1 Credibility of qualitative research

The credibility criteria of qualitative case study research deals with “how well the data and process of analysis” is able to address the main focus of the research (Graneheim & Lundman, 2004, p.109). Credibility is an important criterion for qualitative research as credibility ensures that the views, thinking and the statements of the research participants are reflected accurately (Bloomberg & Volpe, 2008, 2012). Marshall and Rossman (2006) and Yin (1994) assert that in order to ensure the credibility of the qualitative research, an in-depth description that indicates processes and interactions embedded with the data obtained have to be recorded and reported. Bloomberg and Volpe (2008) contend that some of the evidence supporting the credibility of the case study qualitative research are: (i) avoiding researcher bias and (ii) a detailed discussion of how the researcher is engaged in the field during the data collection. Triangulation is another means of enhancing credibility through the use of multiple sources of data obtained through interviewing a range of informed participants and analysing written documents in building coherent themes, for instance, relevant legislation and policies referred to by participants during interviews (Creswell, 2014; Guba, 1981).

In establishing the credibility of this research and enhancing the accuracy of the data reporting, peer debriefing has been used. A peer debriefing process involves sharing the data findings with a peer or a group of peers, or faculty members (Creswell, 2014; Creswell & Miller, 2000) who review and critique the findings, research process and provide feedback to ensure accuracy and coherency of the data.
findings. For the peer debriefing of this study, the researcher has been able to make ongoing use of expert colleagues, the Higher Degree research students and the coordinators group who meet weekly for the Higher Degree Writing Workshop. Member checking is another means to ensure the accuracy of qualitative data findings by sharing the data findings with the research participants for establishing credibility by avoiding the misrepresentation of the perspectives and meanings of the respondents (Creswell, 2014; Creswell & Miller, 2000; Maxwell, 2004). However, there are constraints in using this ‘member check method’ owing to the potential lack of respondents’ interest in the research process or time constraints (Maxwell, 2004). Although the transcribed interviews have not been shared with the participants because of time and resource constraints, to establish and enhance credibility of the categories and themes, relevant quotations of the participants from the transcribed texts have been extensively used. Further, the researcher has repeatedly cross-checked professionally transcribed interview transcripts with the recorded views and perceptions of interviewees to ensure that their views and statements are reflected correctly in the transcripts.

In summary, for data triangulation, three different layers of interviews about the same issues were undertaken, consisting of executives, managers and former civil servants along with the review of civil service policy documents, civil service legislation and other relevant documents analysed in relations to the categories and themes of the data analysis. The data have been triangulated to achieve credibility of the qualitative research through further probing of the participants during the interview followed by data coding and review of documentary sources obtained during the data collection phase (Woodside & Wilson, 2003). Interview protocol and interview guides have been followed to ensure consistency during the qualitative semi-structured interview thereby increasing the dependability of the qualitative case study research findings (Boyce & Neale, 2006).

3.7.2 Transferability of qualitative research

Transferability is defined as the extent to which the findings of the research can be transferred or are applicable to other cases or other settings (Graneheim & Lundman, 2004). Denscombe (1998) and Stake (1995) assert that although qualitative research study is confined to a smaller sample and environment, analytic transferability is feasible. To enhance transferability, it is important to provide clear
descriptions of the context, selection and features of respondents, process of data collection and data analysis including vigorous reporting of the findings of the research along with the relevant quotations (Creswell, 2014; Graneheim & Lundman, 2004). Bloomberg and Volpe (2008) contend that the thick description of case studies provides good opportunities for sharing and communicating the whole design of the study and creates transparency.

In summary, to enable readers to judge for themselves the applicability of the findings of this research to other situations, full reporting of the research context and process is provided. Important information such as the number and type of participants involved in the interview, interview method and data collection methods adopted for the research is described. Generalisability and transferability criteria findings are met as suggested by Saunders et al. (2007) since the case study covers a wide range of participants, and events are examined from multiple perspectives. Further, the findings of the case study “can be generalised to some broader theory” (Creswell, 2014, p.204).

3.7.3 Dependability of qualitative research

Dependability refers to the stability and consistency of data (Guba, 1981). Dependability is defined as whether the other readers can track the process and methods used to collect data, and the procedures of analysing and reporting it (Bloomberg & Volpe, 2012). Shenton (2004) asserted that to address the dependability issue, the methods and procedures of the research need to be reported in detail to enable future researchers to replicate the work method. Maintaining a record of the data collection protocol, field notes, diary, interview transcripts and data analysis facilitates the consistency of the data (Shenton, 2004). Providing detailed information on how the data is collected and analysed helps to minimise the risk of inconsistency during the data collection and analysis phase (Graneheim & Lundman, 2004).

Data findings were presented for review and discussion both at supervision meetings and the meetings of the Higher Degree Writing Review group for their expert opinions. Clarifications were also sought from the participants and changes incorporated (for instance, one participant requested the withdrawal of one particular statement he made during the interview and this request was carried out).
3.7.4 Confirmability of qualitative research

The final dimension of the trustworthiness of the qualitative research is the confirmability (Halldorsson & Aastrup, 2003; Shenton, 2004). Confirmability emphasises that the data findings and interpretations should not be based on biases and the subjective interpretations of the researcher but need to be grounded on the data derived from the participants (Halldorsson & Aastrup, 2003; Sinkovics, Penz, & Ghauri, 2008; Tobin & Begley, 2004). In other words, it is important to carry out the research objectively, and appropriate steps are needed to ensure that the ideas of participants are reflected in findings to minimise researcher bias (F. Ryan, Coughlan, & Cronin, 2007). However, Maxwell (2005) argues that there cannot be airtight solutions to every possible bias, the issue is to recognise how serious these biases are, to attempt to make the research objective by following the research protocols. To achieve confirmability, Rodwell and Byers (1997, p.117) contend that the “data management and the data analysis” are required to be carried out properly.

To ensure confirmability, stepwise data analysis procedures as recommended by Bloomberg and Volpe (2012) and Yin (2009) have been adopted. For instance, during phase one of data analysis, the transcribed interview data were compiled by assigning code numbers for cataloguing. Then during the second phase, data were coded to capture the categories. In the third phase, quotations were sorted and categorised to refine the data.

3.8 QUALITATIVE CASE STUDY DATA ANALYSIS

3.8.1 Overview of data analysis approach

Qualitative data analysis is an iterative process and not a linear one, therefore, the process is repeated till the researcher feels that the research questions have been adequately addressed (Yin, 2009). In short, data analysis is the process which involves bringing structure and meaning to the data collected (Bloomberg & Volpe, 2012; Marshall & Rossman, 2006). The researcher uses the research questions and literature developed in the proposal, data collected through interviews and reviews of documents guided to code the data for analysis. Overall, qualitative data analysis requires the researcher to be reflective in the process to make sense of multiple data sources (Bloomberg & Volpe, 2012).
Bloomberg and Volpe (2012) and Yin (2011) contend that the analysis of qualitative data moves through sequential phases: organising data; generating categories; identifying patterns and themes, data coding and interpreting the data. Figure 3.2 shows the four phases of analysing the qualitative data and the two-way arrows indicate that the researcher has visited the data back and forth during the phases of data analysis. This indicates that the data analysis occurs in a non-linear way, but rather in iterative and recursive ways (Bloomberg & Volpe, 2012; Yin, 2011). In each phase of the process, the researcher has revisited the earlier phase of the data to narrow and make sense of the data.

The qualitative data analysis process is repetitive, time consuming and quite demanding (Bloomberg & Volpe, 2012). Yin (2011) posits that this iterative and recursive process requires the researcher to move from one phase to another and to revisit the earlier phases, which may lead to modification of initial ideas. Ryan and Bernard (2010) assert that if a concept reoccurs in the transcripts, it may be a theme that the researcher needs to be aware of. The initial reading of the transcripts enables the researcher to identify themes and categories. The researcher has taken time to become immersed in the data; reading the transcripts again and again to understand intimately what the data is saying.
3.8.2 Organising data for analysis: data management strategies

In qualitative case study research, data collection generates extensive data which must be organised in an orderly method and strategised to make the data more manageable (Bloomberg & Volpe, 2012; Creswell, 2009; Marshall & Rossman, 2008). As previously noted, this process helps the researcher to organise data in a systematic way, and well-organised data helps to achieve stronger and more rigorous
qualitative research (Yin, 2011). The first phase of the analytic process involves creating a formal database by compiling and sorting the data to indicate potential themes (Bloomberg & Volpe, 2012). NVivo version 10 was adopted to interrogate and manage the data as recommended by Bazeley (2007) and Richards (2009). The data management plan ensures that data tapes and transcripts are stored properly, and there are backup copies of data files. Digital audio-recording was used during interviews, and anonymity of the participants is protected by coding their names with numbers (Creswell, 2007).

The compiling of data required the researcher to be familiar with the field notes, tape recordings of the interview and then with the transcripts. This requires transcribing the interview and typing the field notes (Bloomberg & Volpe, 2012; Creswell, 2009). The researcher personally transcribed 22 interviews out of 32 to ensure they were immersed and familiar with the data (Bloomberg & Volpe, 2012; Yin, 2011). A professional transcriber transcribed the remaining 10 interviews.

Interviews are often the major source of data in case study qualitative research (Bloomberg & Volpe, 2012). But they also generate a huge amount of text and to make it more manageable, accessible and easily understandable, the paragraphs and sentences have to be reduced to transform them into patterns and themes. The detailed stepwise analytic approach has been shown in Figure 3.2 as this approach helps to enhance the “credibility (validity) and the dependability (reliability)” of the research under study (Bloomberg & Volpe, 2012, p. 77).

Qualitative data analysis identifies patterns or themes and Saldana defines themes as a unit of data represented by a phrase or sentence (Saldana, 2013). The data was repeatedly reviewed to identify themes. For instance, the transcripts of each interview were carefully read to gain an overall sense of the stories within the data. Also the researcher tried to ensure that these categories have some relationship with the research questions as recommended by Bloomberg and Volpe (2012) and Yin (2011).

3.8.3 Phase 2: disassembling and coding data

The second step involves classifying data and placing textual data into categories, in other words coding of the data takes place during this second phase. Yin (2011) asserts that during the second phase of the analysis, the compiled data are
broken into smaller pieces for assigning codes and Yin (2011) considers it as a disassembling process. In qualitative research, it is quite important to realise that not everybody will be able to perceive the themes in a similar way (Bloomberg & Volpe, 2012). Therefore, systematic procedures are required for finding, defining and coding themes. From the huge volume of interview data, the researcher needs to reduce the information to a smaller set of data. To do this, it is required to develop a systematic and manageable coding scheme. In qualitative inquiry, a code represents a word or short sentence that captures the primary essence of the information (Bloomberg & Volpe, 2012; Saldana, 2013). This analytic process helps the researcher to focus to prioritise developing themes.

Bloomberg and Volpe (Bloomberg & Volpe, 2012, p. 102) define coding as the “system of classification” which is helpful to identify various segments of data. Coding is a method which helps the researchers to organise the coded data into categories, main themes and dimensions based on the research questions, literature, and the aims and objectives of the research (Creswell, 2009; Marshall & Rossman, 2006; Miles & Huberman, 1984; Saldana, 2013).

The process of coding involves marking text data which is collected during the data collection and categorising them into themes and dimensions. A sample of coding done after transcribing from the interview data is given below in Table 3.7. The researcher has reduced the list of categories by grouping topics which are similar. Bloomberg and Volpe (2012) assert that the reduction process includes questioning the data, noting common patterns and creating a code that describes the data patterns.

Pattern Coding: After the coding of the data from the field, the next important exercise is pattern coding (Miles & Huberman, 1984, 1994). Pattern codes are explanatory codes that identify emergent themes, patterns, or explanations. They pull a lot of material together into more meaningful units of analysis. The first level of coding is summarising the segment of data. Pattern coding is a method of grouping those summaries into a small number of overarching themes or constructs (Miles & Huberman, 1984).
Table 3.7 Sample of coding from the transcribed data

<table>
<thead>
<tr>
<th>Raw text data that inspired level one coding or open coding/initial coding</th>
<th>Level 2 coding or axial coding</th>
<th>Level 3 coding or selective coding</th>
</tr>
</thead>
<tbody>
<tr>
<td>GNH is guiding policy of our country and is very important that we align our HR practices also to that philosophy</td>
<td>Aligning HR policies to GNH</td>
<td>Defining GNH</td>
</tr>
<tr>
<td>....we have given lots of factors, environmental factors, economical factors, preservation of culture, good governance.</td>
<td>Foundation for GNH</td>
<td>Defining GNH</td>
</tr>
<tr>
<td>GNH is the back bone of our country developmental philosophy.</td>
<td>Guiding philosophy of the country</td>
<td>Defining GNH</td>
</tr>
<tr>
<td>We need to have a consistent definition and understanding of GNH, unless we can agree on what GNH is, we can’t prepare HR policies to address GNH</td>
<td>Need consistent definition</td>
<td>Defining GNH</td>
</tr>
<tr>
<td>.... But my own view is GNH is a guiding philosophy and not an ideology. It is an overarching philosophy, so we shouldn’t try to get it too ideological</td>
<td>Guiding philosophy and not an ideology</td>
<td>Defining GNH</td>
</tr>
<tr>
<td>GNH in my view would be having basic needs, be happy, be contented. And not be happy because you have so many unfulfilled wishes</td>
<td>Meet basic needs and content</td>
<td>Defining GNH</td>
</tr>
</tbody>
</table>

Yin (2011) posits that grounded theorists have defined three categories of coding which are relevant to all the researchers that need to code data. The first is the open coding or the initial coding which generates categories and their properties. Open coding is also known as disassembling of data (Yin, 2011). In this stage, categories are systematically developed which are linked with their respective sub-categories. Once the first level or initial coding is done, the next step is to move to the next higher level of conceptual coding known as level two or category codes (Yin, 2011). The third category is called selective coding where the process of integrating and refining process takes place. It is called the reassembling of data or axial coding (Yin, 2011). The items in the data which are similar have been provided with the same code. The higher conceptual levels of data items enable the researcher to sort the data into similar and dissimilar items. A sample of the coded data is given in Table 3.7. The disadvantage of coding is, it distracts the researcher as the researcher is required to attend to the mechanics of the coding (Yin, 2011). However,
it is argued that if data coding is not done, it can lead to a non-systematic and inconsistent process which may lack the rigour required for the research.

For open coding or level 1 coding, NVivo10 software was used. The major strengths of using the NVivo software for coding the data is that it conveniently and efficiently makes the data analysis process easy since the researcher can record and retrieve the data information later on, and modify the data based on new insights (Creswell, 2009; Marshall & Rossman, 2006; Yin, 2011). However, the software package does not do the coding and cannot interpret the emotional tone which is critical for understanding the findings in case studies (Bloomberg & Volpe, 2012; Yin, 2011).

3.8.3.1 Sorting and categorising quotations

After the researcher completed the coding, quotes were placed in their respective appropriate analytic categories, which are the units of information for analysis as reflected in Table 3.8 as an example. After information was placed in the categories, the researcher reviewed the subcategories or descriptors for overlap or repetition. If subcategories have the same meaning or properties, they were merged to avoid repetition (Bloomberg & Volpe, 2012).

Table 3.8 Quotes used for defining GNH

<table>
<thead>
<tr>
<th>Quotes</th>
<th>GNH defined</th>
</tr>
</thead>
<tbody>
<tr>
<td>GNH is guiding policy of our country and is very important that we align our HR practices also to that philosophy and...we have given lots of factors, environmental factors, economical factors, preservation of culture, good governance (Respondent IS16).</td>
<td>What is GNH</td>
</tr>
<tr>
<td>I think the whole idea of GNH is creating a more equal society, a more socially just society, a society where, let's say, there is less income disparity, where social justice is more (Respondent OS05).</td>
<td></td>
</tr>
</tbody>
</table>

What is GNH

Table 3.8 Quotes used for defining GNH
3.8.4 Phase 3: presenting research findings

Through the coding process, data is reduced to make it manageable for research study. Reducing is the first step for presenting the data. After reducing the data, it is shaped into a form so that it can be presented or displayed (Bloomberg & Volpe, 2012; Miles & Huberman, 1984). The researcher presents the data of multiple perspectives supported by various quotations as shown at Table 3.8.

The findings in qualitative research are presented in a narrative manner and include extensive use of quotations from the participants to substantiate the findings. By using the quotations, the reality of the participants and context studied is presented accurately. In addition to the semi-structured interview data, document review helps to confirm or disconfirm the data collected through the interview (Bloomberg & Volpe, 2012). Qualitative data analysis is an iterative process and not a linear one, therefore, the process is repeated till the researcher is satisfied that the research questions have been adequately addressed.

In summary, data analysis is the process of bringing structure and meaning to the data collected (Marshall & Rossman, 2006). The researcher uses the research questions and literature developed in the proposal and the earlier planning can suggest many categories that can guide coding the data for analysis.

Step 1 involves organising and preparing for analysing the data. Data generated by qualitative methods are voluminous and need strategies to make it manageable (Marshall & Rossman, 2008). This requires transcribing the interview, typing the field notes, sorting and arranging the data into various formats based on the source of information (Creswell, 2009).

In step 2, coding of the data is done. Coding is defined as abbreviation of paragraphs or sentences in order to cluster them into main themes and dimensions based on research questions, literature, and the aims and objectives of the research (Creswell, 2009; Marshall & Rossman, 2006; Miles & Huberman, 1984). Coding involves marking text data which are collected during the data collection and categorising them into themes and dimensions. The researcher has reduced the list of categories by grouping topics which are similar. As previously noted, for initial coding, NVivo is used as it is an efficient means for coding qualitative data (Creswell, 2009; Marshall & Rossman, 2006). However, the researcher must be
willing to be flexible and be ready to adjust or combine the codes when they are empirically ill-fitting (Miles & Huberman, 1984).

The important central step in coding the data is reducing the data into meaning, segments and assigning the names to the segments, then combining the codes into broader categories or themes (Creswell, 2007; Miles & Huberman, 1984). The final step is the data analysis (Creswell, 2009)(Creswell, 2009). After categories and themes are developed, the data findings are presented in Chapter 5.

3.9 LIMITATIONS OF THE STUDY

Rigorous research requires systematic processes and evidence of researcher bias would create threats to the trustworthiness of the research findings (Yin, 2009). As described in the preceding sections, this research has been designed to implement the principles and procedures of rigorous research, which were carefully reviewed in the planning stages to ensure these requirements, were incorporated. Nevertheless, there exist certain limitations for the study’s claims, generalisability and transferability. These relate in particular to the single case method adopted, the sample size, and the possibility of researcher bias. Actions taken to remedy these potential limitations are now summarised in Table 3.9.

Table 3.9 Actions to build trustworthiness

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Single Case</th>
<th>Sample size</th>
<th>Researcher bias</th>
<th>Remedial actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Triangulation</td>
<td>Reduces threat</td>
<td>Reduces threat</td>
<td>Reduces threat</td>
<td>Multiple, deeply knowledgeable respondents Archival, legislative &amp; externally authored documents</td>
</tr>
<tr>
<td>Peer review &amp; support</td>
<td>No effect</td>
<td>No effect</td>
<td>Reduces threat</td>
<td>Debriefings &amp; reviews throughout data analysis</td>
</tr>
<tr>
<td>Audit trail</td>
<td>No effect</td>
<td>No effect</td>
<td>Reduces threat</td>
<td>Detailed description and documentation of research design, data collection &amp; analysis provided. Interview transcripts available for review</td>
</tr>
<tr>
<td>Purposive sampling</td>
<td>Reduces threat</td>
<td>Reduces threat</td>
<td>Reduces threat</td>
<td>Respondents are internal, external, and diversely located</td>
</tr>
</tbody>
</table>
A single case approach was adopted rather than multiple cases due to the focus of the research questions on the civil service HRM in the kingdom of Bhutan. A single case method was logically appropriate to illuminate the research issues in depth and in context.

Certain challenges exist in relation to the sample size and characteristics. The sample of 32 participants may be considered small and to have limited generalisability to larger populations. Further, the researcher could not reach all locations of Bhutan as initially planned owing to the constraints of geographically dispersed districts and limited public transport. Therefore, care was taken to include representative participants from a range of districts to ensure knowledgeable perspectives from diverse locations were captured. Additionally, data gathered from the interview participants consists of only the mid managers and executives. However, purposive sampling ensured that participants represented views from participants both internal and external to the Bhutan Civil Service and those responsible for implementing and managing the civil service HRM policies and procedures.

Researcher bias could have potentially arisen from the fact that the interview data was obtained by the researcher who is a long term, ongoing member of the Bhutan Civil Service. In addition, some semi-structured interview questions were sensitive, for instance a question on influence and pressure from the donor countries and international financial institution on reforms of the HRM in the civil service. In responding to this, the participants may have been over cautious when sharing their perceptions which might have hindered their true opinions. However, a triangulation process included sourcing information about conditions to funding by external agencies and donor countries from objective published reports and documents to supplement interview data. Certain limitations were experienced as could be expected in obtaining politically sensitive documents from the Ministries and constitutional offices, for instance during the interview, respondents indicated access would be provided to the recent survey on perceptions of corruption in the civil service. Subsequently the researcher was advised that no copy could be found.

Due to the researcher’s ongoing employment in the Bhutan Civil Service, a peer review process was adopted to monitor and remedy any evidence of researcher bias. Expert opinions were obtained from colleagues, peers, learning advisors of the
In summary, care was taken throughout the design and implementation of this research process to incorporate the principles and practices of good qualitative research. Potential limitations and threats to trustworthiness were identified and strategies were adopted to remedy these threats and limitations.

3.10 CHAPTER CONCLUSION

This chapter on methodology covered the important elements of research paradigms including ontological and epistemological stance, and research designs and presented qualitative methods case study data collection and strategies of data analysis to enable the researcher to address the main research questions. As mentioned above, this research explores and illustrates the model of HRM in the Bhutanese civil service and the ways it differs from Brewster’s (1995) European HRM model. Secondly, the research investigates how the HRM of the Bhutan Civil Service contributes to the achievement of Gross National Happiness (GNH). This chapter argues that the ways and means to explore answers to these type of ‘why and how’ questions are through case study qualitative research methods. The chapter details how the qualitative case study used semi-structured interviews and the review of documents as the data collection techniques. For the analysis of data, a mix of grounded theory or inductive approach and deductively obtained categories and themes from Brewster’s (1995) HRM model and other three main stream of literature: traditional public administration, Westminster model of civil service and NPM have been applied. In the following chapter, Bhutan context will be presented.
Chapter 4: Bhutan context

4.1 INTRODUCTION

The purpose of this chapter is to explain the Bhutan context by focusing on the international, national and national HRM context. Brewster’s HRM model suggests that international and national contexts influence HRM policies and practices; therefore it is important to study the Bhutan context. This chapter uses the framework of the Brewster’s (1995) HRM model which is also known as the ‘European model of HRM’ to describe the environmental factors that are purported to influence the HRM policies and practices of Bhutanese civil service. In so doing, the chapter illuminates the Brewster’s model in Figure 4.1.

Figure 4.1 Brewster’s HRM model

The chapter is divided into 7 sections. Section 4.2 briefly introduces the country of Bhutan; Section 4.3 explains the international context and Bhutan’s responses to changes which have had an impact on HRM policies and practices. Section 4.4 explains the national context, comprised of culture and the political and legislative system. Section 4.5 explains the national HRM context which includes the education and training sector and the country’s economy, section 4.6 is corporate strategy and Section 4.7 presents the chapter’s conclusion.

### 4.2 INTRODUCTION TO BHUTAN

Bhutan is a small country which is located between two large and powerful nations, China and India, (Ministry of Foreign Affairs (MFA), 2009). Bhutan has a total land area of 38,394 square kilometres, roughly about the same size as Switzerland (Thinley, 2009; World Bank (WB), 2012). It is a mountainous country where only three per cent of the land is cultivatable, about four per cent of the land is pasture land, and 70 per cent is covered with forest (Asian Development Bank (ADB), 2014a, 2014b). Its rugged terrain, mountainous and landlocked location, have historically acted as natural geographical barriers and its conscious self-imposed isolation policy meant that Bhutan was able to maintain its independence throughout history (Aris, 1979). The long period of self-imposed isolation facilitated the monarchy to establish strong and stable legitimate institutions such as national culture, identity and sovereignty (Sinpeng, 2007). As a result of these factors, Bhutan is one of the few countries in Asia which was never colonised by the British Empire. Bhutan fought two wars against British-India and in 1840 lost some territory in the southern belt adjacent to India (Assam and Bengal Duars); however, Bhutan maintained autonomy and independence throughout the colonial period (Collister, 1996). Bhutan started to receive compensation of Nu.100,000 then, now equivalent to Nu. 3,000,000 (equivalent to some AUD $ 61,600) from British-India as a result of annexing Bhutan’s plain territories of the southern part of Bengal and Assam Duars and Kalimpong sub-division of Darjeeling district after the Bhutan and British-India war of 1865 (Tashi, 2008). Singpeng (2007, p. 34) argues that the institution of the monarchy saved Bhutan from victimisation, unlike its neighbours, Tibet in the north and Sikkim in the south.
Bhutan’s interaction with the rest of the world began in 1961 when its first Five Year Plan (FYP) for socio-economic development began (National Commission for Women and Children (NCWC), World Bank (WB), & AusAID, 2013). Bhutan opened up to the world initially with the Colombo Plan in 1962, followed by joining the United Nations in 1972, World Bank and International Monetary Fund (IMF) in 1981 and UNESCO and the World Health Organisation in 1982 (Srivastana, et al., 2015; Tashi, 2012). Bhutan is politically stable and the sixteenth most peaceful country on earth (Dorji, 2014a; Institute for Economics and Peace, 2014) as shown in Table 4.1. While still classified as a developing nation, the social indicators are improving, for instance, the life expectancy increased from 65 years in 2005 to 69 years in 2010 (National Commission for Women and Children (NCWC), et al., 2013). In terms of gender equality, in fact in terms of property rights women have more property rights in some parts of Bhutan than the men. For instance, in the western part of Bhutan, daughters inherit more land than sons. However, there are challenges associated with youth unemployment and limited private sector capacity development.

Table 4.1 South Asia ranking of peaceful countries in the region

<table>
<thead>
<tr>
<th>South Asia</th>
<th>Overall ranking</th>
<th>Regional ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhutan</td>
<td>16</td>
<td>1</td>
</tr>
<tr>
<td>Nepal</td>
<td>76</td>
<td>2</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>98</td>
<td>3</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>105</td>
<td>4</td>
</tr>
<tr>
<td>India</td>
<td>143</td>
<td>5</td>
</tr>
<tr>
<td>Pakistan</td>
<td>154</td>
<td>6</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>161</td>
<td>7</td>
</tr>
</tbody>
</table>

Buddhism continues to play a central role in shaping social values and culture in Bhutan. Padma Samhava, who is also known as Guru Rinpoche or the Precious Master, introduced Buddhism in Bhutan in the 7th century. Buddhism plays a significant role in shaping the values, institutions, organisations, architecture, arts and social structure and cultural evolution (PC, 2003). The majority of the population are Buddhist whilst people in the southern part of Bhutan are mostly Hindu. There is also a Christian population in the country. The constitution of Bhutan permits citizens to follow any religion they choose.

For administrative purposes, the country is divided into 20 districts (dzongkhags). The bigger districts are divided into sub-districts (Drungkhags) for easier administration. In total, there are 205 blocks (geogs) in the country (Rigyal, 2012), and the number of (geogs) depends on the size of the subdistricts; some smaller districts do not have subdistricts (NSB, 2010). For active participation and decision making at the district and block level, the government established two important institutions: District Development Committee or Dzongkhags Yargye Tshogchungs (DYT) in all 20 districts in 1981, and Block Development Committees or Geog yargye Tshogchungs (GYT) in 1991 (PC, 1997). Universal suffrage was introduced for all citizens over 18 years as per the provision of the constitution of Bhutan. The parliament comprises 47 individual representatives directly elected by their respective constituencies with the introduction of multi-party democracy in 2008. The constituencies are delimited based on the delimitation guidelines provided in the constitution of Bhutan (Kunzang, 2008; National Assembly of Bhutan (NAB), 2011). As a new democracy, Bhutan has had the freedom to develop solutions to best meet its own development needs.

4.3 INTERNATIONAL CONTEXT

The international role is one the key factors which influence HRM policies and practices of countries (Brewster, 1995; Budhwar & Khatri, 2001). Using the lens of Brewster’s HRM framework or the ‘European model of HRM’, this thesis reviews the influence of international factors on HRM policies and practices of Bhutanese civil service.
4.3.1 Bhutan prior to joining the international community

Bhutan followed a policy of self-imposed isolation to protect its national sovereignty and identity, and to strengthen the institution of the monarchy. It had limited interaction with the rest of the world because of its landlocked geographical terrain and inaccessible thick forest (Collister, 1996). Its first documented contact with people from a foreign country was in 1557 when some people from Portugal visited Bhutan (White, 1996). Due to its vulnerable geopolitics, Bhutan followed a policy of self-imposed isolation and made efforts to maintain its traditional culture and national sovereignty and identity (Dessallien, 2005).

With the annexation of Bhutan’s seven plain territories bordering Assam and eleven territories adjacent to Bengal, British-India in return agreed to pay annual monetary compensation of an amount not more than Nu. 100,000 annually. Moreover, as per the 1910 Treaty of Punakha, Bhutan agreed to be guided by British-India for its external affairs; a situation which continued until India’s independence in 1947; however, British-India agreed not to interfere in the internal affairs of Bhutan (Centre for Bhutan Studies (CBS) & Japan Institute of Developing Economies (JIDE), 2004; Schreven, 2008).

With the independence of India in 1947, Bhutan and India signed the Indo-Bhutan Treaty of 1949 where Bhutan’s foreign affairs are to be guided by India, but India agreed not to interfere in Bhutan’s domestic affairs (Centre for Bhutan Studies (CBS) & Japan Institute of Developing Economies (JIDE), 2004). The 1949 Treaty was never a hindrance to Bhutan’s sovereignty and independence, in fact the special relationships developed between India and Bhutan as a result of the 1949 Indo-Bhutan Treaty helped Bhutan in gaining the full support of India for Bhutan’s UN membership in 1971 (Mathou, 2000). As there were minimal external threats or influence from China and India, the monarchy had the opportunity to gradually chart out and manage change at its own pace without pressure and interference from outside (Sinpeng, 2007). Nonetheless, the Chinese annexation of Tibet in 1951 and 1959; and claims of some Bhutanese territories by China, motivated Bhutan to foster even stronger relations with its southern neighbour, India (Galay, 2004; Penjore, 2004). The potential threats from its northern neighbour, China, encouraged Bhutan to move away from its self-imposed isolation policy and motivated it to seek international support for the socio-economic development of the country.
4.3.2 Interaction with the world

Bhutan began to interact with the outside world from 1961 with the start of its first five-year planned economic development program (Aris, 1994; Mehra, 1974; NCWC et al., 2013; Rajesh, 1999; UNDP, 1998). Bhutan’s first international membership was established in Melbourne, Australia in 1962, with the Colombo Plan and the support of the Australian government (Galay, 2004; Penjore, 2004; Tashi, 2012). Membership in the Colombo Plan marked a turning point for Bhutan. Firstly, as a member of the international community, Bhutan was no longer under the policy of self-imposed isolation and was able to project itself to the world as a sovereign and independent country. Secondly, as a member of the international community, Bhutan began to gain financial and technical assistance from donor member countries, particularly in modernising education through scholarships in Australia and socio-economic development through various grants. Then in 1971, Bhutan became a member of the UN which further strengthened its sovereignty as a member of the world community (Galay, 2004; Penjore, 2004).

Opening itself to the world led to changes in the nature of the Bhutanese workforce. In the early 1960s, expatriates constituted 99 per cent of the Bhutanese civil service (PC, 1987; RCSC, 1984). As there was a lack of qualified Bhutanese, many foreign employees from India were recruited in the fields of road construction, mining, agro-based industries and hydro-power projects and finance – virtually in all areas of the economic development programs (Choden, 2004; Mathou, 2000). However, Bhutan made every effort to ensure that there was no direct impact on Bhutanese governance (Mathou, 2000). By the beginning of the sixth five-year plan (FYP) in 1987, expatriates constituted only 20 per cent of the civil service as more and more nationals graduated from schools, colleges and universities (PC, 1987). Currently, as of 2013, there are only 488 (1.93%) expatriates and 53 (0.21%) international volunteers working in Bhutan (RCSC, 2013).

Bhutan started to expand its international relations beyond India after Sikkim, a close neighbour of Bhutan, was occupied by India in 1975 (Galay, 2004). Bhutan had valid reason to be concerned with national security and sovereignty as China occupied Tibet to the north and India occupied Sikkim to the south. Bhutan responded to this challenge by joining a series of international organisations (CBS & JIDE, 2004; Galay, 2004): IMF, WB, FAO in 1981; WHO, UNESCO and ADB in

4.3.3 Donor aid and potential implications

There are potential implications associated with depending on donor financial assistance. Some countries such as Britain, France, Germany, the Nordic countries and the US consider democracy as the best form of government and promote the idea that democracy is central to good governance and development (Dessallien, 2005). These ideas are supported by international development institutions. For instance, for countries in Africa, receiving assistance from the EU in 1989 was conditional on having a democratic system of government. Similarly, the World Bank and the IMF also made democratisation a pre-condition for financial assistance. In this way, donor countries encourage developing countries to privatise state-owned enterprises; downsize government bureaucracy and open economies to foreign direct investment (FDI) (Dessallien, 2005).

Bhutan has been receptive to the changes taking place in the region and globe, particularly in the field of HRM. The Royal Charter of the RCSC stipulates that the “commission shall review personnel policies from time to time to ensure that such policies are in keeping with the changing situations” (RCSC, 1982, p. 8). In order to provide training and education to meet the developmental needs and to cope with the changes taking place in the region and the world, Bhutan became heavily dependent on financial assistance from India and other donor countries (IMF, 2014). However, donor countries have looked positively at the Bhutanese approach to development and refrain from imposing conditions on the aid (Mathou, 2000, p. 231).

While India is the main donor country for Bhutan, other donor countries include: Australia, Denmark, Japan, the Netherlands, Norway, Switzerland, Singapore and Thailand (RGOB, 2006). Donor aid in training and educating the Bhutanese helped to reduce an over reliance on expatriate employees. However, Bhutan’s government also recognised the potential implications of dependence on donor aid in that “there are dangers as well as benefits associated with aid” (PC, 1992, p. 3). So, while receiving the aid from donor countries, Bhutan ensures that the objective of the donor aid complements the overall objectives of the development
programs of the country. The other multilateral and bilateral donor countries assisting Bhutan’s development program are reflected in Table 4.2. The donor aid agencies include UNDP, bilateral agencies and multilateral agencies like World Bank; International Fund for Agriculture Development (IFAD); IMF; European Commission; and ADB. Bhutan continues to receive a large share of financial assistance for human resource development (ADB, 2014a; IMF, 2014; PC, 1992; RGOB, 2006).

Table 4.2 Donor grants in million Ngultrums

<table>
<thead>
<tr>
<th>Donors</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOI</td>
<td>1928.5</td>
<td>2187.9</td>
<td>2551.2</td>
<td>945.3</td>
<td>631.8</td>
</tr>
<tr>
<td>DANIDA</td>
<td>385.2</td>
<td>318.7</td>
<td>394.8</td>
<td>534.8</td>
<td>525.8</td>
</tr>
<tr>
<td>JICA</td>
<td>0</td>
<td>7.1</td>
<td>0</td>
<td>4.2</td>
<td>0</td>
</tr>
<tr>
<td>Netherlands</td>
<td>88.8</td>
<td>74.4</td>
<td>147.6</td>
<td>274.5</td>
<td>201</td>
</tr>
<tr>
<td>UNDP</td>
<td>122.1</td>
<td>140.8</td>
<td>51.4</td>
<td>132.7</td>
<td>85.6</td>
</tr>
<tr>
<td>Austria</td>
<td>170.7</td>
<td>143</td>
<td>174.2</td>
<td>44.2</td>
<td>68.7</td>
</tr>
<tr>
<td>Helevetas</td>
<td>147.2</td>
<td>75.8</td>
<td>94.3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Swiss Dev Corp</td>
<td>200.6</td>
<td>106.2</td>
<td>66.8</td>
<td>62.6</td>
<td>103.5</td>
</tr>
<tr>
<td>EU</td>
<td>35.1</td>
<td>29.9</td>
<td>18</td>
<td>112.5</td>
<td>130.8</td>
</tr>
<tr>
<td>UNCDF</td>
<td>37.4</td>
<td>10.6</td>
<td>27.2</td>
<td>26.9</td>
<td>26.6</td>
</tr>
<tr>
<td>Others</td>
<td>146.9</td>
<td>179.7</td>
<td>185.4</td>
<td>559.3</td>
<td>707.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3262.5</strong></td>
<td><strong>3274.1</strong></td>
<td><strong>3710.9</strong></td>
<td><strong>2697</strong></td>
<td><strong>2481.7</strong></td>
</tr>
</tbody>
</table>


Bhutan, although heavily dependent on foreign aid, follows its own set of priorities and criteria. As a result of this development strategy, development in the country is free from political, socio-economic and cultural interference of the donor countries (Mathou, 2000). The individual grants for the years from 1999-2003 are reflected in Table 4.2. For instance, in realising some of the potential implications of being a member of some international organisations, Bhutan has yet to confirm its membership of the WTO. Wangdi (2010) notes that if Bhutan is to accept WTO membership, it is required to amend or adopt at least 35 laws to fulfil WTO requirements. The WTO is one of the powerful tools of globalisation which could constrain the policy options of governments as national laws, policies and administrative procedures have to conform to WTO agreements (Wangdi, 2010). Becoming a member of the WTO, leads to surrendering decision making authority by the smaller states to the super powers through economic measures (Mancall, 2003; Wangyel, 2004). Although the Bhutan economy is dependent on donor agencies, it is
not legally obligated to abide by the terms and conditions of the WTO as Bhutan has not formally confirmed its WTO membership.

4.4 NATIONAL CONTEXT

This section presents how the culture, government and political system influence HRM policies and practices. GNH the guiding policy of Bhutan guides the country’s overall socio-economic development. Owing to its stable political system and smooth transition to multi-party democracy, Bhutan has been able to successfully reach from subsistence to a middle-income country. However, some of the pressing challenges are: youth unemployment, limited private sector growth, and challenges of maintaining the balance between economic and non-economic growth. There were major restructuring and reforms at the national level through decentralisation of administrative authority to local government in 1981 and 1991, devolution of executive authority from the monarch to the council of ministers in 1998 and the transition to multi-party democracy. In attempting to align to these major changes at the national level, the civil service undertook major HRM reforms in the civil service.

4.4.1 Bhutanese culture

As far back as 350 years ago, Zhabdrung Ngwang Namgyel realised that promoting and preserving culture and tradition was crucial to Bhutan’s sovereignty and independence. Zhabdrung, the head of the Ralung Monastery in Tibet, came to Bhutan in 1616 and unified the country, which was then ruled by various local kings and chieftains (PC, 1999). In 1639, he established a distinctive dual system of government or theocratic government known as Choe-sid (Choe-religion and sid-administration). Druk Desi was the head of administration and Je-Khenpo was the Chief Abbot or religious head of this dual system of government. This system was replaced by the monarchy with the establishment of the first hereditary monarch in 1907 (Choden, 2004).

Bhutan has maintained its Buddhist traditions and culture and the post of Je-Khenpo or Chief Abbot remains to this day. Culture and traditions include a national dress and Buddhist beliefs and values that define Bhutan’s unique cultural identity (Mathou, 2000). Buddhist culture and values show respect for elders, life, nature and the environment, social harmony and compromise and all have a direct impact on
policy making. The influence of the Buddhist monastic institution plays an important role as they are responsible for cultural identity and religious values (Mathou, 2000). However, because of globalisation, traditional barriers are fading which poses a challenge to Bhutan’s national identity and cultural cohesion (Choden, 2004).

4.4.2 Political/Legislative system

Prior to the 17th century, the country was ruled by different chieftains until Shabdrung Ngwang Namgyel (1594-1652) unified the country under one leadership in the 17th century (PC, 1992; Wangyal, 2007). He established a theocracy or a dual system of government (Choe-sid) of spiritual and temporal rule which prevailed from 1652 to 1907 (PC, 2003, p. 2). Under this system, the political and religious authorities were separated: Druk Desid was responsible for the political administration of the country while Je Khenpo, or the Chief Abbot, was responsible for all matters relating to religion and the appointment of the heads of monasteries in the country. The dual system of government or Choe-sid continued until 1907.

The dual system of a government provided a remarkably distinct national and cultural identity based on Buddhist principles (Ardussi, 2000; Mathou, 2000). However, there were constant disputes, strife and instability in the country due to the issue of who would succeed to the post of Shabdrung. Further, external threats from British-India in the latter half of the 19th century added to the country’s political instability. The common people, clergy and government officials felt the need for strong national leadership to ensure peace and political stability. These led to the establishment of a hereditary monarchy in December 1907 when Gongsar Ugyen Wangchuk (1862-1926) Governor of Penlop of Trongsa district (Dzongkhag) was unanimously elected as the first hereditary King of Bhutan (NSB, 2005; PC, 2003).

Many structures and important aspects of the dual system or Choe-sid still exist even today. For instance, in all the 20 districts or Dzongkhags, the District Governor or Dzongda is the Chief Administrator, while Lam Neten is the head of the monks in the district. Likewise, while the PM is the head of the government and the King is the head of the state, Je Khempo is the head of the religion for the country. There is a central monastic body or the Dratshang in the capital city and district monastic bodies or Rabdeys in the districts (NSB, 2013), which are financed by the state. Their primary functions are to perform prayers and religious ceremonies for peace.
and the well-being of the country, the world and all sentient beings. Notably, the constitution of Bhutan does not permit monks and other religious figures to cast votes during elections.

With the transition of the monarchy to a multi-party democracy in 2008 (ADB, 2014a), some of the monastic institution’s decision making authority has been substantially reduced. For instance, the national assembly (Gyalyong Tshogdu Chenmo) established in 1951, had three categories of members: 105 elected by the people; 35 nominated by the government and 10 monks elected by the monks (Mathou, 2000). Under the current bicameral system, there are 47 members elected from their respective constituencies (ADB, 2014b; Constitution of Bhutan, 2008; ECB, 2008), but without monks since the transition to democracy in 2008. Likewise, the royal advisory council (Lodre Tshogde) established in 1965 had a similar structure to the national assembly: six members elected by the people from the 20 districts (Dzongkhags), two elected representatives of the monk body and one nominated by the government. In the current democratic structure, the earlier Royal Advisory Council (RAC) council has been reconstituted as National Council (NC) or upper house which consists of 20 elected members, one each from the 20 districts and five eminent members appointed by the King (ECB, 2008). Kunzang (2008) argues that this model of a combination of appointment by the King and the elected members provides the means and mechanisms to ensure that national administration is not subject to abuse by any of the three branches of government.

**Transition to multi-party democracy**

Bhutan transitioned to a multi-party democracy in a distinct way. It adopted some elements of democratic values and systems that Bhutan thinks will best contribute to its desired outcomes based on the guiding philosophy of gross national happiness instead of simply “adopting a western model of liberal democracy” (Dessallien, 2005, p. 1). Dessallien (2005) argues that democracy is not new to Bhutan as it has implemented elements of democracy since the institution of the national assembly (Gyalyong Tshogdu Chenmo) in 1952 and the Royal Advisory Council (Lodre Tshogde) in 1968 (Mathou, 2000; Sinpeng, 2007). The king further decentralised administrative authority to the districts in 1981 with the establishment of a district development committee or (Dzongkhag Yargye Tshogchung) to broaden the decision making process. Further decentralisation to block level was introduced.
in 1991 with the establishment of block development committee or (geog yargye tshogchung) (Gurung, 1999; NSB, 2013; Sinpeng, 2007). In 1998, the King further devolved the executive authority to the council of ministers and for the first time, the existing parliament started to elect the government (Sinpeng, 2007).

The decentralisation policy has helped in bringing the decision making process closer to the people on issues that concern them (Dessallien, 2005). A series of gradual reforms, instituted by the monarch facilitated a smooth transition to a democratic nation in 2008 (GNHC, 2011; UNDP, 2010). Under the democratic system, the Prime Minister is the head of the government and the present fifth King is the head of the State (GNHC, 2013). To date, there have been five hereditary Kings and two elected prime ministers as indicated in Table 4.3.

Table 4.3 Successive Kings and Prime Ministers

<table>
<thead>
<tr>
<th>Leaders</th>
<th>Period</th>
<th>Head of the state</th>
<th>Head of the government</th>
</tr>
</thead>
<tbody>
<tr>
<td>King Ugyen Wangchuck</td>
<td>1907-1926</td>
<td>King (K1)</td>
<td>King</td>
</tr>
<tr>
<td>King Jigme Wangchuck</td>
<td>1926-1952</td>
<td>King (K 2)</td>
<td>King</td>
</tr>
<tr>
<td>King Jigme Dorji Wangchuck</td>
<td>1952-1972</td>
<td>King (K3)</td>
<td>King</td>
</tr>
<tr>
<td>King Jigme S. Wangchuck</td>
<td>1972-1998</td>
<td>King (K 4)</td>
<td>King</td>
</tr>
<tr>
<td>King J.S. Wangchuck + (CoM)</td>
<td>1998-2006</td>
<td>King (K 4)</td>
<td>Council of Ministers (CoM)</td>
</tr>
<tr>
<td>King J.K.N. Wangchuck + (CoM)</td>
<td>2006-2008</td>
<td>King (K 5)</td>
<td>Council of Ministers (CoM)</td>
</tr>
<tr>
<td>Jigme Thinley + K 5</td>
<td>2008-2013</td>
<td>King (K 5)</td>
<td>Prime Minister</td>
</tr>
<tr>
<td>Tshering Tobgay + K 5</td>
<td>2008-2013</td>
<td>King (K 5)</td>
<td>Prime Minister</td>
</tr>
</tbody>
</table>

Source: GNHC (2013) and PC (1992)

The constitutional model establishes: the King as the head of State, parliament as the highest law-making body, and a government represented by the Cabinet (Lhengye Zhungtshog) and led by a Prime Minister who is the leader of the party with the majority in the parliament. The governance systems consist of both central and local government bodies. The central government is divided into ten Ministries: (1) Home and Cultural Affairs, (2) Agriculture and Forests, (3) Works & Human Settlement, (4) Health, (5) Education, (6) Economic Affairs, (7) Finance, (8) Foreign Affairs, (9) Labour and Human Resources, and (10) Information and
Communication. There are also four Constitutional Agencies: (1) Anti-Corruption Commission (ACC), (2) Election Commission of Bhutan (ECB), (3) Royal Civil Service Commission (RCSC) and (4) Royal Audit Authority (RAA).

Changes of government machinery

The changes in governance had an impact on the HRM structures of the Bhutanese civil service. With the devolution of executive authority from the King to the elected Council of Ministers in 1998 there was a shift in the governance structure which had a significant impact on HRM policies and practices in the civil service (RGOB, 1999). To align to the new governance system effectively, civil service reforms were initiated through restructuring of central agencies and districts. The former Ministry of Communication (MoC) was bifurcated into the Ministry of Works and Human Settlement (MOWHS) and a Ministry of Information and Communication (MOIC); the Ministry of Health and Education (MHE) became two ministries, these are the Ministry of Health and Ministry of Education. Likewise, new agencies were created: Office of Legal Affairs (OLA) which was later renamed as the Office of Attorney General (OAG); and the establishment of a National Employment Board (NEB) which was later upgraded to the Ministry of Labour and Human Resources (MoLHR). In addition to the restructuring of the central agencies and the creation of new agencies, much attention was devoted to enhancing administrative and financial efficiency, accountability and transparency. To achieve these objectives, there was a delegation of both administrative and financial power. The delegation of HR functions is shown in Table 4.4.
### Table 4.4 HRM Model in the civil service after 1998 executive devolution

<table>
<thead>
<tr>
<th>HRM functions</th>
<th>Govt.</th>
<th>RCSC</th>
<th>Ministries</th>
<th>Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment and selection</td>
<td>Grade 4-17</td>
<td>Contract employees</td>
<td>Contract employees</td>
<td></td>
</tr>
<tr>
<td>Post creation</td>
<td>All</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td>Above 6 months</td>
<td>6 months and less</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td>Gr.1-3</td>
<td>Gr. 4-8</td>
<td>Gr.9-13</td>
<td>Grade 14-17</td>
</tr>
</tbody>
</table>


The above table shows that promotion of employees in the civil service is delegated to ministries from salary grades 9-13 (grade 1 being the highest and grade 17 the lowest), to districts from grade 14-17 and to the RCSC from grades 4-8. The authority for promotion of senior officers to grades 1-3 remains with the government. The authority to approve training for employees in the civil service for more than six months lies with the RCSC and for less than six months with the ministry and agencies. The authority to decide on the creation of new vacancies lies with the RCSC. With the advent of parliamentary democracy in 2008, there were major civil service reforms undertaken through the reform theme called ‘Good Governance Plus in pursuit of GNH’ (RGOB, 2005) to align with the major political changes happening in the country.

Governing the RCSC are five members, including the Chairperson of the RCSC. An annual report on the policies and the performance of the RCSC is required to be submitted to both the King and the PM every year (Constitution of Bhutan, 2008; NAB, 2010). The Civil Service Commission is the principal decision-making centre or the central personnel agency for the civil service, responsible for appointment, placement, promotion, career development and separation. The civil service structure is grouped into four main employment categories: executive and specialist, professional and management, supervisory and support, and operational (RCSC, 2012a). Each ministry is divided into departments, divisions, sections and
units, with a minister at each ministry and a secretary at the highest position in the civil service of each ministry.

The transition to democracy was accompanied by a number of HR policy reforms in the civil service. These included decentralisation and devolution of major HRM functions like employment, training, promotion, performance and disciplinary measures to agencies, and the introduction of a new institutional structure of a Ministry-level Human Resource Management Committee (HRMC) chair with the Secretary and Directors as members (Blackman, et al., 2010). All these major changes are HR strategies intended to align to the new environment (RGOB, 2005).

The RCSC, responsible for all HRM policies in the civil service, also changed in the new environment. The RCSC is also a constitutional body with appointment of commission members on a full time basis for a fixed term of five years, unlike the previous system which comprised of members represented from other ministries who shouldered additional responsibilities. The PCS promotes merit-based HRM decisions for recruitment, training, promotion and performance management of civil service. Amongst others, the former planning commission responsible for overall coordination of the country’s five-year plan socio-economic development was restructured and renamed as the Gross National Happiness Commission (GNHC) with the inclusion of another Department of Aid and Debt Management of the Ministry of Finance (MoF) (RCSC, 2005).
Table 4.5 Decision making power in the civil service after transition to democracy

<table>
<thead>
<tr>
<th>HRM functions</th>
<th>Constitutional office</th>
<th>RCSC</th>
<th>Ministries</th>
<th>Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment and selection</td>
<td></td>
<td>Grade 4-8</td>
<td>9-13</td>
<td>14-17</td>
</tr>
<tr>
<td>Post creation</td>
<td></td>
<td>All</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td>Above 6 months</td>
<td>6 months and less</td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td></td>
<td>Gr. 2-17</td>
<td>Gr. 1-3</td>
<td>Gr. 4-8</td>
</tr>
</tbody>
</table>

Source: RCSC, (2012a)

Note: Grade 17 – lowest and grade 1 – highest rank

In summary, the 1998 devolution of the executive authority from the King impacted on HRM policies and practices in the civil service leading to restructuring of the ministries, streamlining of all the administrative and finance divisions and the creation of new agencies. A range of HRM policies were decentralised and streamlined through a major reform exercise in anticipation of the democratisation of the country in 2008. The adoption of the constitution of Bhutan and enactment of Bhutan Civil Service Act meant that HRM functions were more transparent.

4.4.3 Economy

Bhutan ranks 129th out of 177 on the human development index (HDI) of least developed countries (UNDP, 2010). The poverty rate in Bhutan is gradually declining from 31 per cent in 2003 to a current rate of 12 per cent (GNHC, 2013). Life expectancy is 68 years and the population growth rate is 1.3 per cent. Bhutan’s GDP per capita income is US$ 2,590; however, the inflation rate is 7.7 per cent (GNHC, 2013). The government tries to ensure that cultural and religious identities are not compromised for economic gains (PC, 1999). Bhutan has a total population of 658,000 people, with 39 per cent below 15 years of age and 79 per cent living in rural areas (CBS & JIDE, 2004; PC, 2003). The World Bank (2012) classifies Bhutan as a low income country. The sectoral distribution of the economy to GDP is reflected in Table 4.6.
Table 4.6 Sectoral distribution and share of GDP in Bhutan

<table>
<thead>
<tr>
<th>Sectors of the economy (% of GDP)</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth</td>
<td>6.5</td>
<td>6.3</td>
<td>21.4</td>
</tr>
<tr>
<td>Agriculture</td>
<td>0.4</td>
<td>1.9</td>
<td>0.4</td>
</tr>
<tr>
<td>Mining</td>
<td>17.1</td>
<td>19.0</td>
<td>23.2</td>
</tr>
<tr>
<td>Electricity</td>
<td>9.4</td>
<td>34.6</td>
<td>120.8[	ext{sic}]</td>
</tr>
<tr>
<td>Construction</td>
<td>-2.5</td>
<td>-9.7</td>
<td>5.7</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>3.5</td>
<td>3.8</td>
<td>5.8</td>
</tr>
<tr>
<td>Trade and Finance</td>
<td>21.0</td>
<td>11.5</td>
<td>6.0</td>
</tr>
<tr>
<td>Administration and social service</td>
<td>13.2</td>
<td>4.4</td>
<td>3.2</td>
</tr>
<tr>
<td>Transport</td>
<td>8.7</td>
<td>7.4</td>
<td>11.3</td>
</tr>
</tbody>
</table>

Source: GNHC, (2008) [sic. Error in original]

The country’s economy is predominantly agrarian with 56.3 per cent of the labour force in the agriculture sector (MOLHR, 2013); however, the contribution of the agriculture sector to GDP is only 0.4 per cent, as can be seen in Table 4.6. The GDP contribution from the mining sector is 23.2 per cent whereas it employs a labour force of 0.4 per cent (GNHC, 2013; MOLHR, 2013). The highest contribution to GDP is from the electricity and water supply sector, which is 120.8 per cent, however, employing only 1.2 per cent of the labour force; a small percentage of employment in comparison to its large contribution to GDP because of the highly mechanised nature of work. The hydropower sector provides the main source of revenue generation; as such it is the economic backbone of the country’s economy (ADB, 2014c). One-fourth of the country’s GDP comes from hydro-electricity and construction services (IMF, 2014).

The country’s GDP was quite strong during the tenth five-year plan, (2008-2013). Although it is a mountainous and landlocked country, Bhutan has been able to
achieve sustained economic growth (ADB, 2014a). Its growth was 8 per cent, primarily due to the generation of income from hydropower, construction, service activities, stable government and smooth transition of political party. Stable government and favourable economic conditions helped Bhutan to reduce poverty from 23 per cent in 2007 to 12 per cent in 2012; unemployment dropped from 3.1 per cent to 2.1 per cent in 2012 (ADB, 2014a; IMF, 2014).

Table 4.7 Employment by sector, 2013, percentages

<table>
<thead>
<tr>
<th>Sectoral economy</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>56.3</td>
</tr>
<tr>
<td>Mining</td>
<td>0.4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6.1</td>
</tr>
<tr>
<td>Electricity and water supply</td>
<td>1.2</td>
</tr>
<tr>
<td>Construction</td>
<td>3.2</td>
</tr>
<tr>
<td>Retail and hotel services</td>
<td>10.8</td>
</tr>
<tr>
<td>Transport</td>
<td>3.6</td>
</tr>
<tr>
<td>Finance and real estate</td>
<td>2.1</td>
</tr>
<tr>
<td>Public administration and defence</td>
<td>8.5</td>
</tr>
<tr>
<td>Health and education</td>
<td>7.4</td>
</tr>
<tr>
<td>Private households with employed persons</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Source: MOLHR, (2013)

Since the beginning of the modernisation of Bhutan’s economy in 1961, the demand for trained and semi-trained people has been increasing. Initially, the gap in skilled employees was filled by recruiting foreign employees, mostly from India. However, Bhutan invested significantly in education and training which enabled the country to gradually replace the foreign employees with a national workforce in various fields such as engineering, teaching, health, medicine, agriculture, finance and management (Choden, 2004).
### Table 4.8 Poverty and social indicators

<table>
<thead>
<tr>
<th>Population below poverty line (%)</th>
<th>2000</th>
<th>2007</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>GNI per capita (US)</td>
<td>36.3</td>
<td>23.2</td>
<td>12.0</td>
</tr>
<tr>
<td>Gross primary enrolment</td>
<td>780</td>
<td>1640</td>
<td>2,420</td>
</tr>
<tr>
<td>Human development index</td>
<td>0.58</td>
<td>0.61</td>
<td>0.54</td>
</tr>
<tr>
<td>Infant mortality rate (per 1,000 live birth) (†)</td>
<td>68.4</td>
<td>56.2</td>
<td>43.7</td>
</tr>
</tbody>
</table>


The per capita income for Bhutan has increased from US$ 780 in 2000 to US$ 2,420 in 2012 owing to Bhutan’s management and implementation of development programs and substantial generation of income from the hydropower sector (IMF, 2014), which have resulted in poverty reduction from 23.2 per cent in 2007 to 12 per cent in 2012. Unlike other South Asian countries, there is political stability in Bhutan, a smooth transition from monarchy to multi-party democracy, and a smooth political party transition from the People’s Democratic Party (PDP) to the druk phuentshumtshogpa party (DPT) as a result of the last election in 2013 (IMF, 2014). Bhutan has been able to transform from a subsistence to a middle-income country (ADB, 2014b).

Bhutan, like other countries, is not spared from some pressing challenges. Bhutan has a current account deficit because of the import of hydropower construction goods, which have led to a shortage of Indian rupee reserves (IMF, 2014). Bhutan has a narrow economic base and there are challenges of youth unemployment and double digit inflation and exchange issues as the Bhutanese currency is pegged to the Indian currency. Any inflation in India therefore has direct implications for Bhutan’s inflation. Bhutan’s inflation has increased from 9.5 per cent in 2012 to 11.3 per cent in 2013 (IMF, 2014). There is limited private sector growth which makes it difficult for Bhutan’s educated youth to find jobs (ADB, 2014a). Poverty still remains high and is coupled with challenges from rural-urban migration (ADB, 2014b).
4.5 NATIONAL HRM CONTEXT

Under the national HRM context, the education and training sectors and labour markets play a key role in influencing HRM policies and practices. Skill development through education and training sector is given high importance.

4.5.1 Education/training

The government of Bhutan accords high priority to the education and training sectors; however, there is a shortage of professionals in skilled areas which results in a dependence on foreign workers (GNHC, 2013). The GNH concept flows through to the education system to foster the wholesome development of school children so that they learn to appreciate the importance of values and ethical choices. Bhutan’s key players in human resource development are the vocational and national education system, which is managed by: the Ministry of Education (MOE) for education, RCSC for candidates who are employed in the civil service, Royal Institute of Management (RIM) for employees both from the civil service and private sectors, Royal University of Bhutan (RUB) for degree level education. The MOE is responsible for school education until class 12, the RUB for tertiary education, the MoLHR for technical and vocational training at diploma and certificate level, and the RIM delivers certificate and graduate level courses for employees from both the civil service and private sector. The details are given in Table 4.9.

The Department of Human Resources under the MoLHR manages the country’s technical and vocational training institutes to meet the need for trained and skilled employees. Currently, the department has two vocational training institutes. Each institute delivers courses for civil engineering, electrical engineering, and automobile engineering at the certificate level for two years after completion of year 12. There are two additional institutes for traditional arts and crafts to train students in painting, sculpture, wood carving, embroidery, weaving, silver and gold smithing (MOLHR, 2012b). There are 33 government higher secondary schools and 13 privately owned higher secondary school where students can complete class 12. After the completion of class 12, students can either opt to apply for jobs or to continue their studies. Under the RUB, there are nine federated colleges offering various courses, such as bachelor’s degrees in engineering, agriculture, nursing, humanities and traditional medicines. The details are given below.
Table 4.9 Number of students enrolled annually

<table>
<thead>
<tr>
<th>Agencies</th>
<th>Number of Colleges/Institutes</th>
<th>Degree (intake)</th>
<th>Diploma/Certificates (intake)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUB</td>
<td>9</td>
<td>2,225</td>
<td>240</td>
</tr>
<tr>
<td>MoLHR</td>
<td>8</td>
<td>-</td>
<td>1,026</td>
</tr>
<tr>
<td>Overseas scholarships</td>
<td>-</td>
<td>200</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>3,691</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: MOLHR, (2012a)

The above table shows that 3,691 students graduate annually, all of whom will be looking for employment in the public and private sectors. A portion of these are civil servants seeking to upgrade their qualifications to meet the technical and skill requirements. For example, over the past six years the RCSC approved 3,294 employees in the civil service for further studies as shown at Table 4.10.

Table 4.10 Employees in the civil service sent for studies annually

<table>
<thead>
<tr>
<th>Qualification</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>PhD</td>
<td>5</td>
<td>8</td>
<td>11</td>
<td>10</td>
<td>7</td>
<td>12</td>
<td>53</td>
</tr>
<tr>
<td>Master</td>
<td>147</td>
<td>201</td>
<td>212</td>
<td>213</td>
<td>316</td>
<td>226</td>
<td>1,315</td>
</tr>
<tr>
<td>PG dip/Cert</td>
<td>36</td>
<td>18</td>
<td>1</td>
<td>48</td>
<td>-</td>
<td>104</td>
<td></td>
</tr>
<tr>
<td>Bachelor</td>
<td>40</td>
<td>141</td>
<td>276</td>
<td>213</td>
<td>498</td>
<td>215</td>
<td>1,383</td>
</tr>
<tr>
<td>Diploma</td>
<td>28</td>
<td>53</td>
<td>58</td>
<td>45</td>
<td>24</td>
<td>30</td>
<td>238</td>
</tr>
<tr>
<td>Certificate</td>
<td>39</td>
<td>23</td>
<td>18</td>
<td>21</td>
<td>81</td>
<td>19</td>
<td>201</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>295</td>
<td>444</td>
<td>576</td>
<td>503</td>
<td>974</td>
<td>502</td>
<td><strong>3,294</strong></td>
</tr>
</tbody>
</table>

Source: RCSC, (2013)

Although there is high priority given to training and education, there are still shortages of skilled employees in the public and private sectors. This leads to a dependency on foreign employees for technical and skilled work.

4.5.2 Labour markets

From the total population of 720,679, 413,613 are of working age – out of which 201,219 are males and 212,394 are females (ADB & NSB, 2013). The details are shown in Table 4.11.
Table 4.11 Bhutan Labour Force, 2013

<table>
<thead>
<tr>
<th>Population of the country:</th>
<th>Working–age population(15 years and above):</th>
</tr>
</thead>
<tbody>
<tr>
<td>720,679</td>
<td>413,613</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Population:</th>
<th>Working–age population:</th>
<th>Economically active labour force: 245,776 (59.4%)</th>
<th>Economically inactive (not in the labour force)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 years and below</td>
<td>15 years and above</td>
<td>Employed</td>
<td>Unemployed</td>
</tr>
<tr>
<td>307,066 (42.6%)</td>
<td>413,613 (57.4%)</td>
<td>239,049 (97.3%)</td>
<td>6,727 (2.7%)</td>
</tr>
</tbody>
</table>

Source: NSB (2013)

The above table shows that over half of the total population are of working-age (57.4%). Within the working-age population, 59.4 per cent are economically active. The economically inactive population is defined as those not in the labour force owing to illness, disability and participation in education. Out of 239,049 economically active individuals, 23,170 are employed in the civil service, which accounts for 10 per cent of the labour force or approximately three per cent of the total population. Civil servants therefore comprise a significant proportion of the Bhutanese workforce. Sector-wise employment is identified below in Table 4.12.

Table 4.12 Sector-wise employment

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Agriculture</th>
<th>Private sector</th>
<th>Civil service</th>
<th>Corporations</th>
<th>Security forces</th>
<th>NGOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on labour force (245,776)</td>
<td>147,465 (60%)</td>
<td>51,612 (21.7%)</td>
<td>24,275 (10%)</td>
<td>7,127 (2.9%)</td>
<td>3,686 (1.5)</td>
<td>1,228</td>
</tr>
<tr>
<td>Based on population (720,679)</td>
<td>20%</td>
<td>7.2%</td>
<td>3.37%</td>
<td>1%</td>
<td>0.5%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

Source: MOLHR (2012a) and RCSC (2012b)

Given the sizable proportion of the Bhutanese population working in the civil service, they are an important group to investigate in purely numerical terms alone.
4.6 CORPORATE STRATEGY

The vision of the RCSC is to be a dynamic and professional civil service committed to promote good governance (GG) in pursuit of gross national happiness (GNH) (RCSC, 2012c). The strategy is to ensure independent, apolitical civil service in an efficient, transparent manner and maintain a small and efficient civil service. The other important strategy is to enhance civil service capacity through a human resource development program (HRD) (RCSC, 2012b).

4.6.1 Small and efficient civil service

The civil service HRM policy is to maintain a small, compact, efficient and effective civil service. The recruitment and selection policy of the BCSR of 2012 and the mission of the Civil Service Commission state that its policy is to maintain a small, efficient and effective civil service (RCSC, 2012a). The HR system in the country has been successful to develop and recruit Bhutanese employees to replace the expatriates from India who were 9,031 (77 per cent) of total employees in the labour force in the early 1980s (RCSC, 1984, 2012b). Today, there is a reverse trend and the expatriates constitute only 926 (3.8 per cent) in comparison to Bhutanese civil service employees of 23,349 (96.8 per cent) of a total of 24,275 employees (RCSC, 2012b).

However, the civil service statistics (RCSC, 2012b) indicate there is an increase of 856 annually in the civil service in spite of the civil service being guided by the policies and practices of maintaining a small and compact civil service. The data in Figure 4.3 shows the recruitment trend from 1994 till 2012, although the growth rate is minimal. However, from 2001 onwards, the figure shows that there is an increase in the yearly recruitment pattern which could be attributed to the increasing developmental programs (RCSC, 2012b). For instance, the recruitment pattern of twelve years shows that from 2000 to 2012, there was total recruitment of 13,310 and total separation from the civil service was 4,747 employees which amounts to a net increase of 8,563 employees in the civil service as depicted in Figure 4.2.
Figure 4.2 Civil service recruitment trend from 2000 to 2012

Source: RCSC (2012b)

Figure 4.3 presents the net increase of employees yearly. In 2000, a total of 1,270 employees were recruited and the total employees separated were 600 resulting into a net increase of 670 employees. Similarly, in 2012, the numbers of employees recruited were much more than the employees separated from the service; the net increase was 1,181.
In terms of the total number of employees in relation to the population in the country, the employees in the civil service represent 3.23 per cent of the population, a ratio of 1:31 (RCSC, 2011), which means for every 31 citizens there is one civil service employee. However, there is an expressed concern that “one in every 30 is a civil servant. This ratio is one of the highest in the world” (Rai, 2014, p. 1). The policy of ‘small, compact, and efficient’ creates challenges for the civil service achievement of the GNH policy. Further there are mounting pressures on the government to employ more graduates in the civil service in the absence of a strong and well-developed private sector, which is compounded by an unemployment rate of 2.7 per cent (ADB & NSB, 2013) and the youth unemployment rate of 7.3 per cent (MOLHR, 2012a). The details are outlined in Figure 4.4.
Figure 4.4 Youth unemployment, by gender

Source: MoLHR (2012b)

From the total of 6,227 (2.7%) unemployed in the country, 3,476 constitute youth ranging from the 15-24 years old (MOLHR, 2012a). This scenario poses a challenge to the country as there are unemployed youth in the country and on the other hand there is a policy of small, efficient and effective civil service in the government, which is one of the largest employing agencies in the country in the absence of a well-developed private sector. However, the above data shows that over the past four years, youth unemployment has been declining.

4.6.2 Apolitical civil service

The Civil Service Act of Bhutan-2010 (NAB, 2010) defines apolitical as meaning “not linked with political parties or engaged in any political parties”. Further Bhutan Civil Service Rules (BCSR-2012) state:

The constitution and Civil Service Act of Bhutan 2010 requires the RCSC and the Civil Service to be independent and apolitical to discharge public duties in an efficient, transparent and accountable manner (RCSC, 2012a).

A civil servant shall be apolitical, non-partisan and not stand for election under electoral laws of the Kingdom of Bhutan…. (RCSC, 2012a).

Based on the above Act and the Rules, the civil service is required to be independent of the political parties and the employees of the civil service are required to discharge HR functions and other related duties professionally. Further, BCSR-2012 requires the employees in the civil service to resign should they be
interested in contesting any elected parliamentary positions, such as Member of Parliament (Lower House), National Council (Upper House) or other elected positions such as mayor (Thrompen).

4.6.3 Executive service category

The Executive Category is the top ranking category amongst the four categories in the civil service which includes the positions of Secretaries, District Governors (Dzongdags); Directors, Director Generals; Secretary Generals and positions under the Specialist Category which include Subject Specialist, Professors, Marketing Specialist and other related positions at par with those under the Executive Category (RCSC, 2012a). As per article 26 of the Constitution of Bhutan (2008) and the 2010 Civil Service Act of Bhutan (NAB, 2010), the secretaries in the ministries and governors (Dzongdags) in the districts are appointed by the King on the recommendation of the Prime Minister based on the nomination list from the Civil Service Commission. Although the civil service is apolitical in terms of party affiliation, when it comes to appointment of senior executives, the authority and decisions are not solely decided by the Civil Service Commission, the Prime Minister makes key decisions in the appointment. However, only the positions of Secretary, Secretary General and District Governors (Dzongdags) are decided by the PM in consultation with the Constitutional Office of the RCSC. The rest of the positions under the Executive Category are solely decided by the RCSC in consultation with the Secretaries of various agencies in the government. The number of employees in the Executive (2001-2013) is reflected in Table 4.13.
Table 4.13 Executive and Specialist Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>% of (25,306)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>200</td>
<td>182</td>
<td>172</td>
<td>157</td>
<td>152</td>
<td>0.60%</td>
</tr>
<tr>
<td>Specialist</td>
<td>69</td>
<td>87</td>
<td>79</td>
<td>89</td>
<td>89</td>
<td>0.35%</td>
</tr>
<tr>
<td>Total</td>
<td>269</td>
<td>269</td>
<td>261</td>
<td>246</td>
<td>241</td>
<td>0.95%</td>
</tr>
</tbody>
</table>

Source: RCSC (2012b)

4.7 CHAPTER CONCLUSION

The country’s national guiding philosophy of GNH has been providing the framework for the nation’s overall development. In the international context, the country has moved from self-imposed isolation to become a member of the global community. However, Bhutan has been cautious in receiving donor aid. It has not accepted membership in global organisations hastily if it thinks that there could be potentially negative implications. For instance, Bhutan has not yet taken the decision to confirm its membership of the WTO as there are many rules and procedures required to align to WTO requirements while the benefits to small countries may not be significant.

The national context which consists of culture, political and legislative system had significant bearing on existing HRM policies and practices. Although in the beginning the government was supported by the employees with a monastic education, since 1907 the political and legislative system has evolved and concerted efforts have been made to promote and strengthen Bhutanese culture for its national identity and sovereignty. The introduction of the National Assembly in 1953, Royal Advisory Council in 1968, and the decentralisation of decision making to local government, sows a seed for democratisation in Bhutan. The devolution of executive authority from the king to the council of ministers in 1998 led to a major restructuring of HRM policies and practices in the civil service. This devolution of executive authority streamlined the finance and administrative structure in all the ministries and led to the creation of new organisations like the Office of Attorney General and the erstwhile national employment board (now upgraded to the Ministry
Likewise, the transitioning from a monarchy to a multi-party democracy had implications for HR policies and practices. To align to the new democratic system and to strengthen accountability, the major HR functions were decentralised to the ministries and agencies from the central personal agencies.

The HRM reforms in the country have been smooth because of the country’s leadership, political stability, and the prevalence of good governance in accordance with the country’s guiding philosophy of GNH. However, as more and more young people graduate from universities and look for jobs, there is a real challenge for the government to engage them meaningfully.
Chapter 5: Data findings

5.1 INTRODUCTION

This chapter presents the findings of the qualitative interview data on the environmental and organisational level influences on the HRM policies and practices of the Bhutanese civil service. The environmental level consists of: (1) international context, represented here by donor countries and aid agencies; (2) national context, represented by Bhutan’s national culture of GNH, political and legislative system and socio-economic factors; (3) national HRM context, which consists of education and training, and the labour market; (4) RCSC strategy, and (5) HRM policies and practices. The data has been organised using Brewster’s European HRM model (1995) as a framework. The interview findings are presented in order to answer the research questions below:

Research Question 1

What is the model of HRM in the Bhutanese civil service?

Research Question 2

What is the alignment between civil service HRM and the goals of GNH?

Chapter 5 has seven sections: Section 5.2 presents the data on the influence of international aid agencies and donor countries on civil service HRM policies and practices; Section 5.3 presents the data on the influence of national context on HRM policies and practices; Section 5.4 presents the data illustrating how the national HRM context of education and training affects the civil service HRM policies and practices; Section 5.5 presents the data on the organisational level context of RCSC strategy influencing HRM policies in the Bhutanese civil service, and Section 5.6 presents the data on how HRM policies and practices are influenced by environmental and strategy factors covered in the preceding sections and Section 5.7 presents the chapter conclusion.
5.2 INTERNATIONAL CONTEXT

Although Bhutan is dependent on donor aid for its development programs, a sizeable majority of respondents believe that the HRM reforms in the civil service were not imposed or generated by pressure from donor countries and international aid agencies. Six respondents believed that there was some degree of tacit or indirect international pressure on the HRM policies and practices of the Bhutanese civil service. For example, 26 out of 32 respondents believed that there was no pressure from international and donor agencies for HRM reforms while four believed there was minimal influence and two respondents perceived the pressure of international and donor countries.

Bhutan is dependent on donor agencies for human resource development of the civil service. The GOI, Australia Awards (AusAID), Thailand International Development Cooperation Agency (TICA), and UNDP have all been supporting Bhutanese capacity development. Some of the support is through specific projects, while some is through bilateral aid such as by the GOI, TICA and AusAID (Respondent IS14). The country depends on the support of donor countries, particularly to achieve higher educational qualifications:

We depend a lot on support, donor support....To support our own HRD we avail those opportunities for example. AusAID [Australia Awards]....NUFFIC [Netherlands Universities Foundation for International Cooperation] (Respondent IS08).

….we have lots of donor project on the human capacity development and therefore, many of our civil servants have been able to avail opportunities to go for short term and long term courses outside Bhutan (Respondent IS14).

The donor support in education and training enable Bhutanese to avail themselves both certificate courses and degree courses outside the country. It has helped to produce many educated and trained Bhutanese who are useful for socio-economic development in the country. Many of the existing mid and senior employees in the civil service are trained and educated outside the country with donor assisted scholarships.
5.2.1 Minimal international pressure

There have been a few specific constraints and policies have been driven more by national forces than international factors. In spite of Bhutan being dependent on donor countries, the regional and global trends have minimal pressure in the way civil service HRM is managed. Only six participants perceived that there were regional and international influences in the HRM of the Bhutanese civil service. There were waves of devolution and corporatisation through NPM in the region and globe. Respondents OS05 and OS08 observed that during the 1980s and early 1990s a trend of decentralisation of government functions and corporatisation of public sectors took place in South East Asia and around the globe. In Bhutan too, HRM reform was initiated in the country around the same time:

Decentralisation was a process which was happening in South East Asia in the ’80s and ’90s in Bhutan also it happened.... the events in Bhutan sometimes tend to be at parallel with global developments, or regional developments....whether decentralisation, in terms of civil service decentralisation of HR functions, is initiated by our leaders…. (Respondent OS05).

....the global trends are indicative of the fact that agencies be given more say because they know the people well, because they know what is best for the people, which is I guess that is reflective of that trends (Respondent OS08).

As a part of HR reforms, many departments were either delinked from the civil service or those that were commercial in nature were corporatised. This was mainly to keep the government bureaucracy small and efficient. Starting from the early 1990s, many agencies in the civil service were delinked which also happened in parallel with NPM waves. The data indicates that NPM has influenced Bhutan’s HRM functions in the civil service:

In the 20th century, government do not run business, leading to corporatisation and privatisation, all commercial activities have been delinked from the civil service; delinking of government agencies: Hydropower from department of Power; Bhutan Telecommunication; Bhutan Government Transport Service (BGTS); privatise tourism…. (IS01).

.... many countries also went through the New Public Management [NPM].... NPM became very prominent in UK, New Zealand, Australia, and USA where government started thinking why should public service do or government should do everything, let us privatise, corporatise, let us outsource, let us contract, so this was concept. But Bhutan didn’t go on a big scale, but like for example government started focus on the private sector development....many countries went through traditional public
administration to the NPM where they believe more in private sectors and corporatisation….(Respondent IS16).

The above data indicates that civil service functions which were commercial in nature were corporatised and some organisations like BGTS, Bhutan Telecom and other similar agencies in response to regional and global trends of NPM. Further, HRM functions have been decentralised.

Some specific constraints from the donor countries are in the areas of education and training. There is an indication that with the assistance from the donor aid countries, recipient countries have to agree to the objectives and terms of the donor countries as well. The recipient country cannot alter from the broad list of courses prioritised by the donor countries. Respondent IS12 argues that along with the grant, there is some form of terms and conditions attached to it. The choice really lies with the recipient country whether to accept the donor assistance and agree to their terms or to reject financial aid if the terms are too strong to reach an agreement:

Definitely, yes especially in terms of scholarship and funds given by other countries. We are guided by the terms and conditions where we cannot implement as per wish and desires. There we are not able to do as per our way, so we have to understand the objectives of the donors (IS21).

We depend a lot on support, donor support….Some courses are prescribed, and we cannot change the nature of the courses. To support our own HRD we avail those opportunities for example. AusAID it comes with their own field of things, so we have to try to fit in their fields of work. Similarly, NUFFIC courses … (Respondent IS08).

I don’t think there was any influence from outside, initially there used to be a few for recruitment, but I don’t think there was too much influence (Respondent OS02).

The individual country has to go by the terms of the scholarships offered by the donor countries. When they offer scholarship slots, their terms and conditions have to be followed. Likewise, there were instances of international influences in the recruitment as well. There are also some indications of pressurising Bhutan in promoting women to leadership position both in the civil service and non-civil service sector of the parliament, NGOs and private sector.

When they [external donors] give us money, they always have some objectives; they always have some agenda actually…. Like having women leaders, women representative in the leadership positions. And then at the local, gewog [block], Dzongkhag [district] and the ministerial level and also
most importantly in the parliamentary, so this quota system you must have heard that women should be given certain quota in the parliament ….Because of that we have now organisations working for women wellbeing, women welfare and encouraging women to become leaders (Respondent IS12).

In addition to the influence from the donor side, there was the urge from the Civil Service Commission to learn some of the western management systems to modernise HRM in the Bhutanese civil service. Since the mid-1980s, leaders from the Civil Service Commission and relevant agencies have been sent abroad to study their system:

...I went to the United States….we studied the classification system to incorporate here. So that was the second aspect. The third aspect of the civil service was the Fulton Report, Margaret Thatcher…. (Respondent OS02).

The above data shows that there are certain external drivers of change in HRM in the Bhutanese civil service. The decentralisation of HR functions in the civil service was the outcome of the political leadership of the fourth king as well as the influence of globalisation and donor countries. The delegation of HRM functions and NPM features in the forms of corporatisation of HR functions and de-linking of the agencies reflect regional and global trends.

In summary, the initiative of major HR reforms in the civil service resulted from the internal initiatives of the ministries and agencies. Regional and international trends also influenced civil service HRM policies and practices leading to corporatisation of government functions, which were commercial in nature, followed by devolution and decentralisation of HRM functions. The modernisation of civil service HRM itself had its roots and ideas integrated from developed countries, such as the UK, US, Canada and Australia. The findings indicate that the reforms that aligned with a western form of management through adopting PCS in the civil HRM were not imposed externally, rather they were the informed choice of the policy makers to cope with the changing needs of the country. The next section reports the findings of the influence of national factors determining HRM policies and practices in the Bhutanese civil service.
5.3 NATIONAL CONTEXT

Brewster’s (1995) HRM model identifies five factors of the national context that impact on HRM policies and practices: culture, political/legislative, socio-economic. The study focuses on these factors, which are explained through the country’s guiding principle of GNH.

As previously established GNH or gyel-yong gaki pelzom, is based on the Buddhist principles, values and beliefs of the ‘middle path’ that seeks to balance the pursuit of economic growth in a broader social context with the preservation and promotion of the spiritual and cultural needs of the society (Gyamtsho, 2009). His Majesty’s view was that material and economic progress should not be at the expense of the spiritual and psychological wellbeing of the population. To facilitate an enabling environment for GNH, a set of four key areas, known as the four pillars of GNH, was identified: preservation and promotion of culture, sustainable and equitable socio-economic development, environmental conservation, and promotion of good governance (Hershock, 2004; Planning Commission, 1999; Thinley, 2005b). These four pillars are known by different names – model pillars (Prakke, 2005), four interdependent domains (McDonald, 2005). However, the focus of the study is on HRM reforms in the civil service, directly linked to good governance which is one of the pillars of the GNH. These Bhutanese values, norms, beliefs and attitudes exhibited through the national philosophy of GNH impact on the HRM policies and practices in the civil service. First, it is important to establish whether the respondents have a shared understanding of the GNH.

5.3.1 Shared understanding on Gross National Happiness (GNH)

In order to establish whether participants had a shared understanding of the overarching goal of civil service HR, the first question asked them to reflect on how HR policies and practices can contribute to enhancing achievement of national happiness. All respondents were familiar with the term GNH and generally supportive of it. However, two respondents raised the issue of whether there was a consistent common understanding of the term GNH. For instance, two of the respondents said:

We need to have a common understanding of what GNH is within Bhutan's society. And I do not think there is a common understanding of GNH.... And this idea of the four pillars: environment conservation, good governance,
economic development, cultural preservation. People can parrot it. People can say it (Respondent OS05).

We need to have a consistent definition and understanding of GNH, unless we can agree on what GNH is, we can’t prepare HR policies to address GNH... But my own view is GNH is a guiding philosophy and not an ideology. It is an overarching philosophy, so we shouldn’t try to get it too ideological (Respondent OS03).

On the other hand, the remaining 30 respondents assumed a common understanding of the government’s definition of GNH and accepted the need to align resources accordingly. Some respondents explained their interpretation of what underpins GNH as contentment, trust and equality and having basic needs within society:

GNH is guiding policy of our country and is very important that we align our HR practices also to that philosophy and....we have given lots of factors, environmental factors, economical factors, preservation of culture, good governance (Respondent IS16).

I think the whole idea of GNH is creating a more equal society, a more socially just society, a society where, let's say, there is less income disparity, where social justice is more. I think here the role of the civil service is so important because whether it is in the dispensation of social justice ….delivery of goods and services, whether it is….the forest fire, civil servants matter (Respondent OS05).

GNH in my view would be having basic needs, be happy, and be contented. And not be happy because you have so many unfulfilled wishes…(Respondent IS08).

Every respondent was in support of the principles of the GNH, but some were critical of the practice in a civil service context. For instance, some respondents expressed that more is required to be done for the rural villages and districts to support the GNH values and principles. It is in this context that the civil service, in the absence of many NGOs and a well-developed private sector, will play a key role in the socio-economic development necessary for the pursuit of GNH.

5.3.2 Government, the civil service and national happiness

The civil service plays a key role in delivering services to the Bhutanese community; therefore it is logical to expect that the civil service HRM principles,
policies and practices will play a role in delivering national happiness. This was a view shared by all participants, who suggested that the government’s role is to create and facilitate enabling conditions for the achievement of national happiness. Some of the outcomes which respondents felt were important were creating a ‘more equal society, more social justice, less income disparity’ (Respondent OS05). Civil servants are responsible for implementing policies and enabling conditions as directed by the government. If civil servants and executives are able to carry out their duties properly by dispensing social justice and prompt delivery of goods and service, it should enhance the achievement of happiness.

...the role of the government in the promotion of Gross National Happiness is to create and facilitate, establish and maintain enabling conditions for the pursuit of happiness by the individual citizens and the nation as a whole. This means.... the civil service is to ensure that the programs of the government that are intended to improve such conditions are implemented and operated in the most efficient and the best ways possible....to observe and to practice those aspects of life which best contribute to promoting happiness at the individual level (Respondent OS01).

In the context of Bhutan, the role of the civil service in providing professional service is vital as there are ‘very small or non-existent’ (Respondent OS05) non-governmental organisations in the country. So the government of the day has to depend on the good system of the civil service to implement the policies of the government to achieve national happiness.

In Bhutan, civil service whatever said is the biggest, the most important body also this happen in the developing countries across the world, and we provide I think almost 80 to 90 per cent of the public service through the civil service. So our common people depend highly on civil service.... (Respondent IS16).

....be it private or corporate – all said and done the benchmark is the Civil Service. Be it our rule even if you go to most of the corporate and private big companies, the basis would be the Civil Service Rules and regulations.... (Respondent IS04).

In enhancing the achievement of the GNH, a strong and professional civil service plays an important role to strengthen good governance which in turn enhances the achievement of national happiness as it is one of the GNH pillars. Further, with the existence of a very few non-governmental organisation, the role of
the civil service becomes even more vital in helping the government to achieve national happiness.

5.3.3 National culture influence on capacity development

Building the capacity and capability of the civil service is considered as vital HRM policy since trained civil servants are found in many sectors. Respondent IS04 indicated that capacity development is important to promote good governance which is one of the GNH pillars. For instance, trained civil servants could be found in the corporate sector and in the different political parties, and that is why sometimes the role of the civil service is ‘considered as the epicentre’ (Respondent IS4). This indicates that civil service has a good pool of well-experienced and well-trained employees which could directly impact the GNH through enhancing good governance. If civil servants are well trained, educated and encouraged to develop their skills, it would enhance their knowledge, enhance understanding the system and enable them to function in much better ways to contribute to GNH. For example respondents stated:

HR training matters to civil service and it will matter to the goal of GNH by way of ensuring that civil servants are trained, not just for the sake of upgrading their skills and their qualifications, but in terms of ensuring a more enhanced and an expedient delivery of goods and services to the people (Respondent IS05).

...capacity development programme, it has more impact on the governance which is one the most important pillars of the GNH. So to have good governance, it is important that our civil service play a vital role in promoting the good governance, so civil servant to be professionally sound, they have to be well trained. I must say that civil servants have direct impact on the good governance (Respondent IS11).

With the enhanced knowledge and capacity development, civil servants would be able to meet the socio-economic development needs, labour market needs and the industry needs of Bhutan. A strong and professional civil service is expected to play an important role to strengthen good governance, which is one of the main pillars of GNH. Besides the role of the civil service, the data analysis indicates that the values and principles of the civil service are important to enhance achieving GNH.
5.3.4 Political/legislative influence on HRM policies and practice

The political and legislative systems in the country influence the HRM policies and practices. Seventeen respondents out of 32 perceived that the HRM reforms in the civil service are in response to political and legislative influence of the country. With the devolution of executive authority from the King to the elected Council of Ministers in 1998 there was a shift in the governance structure which had an impact on the HRM policies and practices in the civil service. To align to the new governance system effectively, the civil service reforms were initiated through restructuring of central agencies and districts. To achieve these objectives, there was delegation of both administrative and financial power.

As well as the advent of the parliamentary elected form of government and enactment of the constitution of Bhutan in 2008, there were other civil service reforms called ‘Good Governance Plus’ to align to the major political changes occurring. The change in the political system from the monarchy to the constitutional democracy has some impact on the HRM policies and practices of the Bhutanese civil service. The RCSC, responsible for all HRM policies in the civil service, has become a constitutional body with the appointment of commission members on a full time basis for a fixed term of five years unlike the previous system where members from other ministries shouldered additional responsibilities. The civil service reform measures under the theme of ‘Good Governance Plus’ in anticipation of the change to elected parliamentary democracy recommended the implementation of the Position Classification System (PCS) to replace the previous cadre system. The PCS promotes merit-based HRM aspects in terms of recruitment, training, promotion and performance management of civil service. The change in the political landscape from a monarchical system of government to the elected parliamentary form of democracy has direct impacts on the civil service HRM policies and practices.

….I cannot imagine a civil service now under the current democracy if we had not reformed. The reform put in place many things that needed to be more transparent,…..needed to be based on merit, open competition, transparency….If you have not introduced this open competition under the reform, and we continued with this system, I see the civil service facing many difficulties, many pressures from all walks of life whether they be politicians, or within the bureaucrats civil service system for pressure for us when it comes to such important appointment (Respondent IS03).

…. before we embarked on the major political reforms in the country, civil service has to prepare itself so that the challenges that comes after the
constitutional democracy could be tackled very smoothly and easily and therefore, the government and also the RCSC together in consultation has taken the bold decision of decentralisation, devolving major HR powers to ministries and agencies…. (Respondent IS14).

The above data indicate that the civil service has made its HRM functions more professional and transparent in response to the political changes in the country. The introduction of the PCS has encouraged more open competition inviting more qualified candidates, and decentralised more HR functions to ministries and agencies in order to align with the democratisation of the country.

Decentralisation is one of the important principles of democracy. When our country is democratised, our government has to decentralise the HR functions to line ministries and agencies. Firstly, they have done to fulfil the mandate of the democracy; secondly decentralisation process itself is very important for HR. For instance the RCSC has decentralised the promotion of civil servants up to certain level to districts administrations and line agencies. When the promotion is decentralised, it has many advantages, for instance, the performance is increased…. (Respondent IS23).

….We have decentralised so many programs and activities to the ministries, districts [Dzongkhags] and even to the gewogs [blocks] levels. When the development programs are decentralised, I think it is important that HR functions are also to be decentralised. We give a lot of works to the ministries and local government, if the HR functions also centralised by the central civil service commission, it will not be practical. So once many programs are decentralised, HR functions are also equally needs to be decentralised (Respondent IS06).

The economic development in the country influences the HRM policies and practices. As more and more economic development programs occur, there is decentralisation of HRM functions to empower and to increase performance and accountability:

So as a result of transforming the economy, definitely we had to move from the traditional public administration to this new model called governance. And a part of the governance is definitely decentralisation, as you move from traditional public administration to governance model, decentralisation is very important, empowerment of the stakeholder is very important. This was the perception. So decentralisation was very necessary to empower people, to involve people in the decision-making process (Respondent IS16).

In summary, the changes in the political and legislative system in the country have had major influences on the HRM policies and practices of the civil service in
the country. As far back as 1981, His Majesty the fourth king decentralised the
decision making authorities to people and instituted dzongkhag yargye Tshogdu
(DYT) and geog yare tshogchug (GYT) at district and block respectively through
which people are encouraged in the participatory decision-making process, debate
and to prioritise their development programs. This type of decentralisation process is
found useful as people can prioritise their development needs during each cycle of
the five-year plan (FYP) which started in 1961. If the 1981 decentralisation process
to districts and blocks were a signal from the King for a preparatory process to a
parliamentary democracy from absolute monarchical government, the 1998
devolution of executive authority from the throne to the elected council of ministers
further reaffirmed the signal of the King (Respondents IS04, IS16).

The 1998 devolution of the executive authority from the King and the
transition of monarchy to the multi-party democracy in 2008 influenced HRM
policies and practices in the civil service leading to restructuring of the ministries,
streamlining of all the administrative and finance division and creating of new
agencies. The recruitment and selection, training, promotion, performance
management, and other related HRM polices and functions were decentralised and
streamlined through a major reforms exercise undertaken under the theme enhancing
good governance.

5.3.5 Leadership influence on HRM policies and practices

The HRM reforms in the civil service in the form of devolution and
decentralisation of HR functions were by conscious design and the well thought-
through plan of the leadership of the country. Eight participants expressed that the
changes were leadership driven and initiated by the fourth king as early as 1981, with
the decentralisation of administrative authority to the districts (Dzongkhags) by
establishing dzongkhag development committee (DYT) in 1981 and the block or sub-
district level committee in 1991 (Geog) where people can discuss and propose plans.
The participants perceived that donor countries cannot dictate their terms and
conditions.

….reforms initiated by our kings in introducing democracy with the first step
as far back as 1981 when local community based government has been
formed and encouraged. I think it is the culmination of all these reforms
which has been initiated by our kings (Respondent OS06).
I don’t think there was donor compulsion to change or reform that RCSC would know best. There may have been slight but remember in 2006, HM issued a Kasho [royal command] on the importance of civil service in democratic Bhutan….I think that was the direct call for action….I would imagine that if there was a catalyst, if there was an urgent call for reform, it had been from the King (Respondent OS03).

At the RCSC Royal Charter, even the reforms, classifying position was there in 1982. It was seen as far back as 1982 except the implementation took some time, system needed to get ready (Respondent IS03).

The HRM reforms and the change in the civil service were mainly driven by the leadership of the country. To align to the overall changes in the country, the Civil Service Commission also reforms its HRM policies and practices. A wide variety of HRM functions are now decentralised to the ministries and agencies:

....if you look at the overall in a broad context, you have four position categories: (1) Operational category (O), (2) Supervisory support (S), (3) Professional management (P), and (4) Executive/Specialist (ES) category …. If we look at pre-service recruitment up to level (S) is decentralised. In the past, only thing decentralised was driver in civil service, now up to S1 when it comes to in-service recruitment, ….we have decentralised up to P1 which is one position level lower to the Director. When it comes to the Constitutional office, we have decentralised as per the Act to EX 2, only one position level left to decentralised; we have gone to that degree (Respondent IS03).

As the ministries and agencies gradually developed their capacities to manage HRM functions, they felt that HRM decision making and functions should not be centralised but need to be decentralised and devolved to line agencies. Instead of donor countries pressing for HRM reforms, the ministries and agencies in the country felt the need to reform the HRM in the civil service for better performance and increased accountability.

5.3.6 Ministries and agencies influence HRM policies and practices

The ministries and agencies preferred devolved HR functions, better performance and increased accountability. Most of the participants perceived that instead of pressure from donor countries and international agencies, the HR reforms in the civil service were mainly because of the pressure from the ministries and agencies. Further, the Civil Service Commission itself desired to devolve HR functions as certain maturity reached in the ministries and agencies to enable them to
manage their own HR functions. Participants perceived that decentralised HR functions in the ministries and agencies would enable employees to be more accountable and increase performance and efficiency:

I think the pressure was from within, as the ministries were performing better, and then I think….if we route everything through RCSC, number one RCSC is also bogged down looking at the whole country, not just one or two agencies. So I think it was taking time. Then number two, at the same time, the ministries were improving, performing better, and they were ready to handle more and to cut down the bureaucracy level….So the pressure was from within the ministries (Respondent IS19).

This level of decentralisation is necessary, then because accountability increases. The people who work in the ministry suddenly realise that oh now I have to really perform. Before we have some civil servants who are …poor performer….he has connection with the Civil Service system and so on…. There are lots of issues…the delegation system of today are good (Respondent IS02).

The Civil Service Commission of its own initiative also started to devolve HR functions for increased efficiency and accountability. Agencies would be able to know their own specific requirements, conditions and keeping this uniqueness of each agency, the Civil Service Commission which is the central personnel agency initiated to devolve more HR functions to ministries and agencies. The Civil Service Commission was convinced that there were enough qualified employees in agencies and departments to manage devolved HR functions.

I would say because RCSC designed. RCSC felt that RCSC should gradually let go for certain things which they should actually not be micro managing (Respondent OS04).

….because we have reached certain stage of maturity in our civil service that where RCSC believe that people in the districts and agencies will be able to recruit their own and manage their HR functions. Number one I feel that it is kind of very spontaneous steps taken by the government in view of the maturity of the civil servants as a whole (Respondent IS11).

The above data indicates that there was internal pressure from the ministries and agencies for better performance and accountability. The Civil Service Commission also initiated the devolution of most of its HR functions instead of micromanaging it.
5.4 NATIONAL HRM

Education and training, labour markets, trade unions, and industrial relations are the factors in the national HRM context identified under Brewster’s (1995) HRM model. The educational and training system in the country influences HRM policies and practices in the civil service. The planned socio-economic development which started in 1961 required educated and trained employees to manage the development programs in the country. As a result, initially about 90 per cent of employees in the Bhutanese civil service were expatriates, mostly from India since there were very limited numbers of educated and trained Bhutanese (Respondent OS02).

However, the government of Bhutan continued to focus on and emphasise education and training infrastructure in the country and also with the support from the donor countries, there has been significant increase in the Bhutanese who are educated and trained in various fields such as agriculture, engineering, human resource and other specialised fields. For Bhutan to focus on training and education, different organisations are mandated to manage training and education. Ministry of Labour and Human Resources (MOLHR) is mandated to look after the capacity building and employment in the corporate and private sectors and manages Vocational Training and Institutes (VTI), Ministry of Education for general education up to class XII, RCSC for capacity building of employees in the civil service and Royal University of Bhutan for various degree courses (Respondent IS10).

5.4.1 Education and training

The government has recognised the importance and value of education and training for its citizens. In a country with a small population and limited natural resources, developing a qualified and trained pool of human resources is recognised as important for socio-economic development in the country. The knowledge and skills gained through education and training would help employees to serve well whether in the government, private sector, or to start their own business and this is expected to help in the economic development of the country:

….I personally feel that more qualified people you have better it will be for economy development. I personally feel that human resources is the best resources and the other resources can be tapped in best way provided we get good pool of human resources….And Bhutan being a small country with
limited natural resources, I think we have to have highly qualified human resources….we can really take advantage if we have highly qualified human resources (Respondent IS09).

….HR as in vocational training program that we did, there the opportunity is that as a country of barely 700,000 citizens, we need trained people to do work. That is not only an opportunity but that is a national calling but I have always maintained that vocational training can as indeed all types of HR can address and can respond to economic demand (Respondent OS03).

The government has sought assistance from the bilateral and multilateral donor agencies to strengthen human resource capacity in the country in addition to building vocational training institutes and higher learning centres within the country. In the beginning, the UNDP has mainly assisted in the capacity building and later, other donor countries helped Bhutan to educate and train its citizens and various professional fields.

5.4.2 In-country training programs

Bhutan has instituted a number of in-country training institutes and educational infrastructure in the country. The RIM offers a Master degree and postgraduate diploma in management. VTIs, under the MoLHR, offer vocational training for two year certificate courses in civil, electrical, mechanical and electrical engineering; and also offer certificate courses in traditional arts and crafts.

There are number of colleges under the RUB offering technical and humanities degree courses such as: College of Natural Resources (CNR) offers bachelor degree and diploma in agriculture, forestry, livestock and horticulture; College of Science and Technology (CST) offers bachelor degree in civil, electrical and mechanical engineering; Gedu College of Business offers Master and bachelor degree in Business; Sherubtse College offers bachelor degree in humanities and IT; and Institute of Language and Cultural Studies (ILCS) offers bachelor degree in arts and literature, national language, and culture.

RIM is the only management institute in Bhutan and that is mandated to provide training in the field of public administration, management and allied fields like finance, information technology and we cater to both pre-service and the in-service management training needs of mainly the civil service organisations. …..we also carry out relevant research programs so that these programs provide input to the government as well as their academic needs (Respondent IS16).
in Bhutan now if you look at the MOLHR [Ministry of Labour and Human Resource], they have so many VTIs [Vocational Training Institutes]. But actually after the completion of training, these people do not get jobs, why? Because there is no requirement, requirement isn’t there but they just train them for the sake of training them…. Because they get trained in some other fields and when they are recruited in the jobs, they do completely different jobs. So that is where the problem lies. We will have to match the demand and the supply requirements and the need of the country (Respondent IS12).

The challenge is that there are a number of graduates with technical qualifications who are not motivated to take blue collar jobs. They are mostly interested in office jobs.

…. making technical and vocational education attractive for young people, is also one of the challenges we are confronted with. If our young men and women do not want to take up vocation education, even if they can give them gainful employment, they are only looking for office job …. (Respondent IS01).

The in-country training institutes have come a long way to meet the demands of the labour market in the country. The two training colleges are able to produce hundreds of teachers every year, likewise engineering graduates in various disciplines such as electrical, civil, and mechanical are supplied within the country; agriculture and IT graduates are met within the country besides students in humanities, arts and culture.

5.4.3 Labour markets

The civil service is the main sources of employment in Bhutan. The size of the civil service is quite big in comparison to the size of the population; this could be because of the limitations of the labour market. The other reasons could be that 80 to 90 per cent of public service is delivered through the civil service. For instance (Respondent IS16) stated

In Bhutan, civil service whatever said is the biggest, the most important body also this happen in the developing countries across the world, we provide I think almost 80 to 90 per cent of the public service through the civil service. So our common people depend highly on civil service….
On the other hand, in a smaller country, the size of government appears to look big because of a small population. The reason could be that, as one of the respondents believes, every country needs to have a system of governance:

……people say that our government is big but if we really look….Smaller population will always have disproportionate larger government. Simple reason is whether your country is as big as like US and small like Bhutan, you have to have judiciary, local governance, once you have them, you have to have necessary supporting staff etc. while it appears big, if we get down to organisational level many people have responsibilities disproportionate to the amount of Human Resources (Respondent IS07).

The trained and qualified employees leave the civil service because of the opportunities in other areas such as hydropower projects and with the establishment of the multi-party political system, they resign to join politics. As employees in civil service have gained experience, and are well trained and qualified, they can easily find jobs in the agencies outside the civil service. This causes challenges for the civil service to retain skilled and qualified employees.

If you look around I think all the leadership position people have been produced through the civil service system. So I would definitely say that civil service as of now has been the training ground for all the leaders in Bhutan, civil service system also has been currently the biggest employer in the country and also is the system where both at the national and society level, some of the overall values, some of the visions, some of the directions on where the country is heading, I think all these have been evolved through the civil service system…. (Respondent OS06).

…… you look into the private sector or corporate sectors who are these people? They were trained civil servants. They have taken that responsibility. Look now at the politicians. Almost of our politicians are trained civil servants …. And even now, the civil service is still the resource bank of whatever is happening in the private market, corporate market or in now coming up with all these different political parties (Respondent IS04).

The civil service may continue to become training ground for the private sector and emerging institutions. This could be because the private sector does not recruit fresh candidates; they look for experienced employees with relevant skills and knowledge which are mostly available in the civil service. The other reasons could be that employees in the private and hydropower sectors are paid comparatively higher than those employees in the civil service.
5.4.4 Shortage of skilled and qualified employees

There is a shortage of skilled and qualified employees in the civil service especially at the mid and senior level. This could be attributed to demand for trained, experienced and qualified employees in other developing sectors. The other reasons could be attributed to a mismatch in demand and supply or a lack of succession planning:

… we lost senior civil servants, quite a good number of them in 2007 and 2008 to join the political process. And the challenge was to recruit the people to fill the gap and presently we have many post in the senior level particularly P1 [professional category at salary level 1] many post are lying vacant because there seems to be gap between P1 and P2 even after advertisement …. (Respondent IS14).

We are required to do lot of construction like bridges and town planning. All these are specialised jobs whereas we don’t have specialised people trained or qualified in that area. So we are still in short in specialised areas …. Government as a whole is running short of skilled people like doctors, lecturers, architect in the engineering field, urban planner (Respondent IS10).

…. there is a big shortage of engineers, architects... you know we're having a big shortage. And this shortage is not only because we have few engineers or few architects graduating, but because of the other projects, hydro projects coming in that offer much more in terms of salary so many of them leave (Respondent IS17).

There is a large pool of employees at the lower level although there is shortage at the middle and senior level. This indicates a mismatch of demand and lack of succession planning. This is one of the challenges faced by many organisations in the civil service:

So while we have a large pool of junior level persons, there are not enough people at the middle level. So I don’t know, something has got it wrong. We do not have pool of civil servants (Respondent IS01).

…. in Bhutan now if you look at the MOLHR, they have so many VTIs. But actually after the completion of training, these people do not get jobs, why? Because there is no requirement, requirement isn’t there….Because they get trained in some other fields and when they are recruited in the jobs, they do completely different jobs. So that is where the problem lies. We will have to match the demand and the supply, requirements and the need of the country (Respondent IS12).
Many trained and qualified employees from the civil service have left the agencies to join the new organisations with the introduction of large scale hydropower projects and introduction of a multi-party political system. Further, the pay and financial benefits are relatively higher in the private sector and employees in the civil service are motivated to join different political parties because of the higher salary and authority they enjoy as politicians.

5.5 RCSC STRATEGY

Factors examined in this section are size of the civil service, and issues of political neutrality and transparency and fairness in the civil service. The RCSC is responsible for HR policy formulation and rule-making in the country’s civil service. The RCSC is mandated to promote and ensure apolitical civil service, transparency, accountability, and fairness in HR policies and practices, and maintain small and efficient civil service in promoting good governance in the pursuit of GNH.

5.5.1 Small and efficient civil service

The civil service HRM policy is to maintain a small, compact, efficient and effective civil service. Respondents OS01 and OS02 contend that the HR policies and practices of maintaining ‘a small, compact and efficient’ civil service and a self-sufficient national labour force are considered important and successful HR functions of the civil service:

Initially what HM [His Majesty] wanted was small, compact, efficient and effective civil service (Respondent OS02).

….guided by the policy of small and compact civil service as mandated by His Majesty the King then, we have thus far managed to maintain a fairly small civil service, but still one would argue that given the size of the country and its population, its economy and so on, the current strength may be a little excessive …. (Respondent OS01).

…. HM’s [His Majesty] policy, the government was to be kept small and efficient, and his idea was if all the revenue went into the salary of civil service there will be no money left for development activities. Therefore and that is one idea why the government must be kept small, government means making policies, creating enabling environment, drawing up legislations, and enforcing legislation…. (Respondent IS01)
In the area of recruitment, respondents (OS01 and OS02) state that the HRM in the civil service consistently maintains a small and compact civil service so that there is no excessive growth or bloating in the size of the bureaucracy.

5.5.2 Apolitical civil service

When participants were asked which HR values and principles they felt were imperative in order for the civil service to deliver appropriate services to the Bhutanese population, an apolitical civil service emerged as one of the important HR values and principles.

With the introduction of the parliamentary form of democracy in 2008, there was concern for the civil service being politicised by different political parties. About 94.8 per cent of participants expressed their views on the nature of apolitical civil service. Respondent IS16 states:

…. civil service which is the biggest bureaucracy in Bhutan that is supposed to ensure stability and the permanency in the country …. We cannot rely on political party, it will come and go….all civil servants are selected based on meritocracy, and they have no political alliances…..So the civil service provides continuity and stability to the country …..

The principle of being apolitical and neutral in the civil service is considered important to deliver professional service without undue interference from the political masters; however, this does not stop individuals from exercising their voting rights. Respondents (IS03, IS22 and OS01) state that, as per the constitution of Bhutan, the civil service is required to be apolitical and independent in the discharge of their responsibilities. However, respondents understood that it does not mean that they do not have the right to vote:

Neutrality and apolitical….is enshrined in the Constitution, it says apolitical civil service which means a civil service cannot align itself with any political party….civil servant is here to serve the government of the day, so doesn’t matter what your internal preferences are…..you have to serve the government of the day…. (Respondent IS03).

I think being apolitical means we are not really affiliated to any political parties, but I think being a civil servant does not mean that we have to really get rid of them, be away from them….So I think that is the basic rights as a citizen, we have the rights to vote (Respondent IS22).
In summary, the rationale for the civil service to remain apolitical is to serve any government. The respondents suggest that if civil servants are not apolitical and make their political orientation or party loyalty known, the government of the day will not trust the civil service, for example:

The reason why the civil service, as a whole, must remain apolitical is the duty of the civil service is to serve its political master of the day....if a civil servant were to be political and also make his or her political orientation or loyalty known, and then the government of the day will not trust the civil servant.... (Respondent OS01).

…. lots of people appear to have misconception that apolitical is because we do not want civil servants to mix with politicians who are not good. But actually that is not the reasons, we want apolitical system so that civil service can give the best advice without fear or favour (Respondent IS07).

Overall, fourteen participants appear to share a common understanding of the concept of the apolitical civil service and its importance for the continuity of the system of governance and the stability of the country. However, a few participants understood the apolitical concept differently. Three respondents have a different understanding of the concept of an apolitical civil service. For instance, they expressed that ‘apolitical civil service’ means employees in the civil service cannot mix and interact with the politicians. The other difference of understanding about the apolitical nature of civil servants is that these respondents believe that the fact that civil servants have the right to vote indicates that they can no longer remain apolitical. They wonder how one can remain apolitical if civil servants are permitted to vote:

We cannot be apolitical because we exercise our votes; if we exercise our votes we become political anyway (Respondent IS11).

The participants argue that it will be difficult for the employees in the civil service to remain apolitical. Ten respondents indicate that in reality it would be difficult to be apolitical as civil servants vote for the party of their choice. They indicate that although the constitution and Civil Service Act of Bhutan require civil servants to remain apolitical they tend to disagree with the provision of the Civil Service Act as they argue that civil service cannot remain apolitical. In some way, because of the small society, people are connected through circles of friends or
through relations, therefore participants are of the view that fully achieving an apolitical civil service may be difficult.

....apolitical? I think in practice that is quite difficult to practise. But the rule is there so people tend not to be affiliated to any party....and Bhutan is a society with so many relationships. And I think everything revolves around relationships so I think that is a very difficult thing to practise (Respondent IS17).

....the 100 per cent apolitical may be difficult to achieve, because as citizen of a country, we all have the right to vote and when we have the right to vote, voting is not just done on vacuum, it is based on maybe either you identify yourself with the aspiration of the political party or maybe your relative is there…there may be political alignment.... (Respondent IS02).

We might say that we are apolitical but in reality I think it is quite difficult to be apolitical because we vote for the people we want, so we want to know what they will do for us or how they are going to benefit us….Saying is very easy- neutral, that I am saying through my experience (Respondent IS12).

Respondent OS08 further argues that apolitical though mentioned in the constitution and Civil Service Act of Bhutan is an ideal but in reality, as a small society in Bhutan, civil servants are related to party members, some have friends in some political parties which will have implications for the apolitical nature of civil service:

From the theoretical perspectives yes, civil service should be apolitical....That is going to be difficult. In our society, civil servants have lots of influence in the society. This is going to be not just economic influence or social influence, even going to be political influence, and I think it is going to be inevitable that people, civil servants are going to be politically active even indirectly. So what I am trying to say is, there is ideal situation, but in reality it is going to very difficult to reach that ideal because of certain circumstances of our society, the way our society is placed (Respondent OS08).

In a small society, many things revolve around relationships. Civil servants will have a preference for one party over the other parties and four respondents (IS02, IS08, OS05 and OS09) believe that during the first election in 2008, villagers were largely influenced in their voting by civil servants. These respondents share their experiences of the first democratic election held in 2008 of how the civil servants are believed to have influenced their relatives back in the villages to vote for a particular party, for example, they said:
Civil servants may be required to be apolitical, but that does not mean that they can remain apolitical. And to be honest I think that 2008 election was determined by civil servants. And I think 2013 will also be decided by civil servants.....They may be required to be political, but the fact is can they be apolitical? Because at the end of the day civil servants know that in this very small society, that as much as they remain apolitical, at the end of the day they are also citizens, members of societies, who have a stake in the kind of government they elect, in the kind of parliament they elect….(Respondent OS05).

….I do not think it was apolitical when the first election happened – I would never accept that because after the election the majority of the people were of the opinion that the election was driven by civil servants, so I would think that the question of being apolitical – would never claim myself to be apolitical during that election so I don’t think is possible (Respondent OS09).

In terms of recruitment, Respondent OS08 expresses that when it comes to the appointment of certain key positions, there was some sort of politicisation. For instance, when the Prime Minister appointed advisors to the Cabinet, such as the Special Economic Advisor and a few other key positions, the Civil Service Commission was not consulted while appointing them. So, there were bigger HR issues of how the civil service can be susceptible to politicisation in future. The respondent said:

....there is a certain amount of politicisation happening in the civil service....ministers have to deliver now....they have to have civil servants who are willing to work together with them....Prime Minister appointed advisors to the Cabinet, special Economic Advisors and a group of five of them into the cabinet. I think there was issue around....in terms of how they were selected, how now civil servant can be susceptible to politicisation (Respondent OS08).

In summary, the above data show that participants have different understandings of the concept of an apolitical civil service. Ten participants believe that since they are eligible to vote for the party of their choice, they cannot remain apolitical in reality. In spite of their differences of views and perceptions on what an apolitical civil service was and whether it was possible, around half the participants thought that the idea had merit. An apolitical civil service is considered an important HR value and principle as this would enable civil service to continue to function under any political party that forms the government. This is expected to ensure
continuity and stability in the country since the civil service will be able to serve any government that comes into power.

As previously mentioned in Chapter 4, apolitical civil service is not aligned to any political party as defined by the Civil Service Act of Bhutan-2010 (NAB, 2010) and BCSR-2012 (RCSC, 2012a). Further, BCSR-2012 requires any employees wishing to stand for parliament as a member to resign from the civil service.

5.5.3 Apolitical civil service to strengthen good governance

Nearly half (15 out of 32) of participants viewed an apolitical civil service as having a positive impact on nurturing democracy and strengthening good governance which is one of the pillars of GNH. Fifteen respondents strongly support that civil servants being apolitical has a very important logic. The respondents argue that whether the government of the day is changed and the new government comes in, the civil service or the bureaucracy remains:

There is a very good reasoning behind apolitical that is mentioned in the constitution. Civil Service being apolitical, very important logic…. But then, whether the government of the day comes and goes, the bureaucracy is there …. Whichever government comes, the bureaucracy is the neck and shoulder and hands of the whole system. ….Civil servants have to ensure and facilitate that the mandate of the people is fulfilled for the particular government....Many people feel it’s not possible but it can be possible and its absolutely necessary (Respondent IS15).

The respondents argue that apolitical does not mean that civil servants are deprived of their voting rights; rather, civil servants can have their views and their views can be expressed through the voting rights. Respondent IS20 said that civil servants can be apolitical but they can prefer one political party over the other, however, as apolitical civil servants they should not exhibit their preference openly.

I can say I am apolitical, but inside I may be affiliated to one of the parties, you never know. The Election Commission requires all civil servants all apolitical, I feel it is easy, you can remain apolitical from outside, and you can still have affiliation with one of the parties. You don’t have to exhibit that, I think it is exactly what the ECB wants you not to exhibit your affiliations (IS20).

An apolitical civil service is not aligned to any political party or non-partisan civil as defined by some participants. Any employees in the civil service who are
interested in joining as a member of the political party have to resign from the civil service as per the civil rules. Fifteen participants have common understanding of the concept of the apolitical civil service while three participants have a different understanding on the apolitical civil service system. Although ten participants are of the view that civil service cannot remain apolitical in reality because of the small society, circle of friends and relationships factors; fifteen participants state that being apolitical is necessary and will help to nurture democracy and promote stability of the country. The next subsection presents the data on transparent HR systems in the civil service.

5.5.4 Semi-political appointment in the Executive service

Appointment of some of the senior positions such as secretary, secretary general and governors in the civil service are recommended by the PM to the King on the basis of the list of nominations submitted by the RCSC. Should the civil service retain all the important HR decisions with the Civil Service Commission, respondent OS02 noted that there would be intense pressure from the parliament and the cabinet to delegate its key HR decisions such as the appointment of the senior executives, as was the case in the UK during the tenure of Prime Minister Margaret Thatcher.

"...I went to the United States...we studied the classification system to incorporate here ....The other aspect of the civil service was the Fulton Report, Margaret Thatcher was so annoyed with the civil service and Wilson government, they were not happy with the civil service (Respondent OS02)."

Two respondents (OS02 and OS05) are in agreement with the above as they think that the government of the day has more at stake as they have to fulfil the mandate of the people and therefore, they will choose senior executives of their choice.

"...I think the Prime Minister will exercise a high degree of control on the choice of candidates, primarily because the Prime Minister, as the head of the Government who has to work with the civil service and also knowing that he has to deal with different agencies, will be better placed to scout and look for candidates (Respondent OS05)."

If the PM is involved, some respondents perceive that there is a high possibility of politicising the appointment of the senior posts in the civil service. For example,
respondent IS01 stated that though the name list for the appointment of executive post is submitted by the Civil Service Commission, the final recommendation is done by the Prime Minister and hence there is a lot of room for politicisation of the appointment of the secretaries and governors (*Dzongdags*):

Frankly speaking, the RCSC recommending the candidates for secretaries and then the Prime Minister goes and recommends to the King and the King endorses.... I don’t know how much the King has a say. I feel that this is you know, it can be politicised. There is very strong room for politicising in this selection but they may not do it, but who knows (Respondent IS01).

But Respondent IS03 stated that the PM can exercise his control of choice for appointment of senior bureaucrats only within the list of names submitted by the RCSC, hence there could be limited degree of politicisation of the appointment of secretaries and *Dzongdags*. For instance, Respondent IS03 said:

....if you look at the constitution, certain executive position....it is based on the nomination like Secretaries to the Government and Dzongdag, based on nomination by RCSC to the Prime Minister; Prime Minister to His Majesty....These positions are based on the Constitutions.

The concerns raised by some respondents for politicisation of appointment of the above positions seem to be valid as the PM may have greater control over the appointment of secretaries and *Dzongdags*. This occurs as the final list of candidates will be recommended by the PM to the King and the King may only endorse the final recommendation of the PM. On the other hand, the PM can have limited control as his decision will be only from within the list submitted by the RCSC thereby ensuring some degree of check and balance in the appointment of senior positions in the civil service.

### 5.5.5 Fairness and transparency

Fairness emerged as an issue that is closely linked to GNH and civil service values, and an effective way to avoid corrupt practices developing. Out of 32 respondents, 21 of them talked about the fairness of HR decisions in the civil service. Eight of those 21 participants said that there is no fairness or there is a challenge in terms of fairness and equity in the HR policies and functions of the civil service, while 12 of them felt that there was fairness.
If the HR rules for recruitment, training and promotion are applied fairly based on merit, employees will be happy. Participants defined merit in terms of criteria which include qualification, seniority and performance. The Bhutan Civil Service Rules (BSCR) further stipulate that the employment and advancement in the civil service needs to be based on merits without any discrimination on the basis of race, sex, religion and other status. Respondent IS03 is optimistic that there will be greater emphasis on merit as a result of civil service rules and labour laws in place. The *Labour and Employment Act of 2007* further stipulates that employing agencies should not discriminate against candidates for all forms of HR actions like recruitment, transfer, training, promotion and dismissal.

As long as...HR actions are based on merit, when we say merit, merit is based on so many criteria like eligibility, qualification, seniority, different performance based, also I think actually happens at the end of the day we don’t make people unhappy because he or she doesn’t get what he/she wants. I don’t think that it really makes them unhappy. I think that it will contribute ….for GNH because at the end its justified and you have done it based on merit (Respondent IS03).

In addition to fairness and a merit-based HR system; participants have indicated that ethical values, moral responsibility, and integrity are underpinning values to achieve national happiness in the civil service. These are important values which need to be inculcated through recruitment, award of scholarship and training, promotion and other personnel activities which will help to enhance achievement of national happiness. Some participants stated that in other countries people have to pass a code of conduct and ethics test. In fact the civil service in Bhutan has already introduced a test to reduce corruption and the Human Resource Officers trained as focal officer from each ministry to manage it though the online system started in November 2012 (Respondent IS18).

....I think GNH rooted in Buddhism is that whatever you do, in your career you have to be competitive, you have to be ambitious, you have to be efficient, you have to do whatever you can but at the same time all these needs to be done in a highly ethical manner with full integrity and without harming somebody. And I think that may be one simple value that which if we can inculcate in the civil service through HR system I think that would mean huge because with that then we know that you are a good human being....(Respondent OS06).
Respondent IS10 expressed that while equity and transparency are important; in Bhutan, these are not major issues as transparency and fairness is respected while discharging the HR functions. The Respondent has stated that:

There will be some small things happenings, push and pull; you cannot get away from that. But in general, in Bhutan I don’t think we have so many problems on that (Respondent IS10).

I think transparency, equity is very important because if it is not there then it is going to be highly demoralising factor for many civil servants who are committed and doing a good job (Respondent IS09).

There is a HRMC to ensure that HR decisions in the areas of recruitment, training, transfers and promotion are done fairly. She stated that be it for training, recruitment, transfer or promotion in the civil service, there are inequalities and problems. Likewise Respondent IS08 has expressed that despite the existence of a HRC, chaired by Secretaries of Ministries and members represented by Directors of various departments, decisions are not made fairly. For instance he said:

....HRC is....a committee consisting of head of department, Secretary as the Chair, the PPD and the AFD, so it depends on the keys at hand, and in any case the decisions are by majority vote. And if the agenda in hand is known beforehand, then I think the people can conspire to majority vote. The other experience I have had in the past is normally the chair would have a big impact on the decisions made (Respondent IS08).

Respondent IS12 has stated that in a real situation, it is difficult to practise equity and fairness. Respondent OS07 also expressed criticisms as some individuals have become Directors and Joint Secretaries because of their closeness to the Secretaries and other decision makers. However, Respondent IS12 argued that compared to how things were about a decade back, the system has improved a lot and many respondents stated that the civil service is becoming more transparent which will contribute to equity and fairness.

In the districts too, HR decisions are taken through a HR committee in a transparent manner to ensure equity and fairness (Respondent IS12); the system has improved when compared to 10-15 years back. He stated that if candidates have suitable qualifications, knowledge and skills, they are given equal opportunities. Likewise Respondent IS14 stated:

As far as the Civil Service Commission is concerned, we are saying there is full equity and fairness in Civil Service because every key HR actions are
based on meritocracy based on open competition, their own competency and performance.

Many respondents said that HR auditing, declarations of conflict of interest, Bhutan Civil Service Examinations, yearly revision of Bhutan Civil Service Rules (BCSR), the Civil Service Act and the provisions in the constitution greatly help the civil service system to ensure more equity, fairness and transparency. For instance, Respondent IS18 said that there is a HRMC which makes HR decisions and moreover, people in the committee need to declare conflicts of interest.

As far as possible selection we do it with transparency. We have a committee and then people are informed and then we do the conflict of interest – people sign and we do it very fairly and whatever we do is transparent and then here are we saying whatever comes here is always routed [through] the HRMC and everyone is aware and then selections are done…. (Respondent 17)

Similarly, in an effort towards improving equity and fairness, the BCSR is being updated every year (Respondent IS19). Respondent IS05 stated that there is fairness:

....at the entry level, Bhutan Civil Service examination is maturing, it is screening people with the high level of standard….Then there is an element of open competitions, so people who have the competence, who are good, the best ones can move in every two to three years, others will move at four to five years. And when you go to training, again it is through open competition…. Then when you go to P1 at the top of the professional and management, there is again written examination and interview. Then you enter into the executive, EX 3, again there is written examinations and interview.

Respondent IS07 indicated that fairness is mentioned in the civil service rules, but when the Department Heads grant promotion to their staff, they use their authority within the broad parameter of the policies and rules. The respondent also acknowledges that in a small-scale society like Bhutan, someone will always make a noise and complain. However, the respondent said that there is a fair system in place which rewards deserving employees.
I feel civil service is fair and when people ask me, sometimes complain, I always say that I am example, that if the civil service wasn’t any kind of opportunity, where someone from humble background could move up, I would also not be there. So I find it difficult to believe it is not fair….In general civil service is fair, there is equity, equality of opportunity and if you do well I have seen that by and large, there is correlation between people who perform and who rise up (Respondent IS07).

Fairness is linked to GNH and civil service values as can be noted from the above data. If there is fairness in the HR policies and functions, it would enhance the merit-based system which is an important value to enhance the achievement of national happiness. The data indicate that in comparison to about a decade back, the fairness in the civil service has improved, mainly owing to the increase of higher qualification by civil service, through reforms measures like civil service rules, acts, and other mechanisms such as the oversight bodies of Anti-Corruption Commission (ACC) and Royal Audit Authority (RAA).

### 5.6 HR POLICIES AND PRACTICES TO ACHIEVE GNH

Decentralisation, recruitment, transparent HRM and reward polices are some of the factors identified under Brewster’s (1995) HRM model under HRM policies and practice context. The main objective of this section on ‘HR practices to achieve national happiness’ is to provide the participants’ views on the effectiveness of HR practices in the Bhutanese civil service in enhancing GNH. Under this section, the following findings are presented: effective HR practices, effective Human Resource Committee (HRC), streamlining HR management system, challenges and issues of HR practices followed by nepotism and favouritism as the main corruption of HR practices. Then the recruitment and retention issues and subjective performance evaluation in the civil service are also deliberated.

#### 5.6.1 Decentralised HRM functions

There was gradual decentralisation and delegation of HRM functions to ministries and agencies as they gradually develop their capacities to manage HRM functions (Respondents IS01, OS01). The HRM functions in the civil service were centralised initially in the early 1970s as there was inadequate manpower. Nearly all respondents perceive that the delegation of authority and decentralisation of HRM functions like recruitment, promotion, transfer and training from the central
personnel agency to ministries and agencies, had significant merit. Examples were given of time saved, for example, job seekers need not travel from various districts to the capital city for interviews, saving time and personal costs (Respondent OS07). In addition, the ministries, department and other agencies are able to make their own decisions instead of waiting for the RCSC’s approval for recruitment of a support category of civil servants which enables them to make faster decisions and recruit people more quickly than in the past.

...it has positively impacted with the delegation of power of HR to the ministries and agencies are efficiency and effectiveness. Why efficiencies, it does not need to go to RCSC so the ministers can take decisions, the departments can take decisions, faster decisions so if people are coming to seek some services it does not need to go to RCSC the ministers can take faster action. Dzongkhags [districts] can take down the line. It has greatly improved in terms of time.... (Respondent OS07).

Delegations of HR functions from the Civil Service Commission to agencies and departments have increased ownerships and accountability in the civil service. The respondents agreed that with the delegation of HR functions there is now greater ownership, people have become more accountable and employees are more motivated to perform better:

.....function of delegation is also done in a manner it gives a greater ownership to the Ministries. Right now all selection of executives is done by the RCSC...EX3 and above ...then up to P1, the Ministry can do it, we can select. I chair the thing, normally member from the RCSC is invited and we would have a committee formed, this type of decentralisation is useful.....even promotions are decentralised up to some level....This level of decentralisation is necessary, then because accountability increases. The people who work in the ministry suddenly realise that oh now I have to really perform ....the delegation system of today is good (Respondent IS02).

The devolution of HR functions intended to enhance the civil service system as respondents acknowledged that the ministries and departments know their own needs, environment, and specific requirements. For instance, managers in the departments know best who to be sent for training, award promotion, and when to recruit a new employee. The decentralisation of HR functions enhances the HR system in the civil service as managers perceive that they have more authority and ownership. It promotes wider participation and minimises the flaws of prescribed standards of the previous centralised administrative system.
....it has actually enhanced the system and it is becoming better because now the ministries and districts [dzongkhags], we can look at our own needs we know what type of people are required under ministries and dzongkhags. Based on the requirements here based on the experience, we can recruit our own people that are suitable or appropriate for the jobs advertised. It has done some good (Respondent IS12).

Decentralisation of HR functions in the civil service has brought several positive changes, however eleven respondents have reported some of the challenges of decentralisation of HR functions. Five respondents felt that there was misuse of authority in some agencies, for instance, the HRC of the Ministries and agencies which take major decisions of the HR actions are sometimes ignored by the departmental head who take their own decisions without referring it to the HRC.

We know some organisation they really misuse. It came out in media and also to be honest; civil service has established each organisation will have to have HR committee. I can see the rationale for it. Some of the decisions, they may not go through the HR Committee because of the power distance in the organisation itself and head of the organisation may decide to do the certain things (Respondent IS15).

We have been informed that some of the CEOs of the organisations, they nominate of their candidates without routing through the HR committees and nominate without fulfilling the criteria. So there some challenges, of course we are human being and there will be some complaints (Respondent IS22).

With major decisions entrusted to the HRC, sometimes the Chairperson has the opportunity of a major say in the decision as he could influence other committee members. The other related challenges associated with the delegation of HR functions are misuse of authority. Two respondents expressed that the misuse is mostly in the nomination of short term training, fast track promotion, foreign posting and recruitments. The respondents argued that some Chairpersons favour their own candidates:

HRC is again a Committee consisting of Head of Department Secretary as the Chair, the PPD and the AFD, so it depends on the keys at hand, and in any case the decisions are by majority vote. And if the agenda in hand is known beforehand then I think the people can conspire to majority vote. The other experience I have had in the past is normally the chair would have a big impact on the decisions made. It is invariably now as a HRC member, I sometimes, I am not happy.... (Respondent IS08).

....agencies go quite rampantly on those training and individuals – those individuals in authority are found to be going all the time....Earlier when it
was with RCSC the good thing was at least people do not go that frequently and therefore that resource can be availed by some other civil servant, you know, not by few, but now it – again we are going back to the same thing. Most of the trainings or meetings are availed by few members (Respondent IS04).

There are challenges associated with the reforms of decentralised HR functions in the civil service. However, six respondents state that decentralised HR functions are working well as there are proper guidelines and instituted check and balance system like HR auditing.

The decentralisation process is going on well though there are some issues; I think majority is happy; particularly the decentralisation of short-term courses and promotion up to P2 is welcome by the agencies concerned. I think it is working well (Respondent IS21).

With regard to the recentralisation, twelve respondents stated that after the HR functions are decentralised, they cannot recall any instances of recentralisation of HR functions in the civil service. Further, Respondent IS05 expresses, “but you see, once it is given, is not wise to take it back” implying that once it has been decentralised, it is not desirable to recentralise the HR functions.

I don’t think recentralisation is taking place, RCSC is thinking more of decentralisation. We expect that from this review of the BCSR 2012, we would expect more of decentralisation …. (Respondent IS09).

A wide variety of HR functions are now decentralised to the ministries and agencies. From the salary grade 17 being the lowest and salary grade 1 (highest rank in the civil service); all promotion authority till salary grade 4 has been decentralised to ministries and agencies; authority to grant promotion for civil servants lies with RCSC for salary grade 1 to 3 only. When it comes to the promotion authority of the constitutional offices, it has been further decentralised to salary grade 2 equivalents to Director General. For recruitment authority, the authority to recruit till salary grades from 17 to 9 has been delegated to ministries; from 17 to 14 to districts (Respondent IS03). However, five respondents expressed a desire for further decentralisation at the district level. They stated that the authority is very limited for recruitment at the district level as they can recruit only up to ‘O’ category (grade 17
and casual employees. This indicates their expectations for further decentralisation of HR functions to the districts rather than to the ministries.

It is not decentralised to the extent that we would like, for instance for the recruitment, at the moment what we can recruit is some contract personnel [employee] and to certain grade that also based on the staff strength that has to be approved by the centre and line ministries….We have the authority to recruit on muster roll basis [casual employees], but muster roll is just Nu.155 (A$ 3) per day, nobody wants to come forward…. they want to work for [part time]. So we don't have the authority to recruit at that level …. (Respondent IS11).

….when it comes to recruitment and then resignation. I think if more in this area is decentralised and of course giving that agency the power would probably help the work of that organisation done faster because when certain things are centralised and it takes more time because now the world is changing very fast and we also have to change accordingly and we could miss many opportunities (Respondent IS09).

In summary, HR policies and practices of the Bhutanese civil service were solely managed by the ministries and agencies themselves till the early 1970s. The head of the department and agencies had the authority to grant four promotions to staff of their liking within one year for instance. The establishment of the Civil Service Commission in early 1982 helped to curb the misuse of authority and streamline the HR functions to bring more professionals to the system. By 2007, many of the major HR functions had been delegated to the ministries and agencies giving more authority, ownership and accountability to realise efficient and effectiveness of HR practices in the civil service. While there is no desire for recentralisation of the HRM functions, some respondents perceive that it is desirable to further decentralise HRM functions to district level.

5.6.2 Recruitment and retention in the civil service

One of the major challenges faced by the civil service is the recruitment and retention issue. There are vacant positions at the senior level; however, ministries and agencies are not able to fill the vacant positions as existing employees do not meet the criteria such as qualification, experiences, and other criteria reflected in the civil service rules. The other challenge is many qualified and trained employees leave the civil service organisation where they are paid higher perks, for instance in the emerging corporations. The other source of resigning from the service is for joining the political parties.
…. we do not have a much hand in recruiting professionals and we have to wait for the office to give us professionals but of course there are recent changes in the policy of the civil service commission, we recruit up to P1 level on our own, but unfortunately we have to follow again the norms and we have been trying to get the best of the best but unfortunately there are not so many professionals in the civil service, who fulfil our criteria so for the last 3-4 years, we have been trying to get professionals…. what we are looking for specifically as division chiefs and below that deputy power, you know the division chiefs we are looking for people with economics background and administration background. But people with that kind of background is very rare in the pool (Respondent IS01).

…. we are having a lot of problem at the high level we are not able to get people and it looks like there is a gap at the higher level. At the lower level I am not able to reach up because the time has not arrived for them to get a promotion…. and they aren’t others coming at that level (Responded IS18).

While the ministries and agencies have authority to recruit till the level of division heads, the civil service rules seems to be very specific in meeting the criteria and this makes it difficult for the agencies to recruit candidates as many do not meet the criteria. The other challenges are they are not able to retain qualified employees as they join corporate sectors for a higher salary.

…. many of the faculties have been now leaving to the green pastures….We have been losing our faculty because corporate offer better financial package and if they continue in RIM it could be more or less same package that is applied across all the Civil Service Commission (Respondent IS16).

The above data indicates there is a lack of proper succession planning although the recent opening of political parties could be one of the main factors for employees in the civil service resigning and joining the parties thereby causing retention issues. There is a lack of adequate financial incentives in the civil service causing difficulties for the ministries and agencies in retaining trained and qualified employees. The other related challenge in the civil service is the subjective performance review system.

Appointment of employees to the senior positions from a mix of civil service and private sector is seen as desirable to promote dynamism and a wider range of ideas to improve management of the civil service. The current system of appointment of constitutional posts, secretaries and all other positions in the civil service is recruited within the civil service. Thirteen respondents contended that candidates both from the civil service and private sectors be given opportunities not
just limiting to civil service for the appointment of senior position such as secretaries, commissioners, and governors (Dzongdags). With the appointment of candidates for senior positions from within the civil service and private sectors, they indicated that the experience and knowledge gained from the private sectors will help to improve the management system in the civil service. Moreover, currently there is a limited pool of senior officers in the civil service. The opening of eligibility criteria to candidates from private sectors will help to increase the pool of candidates to enable the government to have more choices.

...when we talk about in a closed system, yes it has its own values, merit and everything but at the same time, I think sometimes the inculcation of new ideas and new ways of looking at things may be limited...with the civil service...but in terms of how flexible we are, whether we are able to keep pace with the changing externalities, whether we are able to also meet the expectations of so many stakeholders as a public service....So from this point of view, I feel that in a way, may be if there are some flexibilities in keeping some of the senior middle level to higher level positions through open competition and not only limited to civil service (Respondent OS06).

I think the dynamism having commission members, these are critical, so their inputs will be critical for reforms and promoting values. So members from outside the civil service will promote dynamism and create wider synergy, infuse better ideas (Respondent IS16).

The recruitment of senior positions in the civil service is expected to be confined within the civil service so that the staff in the civil service can hope to get promotion to next higher senior executives. For instance, Respondent IS03 expressed that, “civil servants who are serving in the system should have some hope of getting there”. Respondent IS03 expressed concerns that if it is open to the employees from the sector, there will be limited opportunities for employees who are already in the system. However, Respondent IS03 acknowledged that there is a need to adopt a mixed model wherein certain positions in the civil service could be open to private sectors as well and not just limited to the civil service.

Many respondents expressed the view that if candidates from private sectors are inducted for senior posts in the civil service, they need to be contracted for a fixed term of three years to five years so that those who perform well can be retained based on their performance. However, Respondent OS08 expressed his reservation towards recruiting people from outside the civil service on the grounds that the work culture in the private sector is different from the civil service. Secretaries and
Commissioners appointed from outside the civil service are not necessarily able to bring changes in the civil service. For instance he stated that:

….while it seems like Singapore, the UK are doing well with this contract, there are disadvantages also, because hiring people from outside they don’t know the institutional culture….I think this is what Singapore and others have realised also, it doesn’t always work, there isn’t always a case a Secretary from outside comes in and he brings a big change. In fact they are realising that it is better to have people within the system because they know the culture more (Respondent OS08).

While it is an ongoing debate as to whether hiring of people for senior positions in the civil service to be open to cross-section of society, whether they should be on contract, the above analysis indicate that some sort of mixed model is in a way already felt necessary. In a foreseeable future, there could be some candidates in the senior positions from the private sectors which have not occurred thus far.

### 5.6.3 Transparent HRM policies and practices

Transparency was identified as an important value for the HR system in the civil service to promote GNH. Sixteen respondents indicate that if HR actions are based on rules of law and transparency, there will be more fairness which will positively influence the satisfaction and happiness of the people in the civil service. Respondent IS14 states:

....if we take all major HR actions....in a very transparent manner, those who take HR actions, are accountable to their decision, this is how we can contribute to GNH....

The data also indicate that people make comparisons within the same cohort. For example, if one person gets promotion and the other does not if there is justification and if people are ‘aware of the criteria, transparency, and selection or HR action based on merit’ (Respondent IS3), people will be more satisfied. However, the data indicate that it is not only fairness and transparency, the decision makers are required to be accountable for their actions:

….if you and I are on same boat, same position, our performance is same, you get a promotion, I don’t get, that is where the injustice is, that is where you have a disgruntled civil servant, but at the end of the day you have got a promotion, I didn’t get, there is enough justification why I shouldn't I get and why you got it based on merit, if that is made transparent, if the people are aware of the criteria, transparency and selection or HR action based on
merit. I think that itself will contribute and it will be the criteria for GNH because at the end it is justified and you have done it based on merit (Respondent IS03).

There is a perception that more transparency is needed in the HR management system, ‘now more and more, I think it is becoming transparent, people are made to try open competition which is good, but we should be doing more of this’ (Respondent IS11). Similarly, Respondent IS09 observed that transparency and equity are important values and in the absence of these values, many civil servants who are committed and performing their jobs would be demoralised if they are not recognised based on their contributions and output. Three respondents indicated that there is less transparent HR system in the civil service:

I think when you talk about transparency in the civil service there are many things. One is in the recruitment; one is in the training; one is in the promotion, transfer, how that promotion is being affected. I think those are the broader issues, you know....I think we need to share with the public, to put the information as much as on the website (Respondent OS07).

Transparency is important as it will strengthen the confidence and trust of people in the HR system. If the HR system is not transparent it may be a demoralising factor for many civil servants if they are not recognised based on their output and contributions.

There are issues of transparency in the civil service HRM practices, especially in the areas of training and promotion. For instance, one of the participants expressed strong views that because of the inadequate transparent system, employees in the capital city get more benefits compared to those in the districts as they are far away from the centre:

Whenever there is financially sound training, it is given to people in the centre or headquarters and likewise, whenever there is a training that has less financial benefits, low stipend, low allowances, they are given to people in the districts or in the remote areas. There has to be transparency, for instances HR practices of promotion and training, need to be given to the deserving based on the performance, there has to be transparency (Resppondent IS23).

There is a mixture of perceptions on the issues of transparency. Eight respondents argue that there is a transparent HRM practice in the civil service since
the start of the HRM reforms in the civil. Respondent IS10 contended that there prevails transparent HR system which makes it difficult for people to practise nepotism. In a similar manner, Respondent IS03 stated that HR actions are decided based on a transparent and fair manner. Likewise Respondents OS09 and IS20 agree that there is a transparent HR system:

...I believe that it is quite transparent especially after the reforms took place....After a number of reforms have taken place and I think things are made much more transparent and now we can’t claim that this is really transparent but things should come through the process so right now I would say that things are transparent and lately it has become more transparent – RCSC makes announcements about the changes and the criteria are known to the people and when to go for your promotion is made known.....(Respondent OS09).

You will agree decades back, it was very different, now Bhutanese are getting educated, they know how system works, how people are appointed, how people are selected. Therefore, because they make lot of noise, I think the system is getting improved, and is becoming more transparent, I still feel there are lot of areas we need to improve on (Respondent IS20).

The above data indicate there is adequate transparent HRM practice in the civil service. Of the 32 respondents, 19 talked about how a transparent HRM policies and practice can contribute to enhancing the GNH. Eight respondents indicate that there is prevalence of a transparent HR system, although three respondents felt that there is no transparent HR system in the civil service. Overall, the data shows that after the HRM reforms in the civil service through decentralisation and revision of civil service rules, decisions relating to HR functions have been made more transparent though in some areas it needs to be made more transparent.

With the devolution and decentralisation of HR functions from the RCSC to the line ministries and agencies, the HRC of ministries and government agencies are responsible for managing HR functions. Respondent IS02 states HRC is newly instituted in 2006 where Secretaries are the Chairpersons in the ministries; Governors (Dzongdags) in the 20 districts (Dzongkhags) and Heads of autonomous agencies are the chairpersons in their respective organisations. Prior to mid-2006, HR functions were managed by the administration and finance division, but since the advent of the HRC, respondents believed that this was an effective tool to manage HR functions:

….HR Committee has been in effect for last 3-4 years and I have really seen that relevance on why HR needs to be chaired by the Secretary…I realise
that as the administrative head of the ministry, it is my responsibility to ensure that we have the right resources to be able to meet the goals and objectives of the ministry. Some very good things I have learnt that I feel HR is very effective …..it has brought lots of transparency (Respondent IS02).

HR the main aspects are basically promotion, transfers and HR development in the form of trainings: in-country, ex-country, and we feel that the institution of HR Committee, actually been positive for us in terms of setting up a system for HR decision which are more broad based not depended on individual and also it brings in much greater transparency into HR decisions…. (Respondent IS07).

The HRC is valued for promoting collective decision making. Some of the best HR practices like fairness, transparency and equal treatment of employees (Respondent IS12) will exist when there is a formally instituted committee to manage the HR functions in the ministries and agencies. When the HR decision is taken in a transparent manner, there is less chance of misuse of authority.

5.6.4 Nepotism and favouritism

One of the main challenges and issues perceived in the HR management of civil service is corruption. The participants indicated that according to the ACC, one of the most problematic types of corruption in HR is nepotism. Eight respondents perceived that nepotism and favouritism are the main corruption in the HR function of the civil service:

Whether it's to do with scholarship, whether it's to do with transfers, whether it's to do with promotions, whether it's to do with giving incentive, whether it's to do with… recruitment…..People say that there's so much of favouritism and nepotism….. And there's so much negativity. You talk to the young graduates. Oh, there's a job, but already there's the recruitment system, or the announcement that you are making is just a formality that you are completing, a person is already identified (Respondent OS04).

….that is where nepotism and all those things are, come into our system. We want to minimise that and if you look at the anti-corruption report, the HR practices, it is also ranking quite high with nepotism, favouritism issue (IS04).

Objective HR decision making in the civil service is a challenge if there is a perceived notion that nepotism and favouritism exist. It will be difficult and continue to remain as a challenge for HR in the civil service where there is a small society and relatives expect them to help and favour their close friends and relatives.
…nepotism, favouritism featured as the largest form of corruption. And not surprising. I think you and we should not be surprised because we are a small society and we're in that culture of helping each other, and such a coherent society. If my relative is in the civil service my other relatives expect me to help them, their kids and kin, their cousins, my siblings. So it only reconfirms what you also know already, that being a small society so closely and then expectations, social obligations, social pressures there. So nepotism, favouritism featured as the biggest form of corruption, ….And then the sort of complaints that we receive in HR are nepotism (OS04).

However, favouritism and nepotism cannot be totally eliminated from the system because of the human factor. Besides nepotism and favouritism, the data reveal that the officials in decision-making positions misuse their authority for their own benefit. For instance, four respondents perceived that officials in authority repeatedly availed themselves of overseas short term training, workshops and conferences instead of allocating the offers to other relevant employees. An extension of this is the claim that opportunities privilege employees in the centre, rather than the districts. Respondents (IS10 and IS11) say that employees in the districts hardly get training opportunities and overseas visits implying that those officials in authority at the Centre in the Ministry misuse it. For example:

…..when we have decentralised the short-term trainings, but there are also some kind of feedback that is coming. Now agencies go quite rampantly on those training and individuals – those individuals in authority are found to be going all the time…..Most of the trainings or meetings are availed by few members (Respondent IS04).

When it comes to training, [districts] (Dzongkhags) hardly get any training frankly, be it any sector. Whatever training is there, it is first availed by the ones in the headquarter or the ministry and then whatever is not required by them, if it is not good, they send it to us, when there is hardly any time to process, then they send it to us. I think when it comes to training, in spite of all these decentralisation exercise and decentralisation agenda of the government, a very little training opportunities are trickling down to [districts] (Dzongkhags). That is why people do not opt to come to Districts (Respondents IS11).

Since there are less opportunities in the districts many employees are not motivated and attracted to transfer to the remote areas in the districts. Furthermore, once they are in the districts, there are fewer opportunities for skill upgrading. Respondent (IS10) reports that without upgrading their skills and knowledge, employees in the districts start to become redundant employees. Another challenge
associated with the HR management is issues of recruitment and retention in the civil service.

**5.6.5 Merit-based HR policies and practices**

The HR management system is quite well developed in spite of its late establishment in 2006 (Respondents IS03 and IS22). Prior to this, personnel functions were a part of the responsibilities of the administrative and finance division (AFD). The HR functions include recruitment, promotions, training, and transfer are working well in the districts (*Dzongkhag*).

HR professional are playing very active role. And I think it is a part of HR system that is working very well but not to say, we still have very young professional group and we have a long way and we have managed to 95-97% graduates and that is very consoling and encouraging …. (Respondent IS03).

…. whole selection system, recruitment system, promotion the whole personal policies are based on the meritocracies….we are governed in terms of human recourse management is very fair, and some of the best people can be selected in terms of their training qualification, their experience, using this principle meritocracy …. (Respondent IS16).

One of the successes of the HR system in the civil service is that the Civil Service Commission has been able to introduce a streamlined HR management system based on the professional needs and restructure its functions from the AFD. One of the strengths in the HR management is that the above data indicates that more and more qualified HR professional join in the HR professional as opposed to managing it by under-qualified employees when it was with the AFD. The trend was, more HR employees recruited and trained with the establishment of the separate HR Division.

Further, employment and developing skills of the employees in the civil service is the foundation and stepping stone for many employees in the civil service. The civil service is also the biggest employer and attracts the best candidates:

I would say that the civil service experience has been the foundation and the stepping stone for lot of professionals including myself….the civil service system has been built on solid foundation and has been attracting the best people in the system. If you look at the options I think most of the best performing graduates, their first option would be the civil service (Respondent OS06).
There is a well-defined career path, job security, opportunities to travel overseas for further studies and prestige being in the civil service which motivate many candidates to get into the civil service system. However, still with the opening of political posts like member of Parliament and with the hope of becoming ministers, some of the bright and qualified employees resign to contest the elected posts and some resign to join the international organisations and corporate sectors. With the establishment of the HRC in the ministries and all the government organisations and districts, the HR roles have been streamlined in the civil service to further promote the meritocracy in the civil service. The next sub section presents the data on some of the challenges and issues of HR management system confronted by the civil service in the country.

5.6.6 Work-life balance

Strongly held views emerged about the culture that should be evident in the civil service and the practices that provide a caring culture that is expected to enhance GNH. Respondent IS17 argues that the rules governing the employees in the civil service should not be too rigid and managers should be flexible enough to adapt to the circumstances and yet be able to meet the needs of the individual employees and the organisations. People were seen to have different needs and managers have to act accordingly in helping them without bending the rules, (for instance when they have personal problems such as health problems, transferring of spouse together to the place of posting will be more helpful) and employees will be happier when management is able to understand them and help them. Respondent IS20 gave another example:

Working in the HR, there are small things yet very important which will make a lot of difference for teachers. For example, when it comes to, on health issues, we provide support and transfer them year round, any time in the year as and when they have a serious health problem....We unconditionally give them the transfers….we are now trying to help spouse in cases where both of the couple, the husband and wife are working, we try to facilitate their transfer as well. I think these are two examples which will promote happiness in our teachers (Respondent IS20).

A caring organisation will enhance the happiness of the employees. For instance, introduction of bereavement leave in the civil service will enable employees to spend time with the relatives of family members who pass away, and
the values of a caring organisation will enhance the happiness of the employees. The BCSR provides such a leave:

In the event of death of a family member, parent, spouse’s parent, and sibling, Bereavement Leave of 21 days, including weekends and holidays, shall be provided to a civil servant on each occasion (RCSC, 2012a).

Parents of young children have different needs, and because of this Respondent IS03 expressed that although there are no gender issues, they need to be treated based on the realities of the needs of the working parents. She gave an example:

In Bhutan, gender is not considered as a major issue compared to our regional countries. But even that we do accept that there are some gender issues, so in terms of maternity leave, breast feeding mothers, we are trying to take care of the rule to at least cater to the special needs given the fact, women play certain role and trying to promote women’s participation but again Constitution says based on merit. So there is no room to favour women or give quota system to woman but I feel at the end of the day, if we have clear and good principles, good policies, good rules and regulations developed in consultation with the clients/civil service accepted by them addressing the ground realities based on HR actions on merits it will take us to GNH within the civil service (Respondent IS03).

For employees to be productive and happy the participants explained that work-life balance, how the employees use their time in work, family, and leisure is considered important. They also indicated that currently there is no provision of compulsory leave and participants are optimistic that employees taking compulsory leave will be able to spend more time with family, be able to go on a pilgrimage and hence increase their quality of work-life balance:

The other one on GNH is you have to divide your time between work and play. Unless, you have clear amount of leisure, I think that GNH component will not feature….So at one point of time; I think the government introduce this compulsory leave called annual leave, that one I personally feel it should be reintroduced. Because we talk about a family value, sharing quality time with the family, so if you have compulsory leave for about 20 days, compulsory leave for everybody, then we will be able to spend quality time and when they come back, they will be refreshed and contribute to GNH (Respondent IS11).

There are various forms of leave to enable the employees to access leave. The Bhutan Civil Service Rules (BCSR-2012) provides several forms of leave and there is provision for compulsory leave. These forms of leave enable employees to have
adequate time with their family and also allow them to achieve work-life balance. Employees can access casual leave, earned leave, bereavement leave, maternity leave, paternity leave, medical leave, study leave, and extra-ordinary leave (RCSC, 2012a). Employee’ rights in relation to leave are well known and widely available in hard copy and online.

5.6.7 Pay and benefits commensurate with responsibility

The civil service pay and benefits are not adequate because of inflation. However, as per Article 30 of the constitution of Bhutan, the responsibility to review the pay and allowances rests with the Cabinet and the parliament. The constitution states:

The Pay Commission shall recommend to the Government revisions in the structure of the salary, allowances, benefits, and other emoluments of the Royal Civil Service, the Judiciary, the Armed Forces, the members of Parliament and Local Governments, the Dratshang [Monasteries], the holders and the members of constitutional offices and all other public servants with due regard to the economy of the Kingdom and other provisions of this Constitution….the recommendations of the Pay Commission shall be implemented only on the approval of the Lhengye Zhungtshog [Cabinet] and subject to such conditions and modifications as made by made by Parliament (Constitution of Bhutan, 2008, p. 42).

Pay and benefits were linked to fairness, achievement of civil service goals and reducing corruption. A range of respondents noted that in the past, people in the civil service were not paid according to their responsibilities, people were made to shoulder higher responsibilities but they were paid less than their entitlements. For instance: Directors, Secretaries, Governors (Dzongdas) in the Districts and likewise Division chiefs were paid less than their salary grade because of the inconsistent HR policy in the civil service. One of the respondents stated it was like ‘maximising the returns from the staff with very little pay’ (Respondent IS2).

...for GNH from HR perspective is that, we have to bring about transparency, we bring about opportunities, one area that there was problems is equal pay for equal value of work. This was a major problem in the past. We used to have people being given higher responsibilities, but with the same pay so in other words, it was like trying to maximize the returns from this person paying them very little...that is wrong, hopefully PCS [Position Classification System] has managed to sort out some of this issues. If we talk about we have many directors, who are not in director grade, we had many dzongdag [District Governors], who are not in dzongdag grade. We have many secretaries, who are not in secretaries grade...if we expect
someone to take about the job, we have to recognize and give him what is due and give the job...(Respondent IS02)

Although this problem is gradually being fixed, there is a huge gap between the entitlements of officers and the support employees while on tour (e.g. Nu. 800 for officers and Nu. 150 for support employees). The fact that there is huge salary difference between the support employees and officers, support employees for instance drivers have to depend on officers on duty for the payment of their food and room while on field trip.

…that go around in our country, or we take the driver out on tour the officers buy him food and pays for accommodation. What I am saying is it is because we have always paid them less…(Respondent IS05).

Respondents indicated that the overall pay system in the civil service needs revision in line with the market prices. The real value of salaries has gone down and needs to be reviewed based on the minimum requirement; this could be adjusted annually based on the inflation rate of the country. If such adjustment is not done, many forms of corruption may be encouraged, for instance one of the respondents said:

Even pay, the real value of the pay has gone down, although in terms of cash we are getting more, but the real value has gone down. So I feel, of course we cannot really equate fully between the driver and the top executive, but the basic study has to be done. Firstly we should assess, what is the minimum requirement then implement that and it has to be adjusting annually according to the inflationary rate. Otherwise that will lead to corruption, instead of two days; they will say we have walked four days and many other corruptions (Respondent IS16).

While many participants agree that there is a need to adjust the pay packages based on the market rates, there are two schools of thought on how the travelling allowances of the managers and subordinates should be calculated and paid:

….a certain degree of difference in salary based on a person's education, experience, qualifications, the nature of job, the risk involved, and the kind of job that is fair let us say. But when it comes to allowances such as DSA [Daily Subsistence Allowance], such as travelling allowances, I think there should not be any differences. And let me tell you why….when an officer goes on tour, on a trip, he gets Nu.500 I think, whereas a driver gets little more than Nu.150. In my view, as a human being, we will eat the same food;
our body needs the same rest. So perhaps drivers need to sleep better if you have to make sure we are safe on the road tomorrow..... (Respondent OS05).

One school of thought argues that when the support employees (for instance drivers and messengers) are on tour with their managers, they also need to stay in the hotel, spend on food and hence need to pay the same as their managers. Whereas, the other school of thought that because of the welfare (kidu) culture and social obligation, the managers and senior officials are expected to clear the bill for their subordinates and pay tips (soelra) while on tour. This means it will discourage managers from undertaking the tour which will hamper the progress in the field which at times means that staff will not be able to complete projects on time. The other problem associated with the insufficient rate of the travelling allowance and the daily allowance is that officials are known to claim extra days in order to pay for the cost of travel as it is not sufficient to cover the cost of the officers and support employees while on a field trip.

5.7 CHAPTER CONCLUSION

The data indicate that at the environmental level, the international context minimally influences the civil service corporate strategy and its HRM policies and practices. The majority of the respondents argue that the Bhutanese HRM policies and practices are shaped and nurtured not by the international factors but attributed to the leadership of His Majesty the fourth king. In addition to the leadership factor, the respondents perceived that the ministries and agencies themselves wanted to manage the HRM functions instead of the Civil Service Commission micromanaging the HR functions. The interview findings show that at the national context which includes culture, political and legislative; the culture and political system heavily influence the civil service strategy and its HRM policies and practices.

The civil service strategy and its HR policies are guided by the national guiding philosophy of GNH. Although the GNH policy guides the HR policies and practices in the civil service, the HR policies of the Bhutanese civil service heavily influence the achievement of the GNH due its scope of activities in the nation. Fairness, equity, transparency, merit-based system, caring organisation and ethical values emerged as strong elements of HR policies and practices to achieve national
happiness. GNH philosophy guides the HRM policies and practices in the Bhutanese civil service. The role of the civil service is seen as an important factor in achieving GNH. Well educated civil service employees would enhance their knowledge and be able to perform better in their responsibilities which would contribute to achieving GNH. Likewise, the political system in the country has a strong influence over the civil service HRM policies and practices through various HRM reform measures. The devolution of the executive authority from the monarch to the elected Council of Ministers in 1998 and the transition from the monarchy to the multi-party democratic system have enabled the Civil Service Commission to reform HRM functions in the civil service to align to these changes in the country. Much of the HRM functions have been devolved to the ministries and agencies since the major two changes of the political landscape in the country.

The national HRM context at the environmental level mainly consists of education and training. The data indicates that in the early 1960s there were fewer educated Bhutanese and about 90 per cent of the employees in the civil service were expatriates, mainly from India. Over the years, as more and more Bhutanese graduated from both within the country and abroad, the situation in the civil service has been reversed by replacing the expatriate employees. However, the Bhutanese labour markets are experiencing a shortage of skilled and qualified employees in the mid and senior positions which could be attributed to the higher salary in the corporate sectors and political parties.

The findings show good HR policies and practices are very important. Under HR policies, good governance, transparent HR system, caring organisations, adequate pay and benefits, and fairness are considered important for achieving GNH. The next chapter presents the discussion and analysis of findings which subsequently identify implications and theoretical contributions as well as contributions to modernisation of the civil service and HR management including the research gap for future research.
Chapter 6: Discussion and conclusion

6.1 INTRODUCTION

In the previous two chapters, the Bhutan context and the data from the interviews were presented. In Chapter 2 it was proposed that, based on Brewster’s (1995) model, the international context, national context, and national HRM context of any given nation influence the HRM strategies, policies and practices of organisations within that nation. However, research into how these factors affect the HRM policies and practices in the civil services of developing countries is sparse and in the case of Bhutan, little extant work is available. This study attempts to remedy this gap using Brewster’s (1995) model as a framework (see Figure 6.1) to examine the case of Bhutan, and this chapter now presents and discusses the findings. Two research questions were proposed based on the literature review:

Research Question 1

What is the model of HRM in the Bhutanese civil service?

Research Question 2

What is the alignment between civil service HRM and the goals of GNH?

Brewster’s (1995) model establishes a framework of environmental factors that he argues influence HRM decision making in organisations, based on evidence from the European Union. In the international context, Brewster argues that the European Union and its directives influence the policies and practices of the EU member nations’ governments. This international influence interacts with the national governments of EU countries to shape their cultures, economies and social practices.
The national context in turn influences the national HRM context. Brewster’s model indicates that organisations operating within a specific environment have their strategic direction, HR strategy and HR practices influenced by the environment in which they operate. Brewster asserts that these influences are two way and that the strategies and practices of organisations in turn shape the international, national and national HR contexts.

Figure 6.1 Brewster’s (1995) European HRM model

Source: Brewster’s HRM model (1995, p. 14)

The findings here report the factors explored in relation to Bhutan and the Bhutanese civil service. The findings indicate that at the international context level, there were some external influences on the Bhutanese civil service organisational strategy. Similarly, the international context exerted some influence over the national context and the national HRM context; however, this influence was not through coercion or pressure but based on the choices of the Bhutanese government and the Civil Service Commission. The national context (which includes cultural, economic, social, political and legislative systems) heavily influences the civil service strategy
and the HRM policies and practices that derive from that strategy. Buddhist culture and the focus on the achievement of happiness via good governance emerged as strong elements of the HR policies and practices through an emphasis on: fairness, equity, transparency, merit-based decisions, and being a caring organisation with strong ethical values. Similarly, the political system in Bhutan had a strong influence on civil service HRM policies and practices through various HRM reform measures. For instance, with the change from monarchy to parliamentary democracy in 2008, the civil service decentralised most of its HRM functions to align with the changes in the government to empower the employees involved in HR decision making. The national HRM context (which includes a push to improve education and training) aligned with the civil service strategy to replace expatriates (who previously comprised 90 per cent of the civil service) with national employees.

6.2 BHUTAN’S CIVIL SERVICE HRM MODEL (RESEARCH QUESTION 1)

The first part of this chapter considers the answer to research question 1 by proposing an HRM model of the Bhutanese civil service. The findings are presented in relation to the international context, national context and national HRM context proposed by Brewster’s (1995) model. The revised model can be seen in Figure 6.2.
International context and its influences

The data suggests that international factors indirectly influence the organisational strategy, HRM strategy and practices in the Bhutanese civil service as indicated by the dotted line (see Figure 6.2) whereas in Brewster’s (1995) European HRM model, there is a direct influence with the solid line. In addition, the difference between Brewster’s (1995) HRM model and the Bhutanese civil service HRM model is evident from the fact that RCSC strategy does not influence the international context; in the case of Brewster’s model the organisational strategy is able to influence the international context. So no arrow is appropriate from organisational strategy towards the international context, whereas there is a dotted line in the case of

6.3 INTERNATIONAL CONTEXT AND ITS INFLUENCES
Brewster’s HRM model indicating there are some indirect influences in the national HRM contexts.

While Bhutan is dependent on international aid, the respondents did not report any pressure to adopt liberal economic policies and New Public Management principles. In Bhutan, the main international influences include: the UN agencies, SAARC, WHO, the World Bank, the EU, the ADB of Bhutan, the IMF and donor countries—such as India, Australia, Denmark, the Netherlands, Norway, Switzerland, Germany and Belgium—with which Bhutan has bilateral relationships. The data suggest that there was no compulsion on Bhutan to adopt a western management system, in contrast to other aid dependent developing countries, for instance: Bangladesh (Siddiquee, 2003; Zafarullah & Huque, 2001), Nepal (Adhikari, 2012; Khadka, 1997), and China (Y. Zhu & Warner, 2004).

This study suggests that the international context influences HRM policies in Bhutan, but without coercion, as opposed to the situation in other countries previously studied (Adhikari, 2012; Siddiquee, 2003; Zafarullah & Huque, 2001). In the case of Bhutan, the data indicate the influences of western management models and practices, but their introduction arose through purposeful adaptation rather than imposition by international agencies and donor countries (Mathou, 2000). For instance, the concept of a small and efficient civil service, informed by NPM ideas, was proactively adopted for service delivery quality and effectiveness in the civil service. The international context also influences HRM strategy of the Bhutan civil service (devolution, transparency, pay and reward) at the organisation level.

There are two possible reasons for the lack of international pressure. Firstly, governance may be better developed in Bhutan than in other developing countries, hence there is little need for international bodies to impose pressure to improve governance. This is unproven, however, and requires further investigation. Secondly, Bhutan has already adopted a series of NPM aligned HRM reforms (devolution, transparency, corporatisation, small civil service) which are promoted by international funding bodies such as the World Bank and IMF (Aucoin, 1990; McCourt & Foon, 2007), so there is no need to use funding as a stimulus for efficiency changes. The adoption of western HRM practices could be strongly influenced by the UK education of the fourth king, who was instrumental in pursuing the reforms. Further, the education of other senior Bhutanese civil servants in
English-speaking countries may well have shaped each individual’s awareness of global civil service trends. Again, this would need further investigation to establish whether this opinion is correct.

At the organisational strategy level of the Bhutan Civil Service HRM model, the two key strategies adopted partly as a result of the influence from the international context are (1) a small and efficient civil service and (2) strengthening good governance. The idea of a ‘small and efficient civil service’ as a central strategy is consistent with the NPM principles of the developed nations. The data here show that Bhutan separated many of the government agencies and corporatised them from the early 1990s onwards to maintain a small civil service, in alignment with policies in developed countries to shrink the size of government, and in order to address potential economic downturns and increase the responsiveness of the bureaucracy. Respondents attribute the reforms and changes in the Bhutanese civil service to the leadership of the king. It is unlikely to be a coincidence that such reform measures were happening simultaneously in the developed countries. This suggests that the leaders of Bhutan attempted to identify and adopt what best suits its civil service from the experiences of the developed countries. In this way, international contextual factors have shaped the views of appropriate HRM strategies and indirectly influenced the strategy of the Bhutan Civil Service, as indicated by a dotted line in Figure 6.2.

The interactions among international context and corporate strategy factors take into account the contextual nature of HRM of specific countries. For instance, Budhwer and Sparrow (1998) identify that at the international context level, the HRM policies and practices in the UK are influenced by the EU and likewise, corporate strategy in the UK influences the EU, therefore, there is a two way influence indicated by the arrows in Figure 6.2 of Brewster’s (1995) HRM model. The situation in this study differed. In a small developing country such as Bhutan, there is influence from the international context; however, there is no influence from the RCSC corporate strategy towards the international context due to the comparative insignificance of the organisational level strategy of a developing country on the global stage.

Previous research in developing countries shows that there have been inward international influences with coercion, for instance, China was compelled to follow
international labour standards as per the labour international conventions and regulations (Y. Zhu & Warner, 2004). The World Bank, UN agencies ADB, donor countries and the IMF pressured Nepal to privatise state owned enterprises (Khadka, 1997) and to decentralise and streamline capacity building in the civil service (Adhikari, 2012). In Bangladesh, research conducted by Siddiquee (2003) and Zaffarullah and Huque (2001) found that there was international pressure from the IMF and ADB for greater transparency, accountability, reform of HRM policies and processes, decentralisation of HRM functions and pressure to maintain small government. These pressures and conditions imposed for HRM reforms from international agencies and donor countries represent the specific context of HRM policies and practices of these developing countries (Brewster, 1995).

However, international influence on Bhutan’s HRM is different from other commonwealth developing countries as there was no pressure or coercion for HRM reforms. This indicates there are special features in the context of Bhutanese HR policies and practices and that Bhutan, and likely many developing countries, have less capacity to influence the international agencies and donor countries.

In summary, the study findings show that in the developing countries which are dependent on financial assistance from donor countries and aid agencies, the international context has two types of influence: indirect, financial assistance without conditions imposed: and direct, financial assistance with conditions or pressure for influence. The evidence shows that the government of Bhutan situates to the former. The international context has not directly exerted pressure for influence due to a proactive stance by the government of Bhutan to adopt some of the western HRM management policies and practices that are relevant to modernisation of HRM in the civil service and strengthening good governance.

### 6.4 NATIONAL CONTEXT

At the national context level, the findings show that four contextual factors – GNH, Government/legislative system, socio economic development and leadership of the fourth king – influence RCSC strategy and HRM strategy of the Bhutanese civil service. These factors are discussed in the subsequent sections.
6.4.1 GNH and culture

The GNH (Gyelyong Gakid Pelzom) concept was expressed by his Majesty the fourth King in 1974 during his coronation day and was later developed into a framework for guiding the policy of Bhutan, helping to shape the country’s socio-economic development. The GNH has four main pillars: conservation and sustainable environment, preservation and promotion of culture, sustainable and equitable socio-economic development, and strengthening good governance. These four pillars shape Bhutan’s development strategies and policies and good governance as one of the four pillars of GNH guide HRM reforms in the civil service. The Bhutanese values, norms, beliefs and attitudes embedded in GNH in turn shape the HRM strategies and policies in the civil service.

However, there is a challenge to balance between economic and non-economic development in future. Ongoing globalisation, younger generations of Bhutanese being educated abroad, and satellite TV and other forms of easily accessible media potentially increase their materialistic desires. This could change the thinking and perceptions of culture and tradition which would pose a challenge for the future. On the other hand, GNH appears to be expanding across the globe. Adoption of happiness towards a holistic approach to development by UN during its 65th general assembly in 2011 (Zhang & Wildemuth, 2009) and GNH-USA in Vermont (Burns, 2011) indicate the influence of the national context towards the international context though in modest form.

6.4.2 Government and legislative system

The government and legislative system was found to influence HRM reforms in the civil service. In 1998 with the devolution of the executive authority of the king to the elected council of ministers and in 2008 when Bhutan became a democratically elected form of government, there was a prompt response from the civil service for reforms to align to the reforms of the government. Respondents relate that the 1998 devolution of executive authority and change of government to parliamentary democracy has acted as a catalyst and directly influenced the RCSC, its strategy and consequent HRM strategy. The data show that the 1999 civil service HRM reform structuring exercise (under the theme of ‘strengthening good governance’) and 2005 HRM reforms (under the ‘good governance plus’ theme) have common goals in aligning to the changes at the government level. The decentralisation of HRM
functions to line agencies and strengthening of institutions through the establishment of HR divisions in all ministries, agencies and establishment of the important Human Resource Committee (HRC) further reinforce the merit-based HRM policies and practices in the civil service. The establishment of the HRC has been vital as all the HR policy decisions are taken by this committee in all the ministries. Further, there were structural changes in the civil service and reconstitution of the commission members. For instance, with the institution of parliamentary democracy, full time commission members were appointed to further strengthen good governance through the civil service.

The leadership of the fourth king also played a role in the HRM reforms of the Bhutanese civil service. The fourth king instituted the decentralisation of administrative authority to the districts through establishment of Dzongkhag Development Committee in 1981 and Sub-district Development Committee in 1991, for people to discuss and prioritise their development plans. So, the HRM reforms in the civil service have been driven by the leadership of the king. Further, ministries and agencies themselves have realised that for efficiency and better performance, HRM reforms through decentralisation were a better choice. The civil service reforms have therefore been a top-down approach which is conceived and implemented by executive politicians and senior civil servants. Pollitt and Bouckaert (2004, p. 26) term this kind of reform approach as “elite and voluntaristic”.

The findings show that before decentralising HRM functions, necessary factors such as the establishment of HRM divisions in the ministries and agencies, training HR officers, and communicating and coordinating with the agencies necessary for successful decentralisation of HR functions, are being carried out. As suggested by Smoke (2003), one of the reasons why decentralised HR functions may not be successful in some developing countries can be due to lack of will and support from the government. Evidence here shows, as indicated by Tessema et al. (2009) and Turner & Hulme (1997), that how much to decentralise and centralise HRM functions is a continuous debate with the ideal a contextualised balance between decentralisation and centralisation of HRM functions. As suggested by Brewster’s (1995) HRM model, the Bhutan political and legislative system mostly influences the RCSC’s corporate strategy and HRM strategy at the organisation level.
6.4.3 Socio-economic development

Socio-economic development of the country has impacted on the HRM strategies and practices in the civil service. In the beginning of the modernisation and start of the first five-year planned economic development in 1961, there was a need for trained human resources in the fields of engineering, teaching, medicine, finance, agriculture and management. Historically, many expatriates (mostly Indian workers) had to be recruited to fill these vacant positions. The government’s strategy was to replace the expatriates, so more Bhutanese were sent for higher studies both in the country and overseas. Gradually more qualified nationals in various fields were available to replace foreign workers.

6.5 NATIONAL HRM CONTEXT

The factors in the national HRM context that proved relevant in this study are education, vocational training and labour markets. When the Bhutan government launched planned economic development in 1961, there was a large need for trained employees in the country and 90 per cent of the employees were foreign workers recruited mostly from India (RCSC, 1984). Since then Bhutan has placed a high priority on developing workforce capability through education and vocational training. The national HRM context influences HRM strategy and HRM practice in the civil service in meeting the requirement of qualified employees in the civil service. The findings show that the national HRM context exerts a strong influence on the policies and practices of the Bhutanese civil service through its educational and training programs. There are a growing number of educational institutions at the tertiary level within the country. Several vocational institutions under the Ministry of Labour and Human Resources help to produce the technically skilled employees required for the country. In addition, under the five-year plan, the RCSC sends several hundreds of employees overseas from within the civil service to pursue both short term courses and degree courses through various scholarships. Education has been shown to improve an individual’s happiness and wellbeing as it improves their general standard of living (Kittiprapas et al., 2007; Blanchflower & Oswald, 2004), however, employment needs to flow from educational attainment. This contextual factor is increasing the pool of qualified candidates available for the civil service and other organisations within Bhutan. When they return, there is an incremental impact
on HRM policies and practices as their return helps to meet the requirement of the trained and qualified employees in the civil service. The other visible impact of the national HRM environment is the replacement of expatriate employees with national employees in the civil service. There are however some contextual factors in Brewster’s (1995) HRM model that are as yet not relevant for Bhutan. For instance, trade unions do not exist in the national HRM context of Bhutan.

### 6.6 BHUTAN CIVIL SERVICE STRATEGY

The RCSC’s corporate strategy is to: (i) achieve a small and efficient civil service, and (ii) strengthen good governance through transparency, fairness and an apolitical civil service. The RCSC is one of the four constitutional bodies responsible for HR policy formulation and rule-making in the civil service which functions independently of executive control of the government.

The idea of an apolitical or non-partisan civil service is an HRM strategy practised in Bhutan, which is also implicit or explicit in the HRM policies in other Westminster systems. Bhutan’s Civil Service strategy is therefore influenced by international factors though not necessarily pressured or constrained. One of the reasons the leadership undertook a proactive initiative to catch up with the changes regionally and globally was to keep the country’s sovereignty in the forefront, as it is geographically located between two giant nations – China and India. This finding is in alignment with the research findings of Mathou (2000, p. 231) who identified that “preserving its independence has been one of the main objectives” in Bhutan.

At the organisational level of the RCSC’s corporate strategy, evidence here suggests that an apolitical, and small and efficient civil service influences the HRM strategy in the civil service. Being apolitical can help the employees in the civil service to remain professional while delivering their service without bias to any of the party who forms the government. The civil service is the biggest employer and implementer of the government policies and services; hence employees in the civil service could influence the voters in the villages. On the other hand, there is the possibility that the political parties could put pressure to favour their candidates for employment and training opportunities if the civil service does not remain apolitical. Therefore, this suggests that the concept of an apolitical civil service can impact on
the achievement of national happiness at the national context level and impact a merit-based system at the HRM strategy and HRM practice levels.

A small and efficient civil service is important in the national context and the HRM strategy. If there is a policy of a small and efficient civil service at the corporate strategy level, the bureaucracy will be small and resources to support them will be small. However, currently 2.3 per cent civil service in relation to the population in the country is considered above its stated strategy of small and efficient civil service (Dorji, 2014b). But there is no defined per cent of what should be the ideal total number of employees in the civil service in relation to the population of the country. For instance, even the developed nations such as Australia, the UK and the US have their total strength of employees in the government above 2.3 per cent. Nonetheless, in the case of Bhutan the percentage of civil service in relation to the population could range between 2.3 to 2.5 per cent. Should the percentage be lowered, it could adversely affect success in achieving GNH at the national context since many young educated would be deprived of jobs in the government, as there are limited jobs in the private sector in its expansion stage.

The HRM reforms in the Bhutanese civil service (for devolution of recruitment and selection, promotion, training, transfer and other HR management services to ministries and agencies and transparency, accountability and merit-based HR system) are not imposed by the donor countries and international financial institution. An important reason the leadership took a proactive stance was to catch up with the changes regionally and globally, to strengthen governance through HRM reform measures in the civil service.

6.7 BHUTAN CIVIL SERVICE HRM STRATEGY

Strategic HRM in the civil service helps to link HRM functions with the strategic goals and objectives of the civil service to achieve the required performance. Under the RCSC HRM strategy, the study findings suggest that the relevant strategies are decentralisation and devolution of HRM functions; equitable, fair and transparent employment policies and pay and reward systems, and replacement of policies and practices that are inequitable or do not contribute to GNH. These key elements are linked to good governance, which is one of the four pillars of the GNH. The GNH and culture have a strong influence at all of the three
levels of RCSC strategy, HRM strategy and HRM practice levels which are discussed in Sections 6.7, 6.8 and 6.9 respectively.

The findings however, show that there are inequitable pay and benefits practices for the employees in the civil service which are detrimental to achieving GNH. As previously described, at the senior level, there exist different pay and packages for the same responsibilities, creating potential for division or corruption, for instance in regard to travel expenses. The civil service pay and benefits could be periodically adjusted in line with market rates so that employees could support themselves independently instead of senior officers being obligated to assist them financially. This mechanism will also enable employees in the civil service to gradually save for their personal goals, which can help to contribute to GNH. In sum, with adequate pay and allowance, workers will receive fair treatment and be able to meet living and working expenses.

The findings indicate that fairness, equity and transparency in HR decision making would contribute to the achievement of national happiness. Fairness and transparency in HR decisions are considered important by the civil service and to uphold these important elements in HR decision making there are HR committees established in all ministries and agencies and HR auditing in the Civil Service Commission. The Anti-corruption Commission and Royal Audit Authority further act as mechanisms to ensure fairness and transparent HR decision making while dealing with recruitment and selection, promotion, transfer and selection of candidates for training and scholarships. All these indicate that there is a merit-based HR system in the civil service which is based on rule of law, transparency and fairness. However, the findings also suggest that Bhutan is a small traditional society which has both advantages and challenges. Advantage arises in terms of less complexity in HRM reforms for a small society. However the challenges include the potential for pressure from civil service officers’ relatives and close friends, which could lead to nepotism and compromise in HR decision making. But there are institutional mechanisms such as HR auditing and ACC and RAA to curb such kinds of favouritism and nepotism through policies, training and periodical audits.
6.8 BHUTAN CIVIL SERVICE HRM PRACTICE

The HRM in the civil service of Bhutan is fairly young and in transition. The cadre system in the civil service introduced in 1987 and position classification system (PCS) were introduced in 2007 to bring transparency and a merit system through HRM reforms in the civil service. HR practices need to be fair, open and transparent, with equal treatment as per the civil service rules as they affect the performance of the individual employees and organisations. HR practices are governed by the BCSR implemented by the HRMC chair by the Secretary in each ministry.

This study explored major elements of HRM practices of Bhutan that include: recruitment and retention in the civil service, transparent HRM policies and practices, merit-based HRM policies and practices, work-family balance, and pay and benefits commensurate with responsibility. The findings confirm recruitment and selection are working well. They are implemented as per the rules and regulations. However, the challenge is that agencies are not able to fill vacant positions in the mid position level owing to a lack of qualified employees meeting recruitment criteria such as professional background and experiences. On the other hand, the existing employees leave the agencies to join other organisations for a better financial package. Recruitment could be opened to applicants from outside the civil service to improve the pool of candidates.

An additional HRM challenge is the lower level of services and infrastructure outside the capital. With regard to transfer, agencies are not able to transfer married couple employees together as they do not have enough vacancies in the districts. Employees are unwilling to transfer to some places in districts that lack road facilities. For instance, teachers are reluctant to transfer to the remote areas. Another challenge is the training opportunities in the districts are limited which discourages many employees to opt for transfer to the districts.

Implementation of the performance evaluation process is a work in progress. However, the findings show a lack of linkage between the target setting and activities. Performance evaluation is completed on an ad hoc basis. For instance, performance rating is done either at the time of promotion or at the time of training. Respondents view the concept of a performance evaluation system positively;
however, there are several practical challenges. There is no clear target setting, and open ratings are not working because the open performance rating may not give a genuine rating. However, objective performance ratings play an important role for promotion and internal recruitment. Another main challenge is that performance target setting is currently not linked with the overall goal of the organisation. Further, the managers and supervisors in the field are not well trained to conduct performance appraisals, which further complicates the objectivity of the performance evaluation system.

A caring organisation and work-family balance are identified as important elements of HRM policies and practices in achieving the HRM strategy of the organisation and in the longer term, GNH. Different employees have different needs, and support without compromising the core values of rule of law and ethics is expected to help the employees meet their individual needs. All of these HRM policies and practices are valued by respondents indicating that the civil service is seen to be operating in a way that is consistent with the governance principles of GNH.

### 6.9 CIVIL SERVICE HRM CONTRIBUTION TO ACHIEVING GNH

The second section of this chapter attempts to answer Research Question 2 as to how the HRM in the Bhutanese civil service helps to enhance achievement of national happiness. This section argues that the GNH principles founded on the Buddhist values and principles of harmony, equity and fairness, accountability, trust and wellbeing of the employees, contribute to the long-term objective of the organisation and employment security.

The findings suggest that the HRM of the Bhutanese civil service is achieving its strategic objectives of achieving GNH, although there are some challenges in the achievement of national happiness. But the HRM reforms are moving in the right direction in strengthening good governance which is one the pillars of the GNH. At the corporate strategy level, an apolitical civil service and the policy of small and efficient civil service contribute to achieving the GNH.

The merit-based recruitment, training and promotion are important elements in strengthening good governance. Good governance founded on these important elements has important implications on the HRM policies and practices. Similarly,
capacity development is linked to GNH as well-educated employees help to strengthen the good governance. The pay and financial benefits commensurate with their responsibility are important elements in achieving happiness. The existence of employees in different levels of salary grades carrying the same responsibilities would cause concerns of disparity, however, these inconsistencies should be minimised through periodical reforms in standardising the salary grades and responsibilities. The work-family balance is seen as another important element of HRM practices to contribute to happiness. The civil service is young, however, it is becoming busier and recognition of the need for balance between the work and personal activities would begin to ease the pressure on the employees.

All the employees in the civil service cannot be sent for overseas training and those not able to access these opportunities feel disadvantaged. Similarly, employees in the capital city seem able to get more overseas training opportunities than those in the districts. However, the reality is that the overseas training slots are very limited as these are dependent on the offer of the donor agencies and donor countries. During the selection process the majority of the employees could be from the capital city as these employees are more aware of the opportunities, better qualified and may do better in the selection interview than those from the districts.

Another challenge to the GNH is youth unemployment. As the civil service is guided by the principle of a small and efficient civil service, all school leavers or graduates cannot be absorbed in the civil service. This has potential impacts for youth unemployment (as other employment opportunities are limited), leading to dissatisfaction which in turn would cause tension with the framework of the GNH.

In spite of the shortcomings of the GNH, its framework of a balanced view of wellbeing of the citizens and economic prosperity; equity and justice have significant influence over the organisational level strategy of the RCSC and the HRM strategy. One of the reasons why there appears to be less corruption in the HRM of the Bhutanese civil service as compared to the neighbouring countries could be attributed to the GNH framework, although there are perceptions of certain ongoing levels of nepotism and favouritism.
6.9.1 Apolitical civil service

The apolitical civil service, which is neutral and non-partisan, helps to strengthen good governance as the civil service should provide continuity and stability to serve any political party who forms the government. Unlike other countries where employees in the civil service are politicised, in Bhutan there is no political affiliation of the employees. In China for example, one needs to be a member of the CPC to be eligible to participate in the selection interview for employment in the civil service (Burns, 2007). Similarly, in Bangladesh, Nepal and other neighbouring countries, recruitment and selection in the civil service is politicised (McCourt, 2001a; Siddiquee, 2003; Zafarullah, 2000).

Bhutan is fairly new to the democratic system which leads to different understandings and differing perceptions of the concept of apolitical civil service. Being apolitical does not deprive civil service employees from casting their votes, likewise, when employees cast their votes it should not be construed as being political. However, for appointment at the higher position level, the government has direct influence as the appointment of Secretaries and the district Governors nomination list is finalised by the Prime Minister. In that sense, the system does permit some level of political influence while recruiting employees at the senior levels. The other challenge of the apolitical system is that in a close-knit society, loyalty ties to friends and relatives could possibly become hindrances to maintaining an apolitical civil service both in terms of which candidates should be voted for during the election and pressure by relatives and close associates to favour their candidates during recruitment and selection processes.

The evidence shows that through being apolitical and independent from government in discharging HRM functions, the civil service is able to exert its functions professionally without fear and consequences from the government. The findings indicate that when the five civil service commissioners including the chairperson are appointed, the appointing authority does not rest with the government alone. The appointment process for commissioners indicates that they are not obligated to favour the government as there are diverse players involved in their appointment. This structural mechanism in the appointment of civil service commissioners has two implications: (i) it reduces likely patronage and political executive control over the civil service HRM functions, (ii) the loyalty and
impartiality of commissioners will not be under suspicion when the government changes even if they were appointed during the previous government who was their opponent. This was not the case in Australia, when the new government led by Prime Minister Howard in 1996 retired six secretaries before completion of their term as they were appointed by their opponent in the previous government and the new government was doubtful of their impartiality and loyalty (Podger, 2007a, 2007b).

While the structural mechanisms provide strong authority to the Civil Service Commission over the HRM policies and practices, the commissioners and senior executives in the civil service still need to be professionally responsive to the directives of the government to sustain the apolitical nature of the civil service over a long period of time. If the civil service does not remain responsive and professional, the relations between the government and Civil Service Commission could begin to strain and the civil service could be branded as too bureaucratic and non-responsive. Although the government has no executive authority to reduce the authority of the commission over the HRM functions, it can always propose amendments and initiate structural reforms through the parliament to gradually increase political executive control over the civil service HRM strategies and policies. All these factors indicate that any government will have a keen interest in exercising its political executive control over the HRM functions in the civil service, which has also been the trend in other developed nations. The study shows that in the respective governments in developed nations, for instance in Australia and the UK, there were reductions in the authority of the commission with the single aim of increasing the political executive’s control over the management of the civil service HRM functions (Colley, 2011; Kimber & Maddox, 2003; Pollitt & Bouckaert, 2000; Ward & Stewart, 2010). The challenge for the Civil Service Commission in Bhutan is to maintain balance between its constitutional autonomy and being professionally responsive to the directives of the political executives.

6.9.2 Fairness and equity

Besides an apolitical civil service to strengthen good governance, the findings indicate that fairness, equity and transparency in HR decision making would contribute to the achievement of national happiness. Fairness and transparency in HR decisions are considered important by the civil service and to uphold these important
elements in HR decision making, there are HR committees established in all ministries and agencies and HR auditing in the Civil Service Commission. The Anti-corruption Commission and Royal Audit Authority further act as mechanisms to ensure fairness and transparent HR decisions while dealing with recruitment and selection, promotion, transfer and selection of candidates for training and scholarships. All these indicate that there is a merit-based HR system in the civil service which is based on rule of law, transparency and fairness. However, as previously noted, the findings also suggest that Bhutan is a small close-knit society which has both advantages and challenges. Advantage occurs in terms of less complexity in HRM reforms and the challenge arises from the closeness of kinship and friendship ties which could lead to nepotism and compromise in the HR decision.

The findings indicate that favouritism and nepotism are the main sources of concern in regard to potential corruption in the HRM functions in the civil service. If the HR decision-making authorities in the ministries continue to avail short term training opportunities themselves, this could lead to abuse of authority. Fewer training opportunities for employees in the districts as compared to those in the capital city could affect the happiness of the employees. However, the new HRM policies and practices have been changing for the better. The HR auditing services, the Royal Audit Authority, and the Anti-Corruption Commission are playing an important role in ensuring fairness in HR practices.

6.9.3 Capacity development

Capacity development in the civil service is important for strengthening good governance which helps to contribute towards achieving GNH. The data indicate that capacity development is crucial in the civil service as it helps to broaden their understanding and improve capacity to deliver professional public services. Over the five years from 2008 to 2012 about 2,500 employees in the civil service have been trained (RCSC, 2013), which includes both short term and long term professional development courses in the country and overseas. Consistent with the recognition of the importance of the capacity development for strengthening good governance to contribute to achieving GNH, the resources for capacity development have been mostly the financial assistance of donor countries, which may not be sustainable in the long term. Allocation of some financial resources from the government may help
to sustain the capacity development on a continuous basis. The other challenge arises as more and more employees are trained and educated outside Bhutan, and they may become critical of the culture. However, some of them may appreciate the GNH even more if they may find it much better than the system in existence in the host country during their study.

6.9.4 Pay and benefits

The findings indicate that adequate pay and benefits are important elements in the civil service, which has implications for achieving GNH. As expected, there is a salary gap between the employees at the support level positions and management level positions. However, at the senior level, there exist different pay and packages for the same responsibilities. The employees at the management level positions are quite comfortable in comparison to those lower level employees in terms of what they are paid. The findings show that there currently are inadequate and inequitable pay and benefits for the employees in the civil service, which may be detrimental to achieving GNH. It is worth considering though that Clark, Frijters and Shields (2008) suggest that while income is important for happiness additional income does not increase wellbeing in the long run beyond subsistence level. Practices have developed informally among employees to assist lower paid workers, however these practices can result in corruption and further inequity. As the majority of the employees in the civil service are in the support levels, one of the ways to remedy these challenges could be to peg their salary at the market price so that during inflation they are not negatively impacted.

6.9.5 Decentralised HRM functions

Decentralised HR policies and practices in the Bhutan Civil Service are expected to strengthen good governance to contribute to achieving GNH. With one exception, all participants in this study consider decentralisation would significantly help to strengthen good governance. Much of the HRM functions up to the professional and management category have been decentralised to ministries and districts and only at the executive level are managed by the central personnel agency or the RCSC. Although the final recommendation for the appointment of the Secretaries to the government and the few executive posts such as Governors (Dzongdags) in the districts and Secretary General for the National Assembly or the
Lower House and the National Council or the Upper House are done by the Prime Minister, the rest of the ministers who are the head of the respective ministries and department are structurally outside the HRM functions. This limits the executive authority of the ministers in important matters involving HRM policies and practices which might cause tension with the Secretary within the Ministry and the RCSC. However, the World Bank sponsored civil service reforms in the decentralisation of HRH functions in Sri Lanka and Nepal have not been encouraging as the local politicians and leaders interfere in the recruitment and selection and pose a challenge to the merit-based HRM system. This is indicative of the preference of the centralised HRM functions with the Bhutan Civil Service Commission as opposed to the decentralisation to the ministries and agencies.

The findings indicate that one third of participants perceive that there is misuse of authority with the decentralised HRM functions. The HR committee members are perceived to be ignored by the department heads, who nominate their own candidates for various HR decisions. While these are perceptions only they indicate some of the flaws of the decentralised HRM functions. On the other hand, about 18 per cent of participants perceived that decentralised HRM practices are working well. There are expectations of more decentralisation of HR functions as almost twenty percent of participants believe that more HR functions need to be decentralised further to the districts. While it is the desire of the ministries and districts for further decentralisation of HRM functions in the Bhutanese civil service, too much decentralisation may further increase the challenge to reach a balance between the centralised and decentralised HR functions, which would affect performance. However, even if there is further decentralisation, the present structure would limit the ministers in taking HR decisions in their own ministries and departments. Sooner rather than later, they might realise that although they are elected by the citizens through the majority of the votes, the authorities of ministers are constrained in terms of the HR decision-making authority.

To sustain the decentralised HRM functions and for any HRM reforms to be successful, it could be ideal as well as logical to work in close consultation with the ministers and the government instead of the civil service taking its decision by itself. However, the trend has been that as the democracy matures, the government in both developed and developing countries exert their political executive control over the
HRM decision more than the autonomous Civil Service Commission, and Bhutan may not remain an exception. Maintaining a balance between the centralisation and decentralisation could achieve peak performance helpful for strengthening the good governance and in achieving GNH.

6.9.6 Culture of caring organisation and work-family balance

A caring organisation and work-life balance are indicated as important elements of HRM policies and practices in achieving GNH. Equitable, flexible practices to meet differing employee needs without compromising the core values of rule of law and ethics are expected to help the employees and improve overall happiness (Forgeard et al., 2011; Kittiprapas et al., 2007; Atkinson, Lucas & Hall, 2011). Facilitating flexi-time for working mothers for breastfeeding, granting bereavement leave for employees during the demise of their family members, and encouraging compulsory leave to enable them to spend time with their family and vacations (e.g. for pilgrimage travel) would further help to meet the diverse needs of the employees. However, just encouraging compulsory leave may not be helpful if there is no adequate financial support to support this type of compulsory leave. Adequate paid holiday leave would further boost the productivity and happiness of employees.

6.10 THEORETICAL CONTRIBUTION

The study findings contribute new knowledge through identifying and proposing an HRM model in the Bhutan civil service. Brewster’s (1995) HRM model has provided a framework for this study incorporating factors which indicate that international context, national context and national HRM context determine the corporate strategy, HRM strategy and HRM policies of developing countries. The various factors interact between the environmental level, which consists of international, national and national HRM factors, and the organisational level which consists of corporate and HRM strategies and HRM practices.

The interactions among these factors take into account the contextual nature of HRM in a country (Brewster, 1995). For instance, at the international context, the HRM policies and practices in the UK are influenced by the EU and likewise,
corporate strategy in the UK influences the EU, therefore, there are two way influences indicated by the arrows from each direction of Brewster’s (1995) HRM model (see Figure 6.1). In a developing country such as Bhutan, as established earlier, there is influence from the international context only; however, there is hardly any influence from the RCSC corporate strategy towards the international context. Past studies in developing countries showed that there were international influences with coercion, for instance China, Bangladesh and Nepal (Adhikari, 2012; Khadka, 1997; Siddiquee, 2003; Zafarullah & Huque, 2001; Y. Zhu & Warner, 2004) were pressured: (i) to follow international labour standards as per the labour international conventions and regulations; (ii) to privatise state owned enterprises and decentralise HRM authorities and functions; (iii) to establish greater transparency, accountability; and (iv) to maintain small government. These pressures and conditions imposed for HRM reforms from international agencies and donor countries represent the specific context of HRM policies and practices of these developing countries (Brewster, 1995).

In Brewster’s (1995) HRM model, the corporate strategy at the organisational level influences international context, though not as strongly as influences from international context to corporate strategy. However, in the Bhutan HRM model, the findings show that there is influence from one direction only, which is from the international context to the RCSC’s corporate strategy and no influence from the RCSC’s corporate strategy towards the international context. In terms of the influence from the international context to the national context and vice versa, future research could investigate the influences between the international context and national context as this study mainly focuses on influences from the environment level to the organisation level.

At the national context level, the Bhutanese civil service HRM corporate and HRM strategies are mostly influenced by GNH and the nature of government and its legislative system. Similarly, to achieve national happiness and to implement the government programs, civil service HRM policies and functions are equally influential as indicated by arrows from both directions between the national context and HRM strategy (in revised Figure 6.2). This could be the contextual factors which indicate that civil service HRM, in the absence of a multinational and private sector, plays a pivotal role in good governance and delivering government programs and
services in achieving GNH. In Brewster’s (1995) HRM model, the influence is more from the national context towards the HRM strategy and less influence towards the national context from the HRM and corporate strategy. Similarly in the national Bhutan HRM context, educational and vocational education have strong influence over the HRM policies and practices; however, there is less influence towards the national HRM context from the HRM policies and practices which is similar to that of Brewster’s model. This study therefore contributes new knowledge by building a model of civil service HRM in Bhutan and in the process extending Brewster’s (1995) HRM model for application in developing countries.

Notably, Bhutan’s civil service HRM model is founded on the GNH principle where some of the core values are similar to that of the Public Values Model, indicating that the values of GNH and PVM align in promoting good governance and community-held values. For instance, just as the PVM approach is beyond the market-oriented approach, the GNH approach is towards a holistic approach to development and not just confined to GDP and economic growth. Both the PVM and GNH emphasise the importance of broader aspects of social values including equity, fairness, due process, transparency, wellbeing and social harmony. Relevant civil service values could be grafted with other elements of NPM and PVM frameworks based on the needs of the specific countries. An apolitical civil service and merit-based HRM (derived from the traditional model of civil service since Northcote-Trevelyan of 1857) are still found relevant in strengthening good governance. Therefore, this study indicates that the traditional model of civil service cannot be totally criticised and ignored in the drive towards adopting NPM model.

6.11 POLICY AND PRACTICAL IMPLICATIONS

In place of GDP, Bhutan has adopted GNH to measure the progress of socio-economic development since GNH is considered as holistic approach to development which includes economic indicators, health, culture and environment are considered as better measures of progress (Hagan, 2013). With the instability of financial system, prevalence of inequity, mass environmental degradation, GNH provides an alternative approach to development (A. Kelly, 2012). Bhutan measures socio-economic development by measuring the happiness of its people and instead of GDP (Braun, 2009). To enable the policy makers to measure the goals of GNH, 124
variables, 33 indicators, 9 domains and 4 pillars have been developed through nationwide surveys conducted in Bhutan in 2007 and 2010 to measure the level of happiness across the Bhutanese society (Ura, et al., 2012). The GNH index measures the wellbeing and happiness of the Bhutanese society according to the 9 domains ‘(psychological wellbeing, time use, community vitality, cultural diversity, ecological resilience, living standard, health, education, good governance)’ (Ura, et al., 2012, p. 1).

The findings are important for HRM policy makers and practitioners in modernising the civil services of developing countries, particularly for those countries which have recently transitioned to a parliamentary democratic system of governance and are dependent on aid from international agencies and donor countries. As shown by this study’s findings, several major HRM reforms have been carried out in the civil service of Bhutan to further streamline, restructure and modernise Bhutanese bureaucracy since 1982. There were no proper structures previously, employees were recruited and promoted on an ad hoc basis. The system has come a long way; however, much needs to be done to enable the civil service HRM to strengthen the good governance to contribute further to achieve national happiness. Based on the findings of the study, the following are recommended for further modernisation of HRM in the Bhutanese civil service and its contribution to GNH. It is hoped that the recommendations make a contribution to ongoing HRM reform movement in the Bhutanese civil service.

6.11.1 RCSC strategic level

The key elements at the RCSC strategic level are: (i) a small and efficient civil service, and (ii) an apolitical civil service to strengthen good governance, as previously identified. The civil service is the biggest employer in the country. If the strategy of the RCSC is to decrease the intake of employees in its pursuit of a small and efficient civil service it may impact on the GNH, as there is already a high percentage of youth unemployment in the country. Studies show that unemployment has a negative impact on individuals (Frey & Stutzer, 2000; Helliwell, 2003; Stutzer, 2004), so steps will need to be taken to ensure that young people are not disenfranchised by unemployment. When compared to the civil service of other countries, examples as high as 4.5 per cent of employees in the government were found, however Bhutan’s employees in the civil service are only about 2.3 per cent
(RCSC, 2012) of the total population in the country. Moreover, the nascent Bhutan private sector has limited capacity to employ job seekers. From this perspective, it is recommended that the civil service in Bhutan should aim at a sustainable level of around 3 per cent to 3.5 per cent employment. This would continue to enable people to find work and add to their happiness as they would become productive citizens.

In terms of a neutral or apolitical civil service, except for those in the office of the RCSC, the findings of the study show that a majority of the employees, even at the executive levels, have different views and a different understanding on the concept of the apolitical or the neutrality in the civil service. It may be imperative for the Civil Service Commission to educate employees in the civil service to achieve common understanding of the concept of the apolitical civil service. Owing to the lack of this common understanding of the apolitical concept, even if the employees in the civil service are closely interacting for social or for business with the members of the party either in the government or in the opposition, there seems to be a tendency of suspecting them to be a supporter of some political parties. While it is understandable that the democracy is new to Bhutan, which just started formally in 2008, this tendency of suspecting each other should fade away as the system matures.

However, there are issues at the structural level that need attention. Structurally, the RCSC and its members as constitutional office holders are independent and autonomous in their decision making and discharging their business, while the commissioners may have to interact more with the party in the government and the secretaries of the ministries. Just as in the PVM, the managers are required to interact with the three triangles (political party, legislators and employees) to sustain and create public values (Moore, 2000; Weinberg & Lewis, 2009; Williams & Shearer, 2011; Zhang & Wang, 2010). It could be more beneficial if the commissioners, members of the party and the legislators meet from time to time to clarify and assess the progress and achievement of the programs and projects in the civil service. This arrangement should to put all the members of the three different institutions on the board in harmony and reduce a compartmentalised work atmosphere. On the other hand, the government would be able to keep track of the performance in the civil service.
6.11.2 Strategic approach to HRM in the civil service

The Civil Service Commission needs to adopt a strategic approach to HRM in the civil service to integrate fairness and equity, merit-based HRM, capacity development, pay and benefits, and the culture of a caring organisation and work-life balance. This strategic approach to HRM in the civil service would strengthen good governance.

In terms of equity and fairness, there are strong rules, a civil service act, and the members of the HRC are required to declare their conflict of interest. In addition, the recent institution of HR auditing in the civil service to ensure fairness and equity in the civil service should further strengthen good governance. However, there are still sizeable numbers of employees in the civil service who perceive the existence of unfairness in the system. While this could be perceptions and procedural aspects only, to some extent their perceptions could be true given the fact that in a small society there is pressure from relatives, close friends and people in influential positions for employment, promotion, training and transfer to better departments and better locations of postings. It would further increase the credibility of the Civil Service Commission if clear, transparent, merit-based policies and appeals processes were introduced.

Capacity development is required to be one of the key strategic components of HRM in the Bhutanese civil service. A very small country with barely a little over half a million population that is situated between the two largest and most populated countries, Bhutan needs an educated and skilled population to sustain its sovereignty and strengthen good governance. The study findings confirm that importance has been placed on capacity development in the civil service; however, there has been heavy reliance for financial assistance from donor countries and aid agencies. Commitment of ongoing financial resources from the government for capacity development ensure the HR planning for capacity development. Equally important is the development of a critical mass of employees in the civil service for leadership positions in each ministry and department. This could be achieved by recruiting the top students after completion of their high school education and sponsoring them for their further studies.

The Civil Service Commission is responsible for pay and benefits in the civil service although the authority of financial aspects lies with the ministry of finance.
and the government. The study indicates that there are inequitable practices, for instance, inadequate pay and benefits for employees in the support category, which could have implications for good governance and GNH. With adequate pay and entitlements, employees in the civil service will be able to aspire to work-life balance and happiness.

Merit-based recruitment and selection in the civil service would further contribute to GNH. The findings indicate that there are still some areas such as overseas postings or transfers where there is a perception of a lack of transparency, which has negative implications for the happiness and engagement of the employees. For example, the procedures by which the finance personnel from the Ministry of Finance; Trade Attaché from the Ministry of Economic Affairs; Agriculture and Marketing Attaché are selected for their overseas transfers in the Bhutanese embassies are perceived to be not transparent. Also, there could be diversification of more positions for overseas posting in the Bhutanese embassies instead of confining this to a few ministries only. For instance, Scholarships and Fellowships from the Ministry of Education and Visa Attaché from the Ministry of Home and Cultural Affairs would help to diversify the representative of employees in the overseas Bhutanese embassies.

Further decentralisation of HRM functions may not be required; however, achieving a balance between the decentralisation and centralisation of HRM would help to achieve performance. The critical factors necessary for successful decentralisation need to be in place. The HR officers and members of the HRM have to be updated in the skills and knowledge from time to time to successfully manage the decentralised HRM functions.

6.12 LIMITATIONS OF THE STUDY

The limitations of this research study are, not unexpectedly, linked to its nature as a single case study. The case study explores and illustrates a phenomenon in a single country with rich and deep data obtained through a qualitative design. The findings therefore are specific in the details of their context.

As previously established, certain limitations were experienced in the practical procedures of the research in regard to: (i) document access, (ii) respondent sensitivity to certain questions, (iii) the resource-intensive nature of the chosen
research method, and (iv) the geographically dispersed respondents. The study could not reach every district of Bhutan as initially planned, owing to the constraints of travel, remoteness and time factors. Data gathered from the interview participants consists of only the mid managers and executives, thus the views of the support employees were not included in the findings. A more important limitation arises from the fact that the model may well be applicable to developing countries only.

### 6.13 FUTURE RESEARCH AREAS

The research examined HRM reforms in the civil service using (i) Brewster’s (1995) HRM model identifying six dimensions of HRM: international context, national context, national HRM context, RCSC strategy, HRM strategy, HRM policies and practices; and (ii) exploring the contribution of HRM policies and practices of the Bhutanese civil service to the achievement of national happiness. But, as a single qualitative case study, the study findings are generalisable to analytical and theoretical frameworks; they are not generalisable to populations. For future research, a mixed method empirical study could be conducted to extend the generalisability of the findings.

The study has explored and illustrated how HRM policies and practices contribute to GNH in Bhutan. Future studies could be undertaken to analyse the perspectives of employees at all three civil service levels: Executive category, Professional category, and Supervisory and support category, which would help to determine whether the civil service is achieving its strategic goals and objectives to contribute to GNH. Further research on how the national context and national HRM context influence each other at the environmental level could also be conducted. In addition, comparative studies could be undertaken to directly explore civil service HRM across a range of emerging democracies and developing countries.

### 6.14 SUMMARY

In summary, this study has analysed and discussed the HRM reforms in the Bhutanese civil service using the framework of Brewster’s (1995) HRM model. The prime motivation for the research was the lack of empirical research analysing how various aspects of HRM in the Bhutanese civil service contribute to enhance GNH. These findings are important for civil service HRM policy makers and practitioners.
in less developed countries. The findings contribute new knowledge through proposing a civil service HRM model in Bhutan and address the lack of empirical research on civil service HRM in Bhutan, which is important due to its role as one of the largest and most influential employers in the country. Brewster’s (1995) HRM model helped to guide for the structure this research, which has been conducted from the perspective of how different factors, which include international context, national context and national HRM context, influence and shape the civil service HRM model in Bhutan.

This study has also validated the relevance of Brewster’s (1995) HRM model in a less developed country context. Brewster’s (1995) HRM model incorporates elements present in the international context that are important for developing countries but are not present in cross-national, and organisation-based models (e.g. Beer, et al., 1984). Moreover, although the model has been tested in the past using the quantitative research method, this study makes a new knowledge in the HRM field by establishing this model’s ability to organise, structure and explain the qualitative data collected from the participants which are embedded in the context of Bhutan, hence able to extend the applicability of Brewster’s (1995) HRM model. Overall, this study has found that although there are some significant differences between Bhutan’s civil service HRM model and Brewster’s (1995) HRM model, Brewster’s (1995) model has been useful in analysing and interpreting the various factors which influence to shape Bhutan’s approach to civil service HRM.

Good governance is one of the four pillars the GNH. Efficiency, transparency, and accountability are integral part of the government of Bhutan and the main elements of good governance which are internalised as GNH values (Bhuti, 2014, September 5). The findings suggest that HRM policies and practices in the civil service play a significant role in achieving GNH. A neutral and non-partisan civil service is important for providing continuity and stability to the government. However, the study suggests there are differences in understanding the concept and application of the apolitical civil service which can affect GNH. In terms of fairness and equity in HR decision making, the evidence shows that there are proper procedures, checks and balances instituted for merit-based decision-making. However, in Bhutan’s small society, there are perceptions of nepotism and
favouritism in HR decisions for employment, training, promotion and transfer. All these factors may pose one of the main challenges affecting contribution to GNH, although HR Audit, Anti-Corruption and Royal Audit Authority have been introduced to reduce perceived nepotism and favouritism. Capacity development, adequate pay and benefits, decentralised HR functions, improving basic infrastructure, caring organisation and work-family balance would play important roles in achieving GNH.

For future research, comparative studies could be conducted to study the relevance of Brewster’s (1995) HRM model to establish civil service HRM models in other emerging democracies and developing countries. Further, since the data were gathered from senior civil servants and decision-makers in Bhutan, the perspectives of operational HRM civil servants could be gathered to increase the understanding of HRM operational issues and practices in the Bhutanese civil service.


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Yin, R. K. (2011). Qualitative research from start to finish. Spring Street, New York: Guilford publications, INC.


Appendices

Appendix 1: Ethics Clearance from QUT

From: QUT Research Ethics Unit
Sent: Thursday, 4 October 2012 2:04 PM
To: Ugyen Tshewang; Robin Price; Claire Gardiner; Anne Pisarski
Cc: Janette Lamb
Subject: Ethics Application Approval -- 1200000557

Dear Mr Ugyen Tshewang

Project Title: The civil service reforms in a new democracy: the case of Bhutan

Ethics Category: Human - Low Risk
Approval Number: 1200000557
Approved Until: 4/10/2015 (subject to receipt of satisfactory progress reports)

We are pleased to advise that your application has been reviewed by your Faculty Research Ethics Advisor and confirmed as meeting the requirements of the National Statement on Ethical Conduct in Human Research (2007).

I can therefore confirm that your application is APPROVED. If you require a formal approval certificate please respond via reply email and one will be issued. Before data collection commences please ensure you attend to any changes requested by your Faculty Research Ethics Advisor.

CONDITIONS OF APPROVAL
Please ensure you and all other team members read through and understand all UHREC conditions of approval prior to commencing any data collection:
Standard: Please see attached, or go to
www.research.qut.edu.au/ethics/humans/stdconditions.jsp
Specific: None apply

Decisions related to low risk ethical review are subject to ratification at the next available UHREC meeting. You will only be contacted again in relation to this matter if UHREC raises any additional questions or concerns.

Whilst the data collection of your project has received QUT ethical clearance, the decision to commence and authority to commence may be dependent on factors beyond the remit of the QUT ethics review process. For example, your research may need ethics clearance from other organisations or permissions from other organisations to access staff. Therefore the proposed data collection should not commence until you have satisfied these requirements. Please don't hesitate to contact us if you have any queries.

We wish you all the best with your research.

Kind regards
Janette Lamb on behalf of the Faculty Research Ethics Advisor

Research Ethics Unit | Office of Research | Level 4 88 Musk Avenue, Kelvin Grove | Queensland University of Technology
p: +61 7 3138 5123 | e: ethicscontact@qut.edu.au | w: www.research.qut.edu.au/ethics
Appendix 2: Approval for fieldwork from QUT

Dear Ugyen,

OVERSEAS FIELDWORK

The Research Degrees Committee has recommended to the International Students Office approval of your request for Overseas Fieldwork 25 October 2012 to 5 December 2012.

This leave does not affect your Candidature Milestone Dates. You can access your milestones on the student portal “Portia”. Portia can be accessed via QUT Virtual and you will need your QUT Access username and password – log in as Student and use the first 10 digits of your current QUT student password.

Please contact the either your Faculty Research Administration Officer or the Research Student Centre if you have any queries relating to your candidature, or International Student Business Services if you have any queries relating to your Visa.

Best wishes with your research.

Sincerely,

Tracey Jamieson

Tracey Jamieson  |  Assistant Candidature Officer | Research Students Centre | Division of Research and Commercialisation | QUT

Level 4, 88 Musk Ave, Kelvin Grove QLD 4059 | ph 3138 4395 | fax 3138 1304 | Email : t.jamieson@qut.edu.au or research.candidature@qut.edu.au | CRICOS No 00213J

Higher Degrees Research students and supervisors now have access to a dedicated Helpline which can assist you in your research journey. Details at http://www.rsc.qut.edu.au/studentsstaff/Research_services/helpline.jsp
Appendix 3: Approval of the RCSC

ROYAL GOVERNMENT OF BHUTAN
ROYAL CIVIL SERVICE COMMISSION

RCSC/HRDD(HRDC)2012/53

8 August 2012

Ugyen Tshewang,
PhD Candidate,
Queensland University of Technology,
Brisbane, Australia.

Dear Ugyen,

The Royal Civil Service Commission is pleased to approve your field visit to Bhutan for data collection for your PhD. We are certain that it will be a good opportunity to take the ground reality in Bhutan into account for your study.

We wish you all the luck and success with your PhD at QUT.

Best regards.

Yours sincerely,

(Sanjay Dorji)
for the Royal Civil Service Commission

THIMPHU BHUTAN, Post Box No. 163, Tel. No PABX 00975-2-322491, 322954, 322956 Fax No 00975-2-323086, 325980
Email rcsc@rcsc.gov.bt

Appendices
23 July 2012

Dasho Sangay Dorji
Honourable Commissioner
Royal Civil Service Commission (RCSC)
Thimphu, Bhutan.

Dear Dasho,

It was nice talking to you over the phone recently and I am happy to learn that you and your family are all in sound health.

As submitted over the phone, the timeline is approaching closer for data collection which is a part of my research journey. The topic of proposed research is on "Civil service reforms in a new democracy: The case of Bhutan". Since Civil service reforms and their implications for human resource (HR) policies and practices have direct relevance to a central personnel organisation like RCSC, I would like to conduct interviews with a few senior officials in the RCSC to understand their individual perceptions and insights on the changes taking place in the civil service. The information obtained as part of my research will potentially be of value for the RCSC as it may help identify potential improvements in HR policies and practices.

One of the rules for ethical data collection at Queensland University of Technology, and in Australia more broadly, is that confidentiality of participant’s information must be maintained. This means that while I propose to interview members of the RCSC, no one individual will be identifiable from any data reported. Interview respondents will be identified by a number when reporting my findings, for example, HR manager 1. I am required to gain permission for research access from you as the Commissioner for the Royal Civil Service Commission before I can apply for QUT ethical clearance for my research project and before I can approach the heads of agencies and ministries for research access.

[Signature]

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I will be grateful if Dasho could kindly approve my request for data collection from the RCSC which will be done via interviews sometime in October, 2012. There will be no financial implications to the government of Bhutan during my data collection visit to Bhutan.

Thanking you, Dasho.

Yours faithfully,

Ugyen Tshewang
Higher Degree Research (HDR) candidate
School of Management, QUT Business School
Queensland University of Technology,
Brisbane, QLD 4120
Email: Ugyen.tshewang@student.qut.edu.au
Mobile# 0061 435 306 925

Countersigned by Principal Supervisor

Dr. Robin Price
(Principal Supervisor)
Senior Lecturer
School of Management, QUT Business School
Queensland University of Technology,
Brisbane, QLD 4120
Phone No: +61 7 3138 2790
Email: r.price@qut.edu.au
Appendix 4: Sample approach email

Subject Title: The Civil Service Reforms in a New Democracy: The Case of Bhutan

Dear colleagues,

My name is Ugyen Tshewang from the School of Management, QUT Business School in Brisbane, Australia. I am undertaking PhD research into the Civil Service Reforms in Bhutan under our new democratic system. I would appreciate your help for this study. I am looking for senior officers and mid HR Managers for face to face interviews to understand your perceptions and insights of the civil service reforms and their implications on human resource policies and practices.

The Royal Civil Service Commission has granted permission for me to conduct this research and is interested in the findings. The interviews will take about an hour of your time and I am happy to meet with you at your convenience.

Please view the attached participant information sheet for further details on the study and how to participate. Please note that this study has been approved by the QUT Human Research Ethics Committee (approval number 120000557).

Many thanks for your consideration of this request.

Ugyen Tshewang  
PhD Student  
School of Management  
QUT Business of School  
Queensland University of Technology  
Phone: # + 61 (7) 3138 9178  
Email: ugyen.tshewang@student.qut.edu.au
Appendix 5: Participant information

CONSENT FORM FOR QUT RESEARCH PROJECT
– Interview –

The Civil Service Reforms in a New Democracy: The Case of Bhutan

RESEARCH TEAM CONTACTS

(1) Ugyen Tshewang, PhD Student, School of Management, QUT Business School, QUT
Phone # +61 (7) 3138 9178; Email: ugyen.tshewang@student.qut.edu.au

(2) Dr. Robin Price, Senior Lecturer, School of Management, QUT Business School, QUT
Phone # +61 (7) 3138 2790; Email: r.price@qut.edu.au

DESCRIPTION
This research project is being undertaken as a part of PhD study at the School of Management, Queensland University of Technology in Brisbane. The purpose of this project is to examine the civil service reforms in Bhutan and how it impacts on the human resource (HR) functions within the civil service in Bhutan. I, as the researcher, request your assistance and cooperation as you have considerable relevant experience and because of your unique positions in the organization.

PARTICIPATION
Your participation in this project is entirely voluntary. If you do agree to participate you can withdraw from the project without comment or penalty. Your decision to participate or not participate will in no way impact upon your current or future relationship with your Department or with your employer, or with QUT.

Your participation will involve responding to open ended and semi-structured interview questions which will be tape recorded and transcribed. The audio recording will be safely stored for a minimum of three years at QUT after the interviews have been transcribed. Questions will include, for example: 1. what are your broad responsibilities? 2. what are the objectives and strategies of your office/agency? 3. Give a few examples of what are working well and what are not working well. Interviews will take about 45-60 minutes.

EXPECTED BENEFITS
As the objective of this research project is to analyse the civil service reforms and come up with possible models and recommendations to improve the HR strategies and functions, the research will potentially recommend policies and practices to improve the HR functions and management of the civil service. This in turn may benefit the staff working in the civil service.

RISKS
There are no risks beyond normal day-to-day living associated with your participation in this project. The only risk is that by spending about 45 minutes to an
hour with the researcher, this may impact on your other normal business. In the event, you decide to withdraw from the interview during the participation; you will be allowed to do so.

PRIVACY AND CONFIDENTIALITY
All comments and responses are anonymous and will be treated confidentially. Only myself as the researcher and my supervisors will be able to access the data collected. Your confidentiality will be maintained and your identity will be reported as HR Officer 1, for example.
The research project is funded by an Endeavour Postgraduate Award from the Government of Australia. However, the Government of Australia will not have access to the data collected during the research project.

CONSENT TO PARTICIPATE
Your consent via email for agreeing to interview will be considered as a sign of your consent to participate in the research project. Further, at the time of the interview, I will ask you to sign a written consent form to confirm your agreement to participate in the interviews and to be recorded.

QUESTIONS / FURTHER INFORMATION ABOUT THE PROJECT
If you have any questions or require any further information please contact the above cited research contacts whose details are provided at the top of this form.

CONCERNS / COMPLAINTS REGARDING THE CONDUCT OF THE PROJECT
QUT is committed to research integrity and the ethical conduct of research projects. However, if you do have any concerns or complaints about the ethical conduct of the project you may contact the QUT Research Ethics Unit on [+61 7] 3138 5123 or email ethicscontact@qut.edu.au. The QUT Research Ethics Unit is not connected with the research project and can facilitate a resolution to your concern in an impartial manner.

Thank you for helping with this research project. Please keep this sheet for your information.
Appendix 6: Consent Form

The Civil Service Reforms in a New Democracy: The Case of Bhutan

RESEARCH TEAM CONTACTS

(1) Ugyen Tshewang, PhD Student, School of Management, QUT Business School, QUT, Brisbane, Queensland
Mobile # +61 (7) +61 (7) 3138 9178
Email: ugyen.tshewang@student.qut.edu.au

(2) Dr. Robin Price, Senior Lecturer, School of Management, QUT Business School, QUT, Brisbane, Queensland,
Phone# # +61 (7) 3138 2790
Email: r.price@qut.edu.au

STATEMENT OF CONSENT

By signing below, you are indicating that you:

- Have read and understood the information document regarding this project.
- Have had any questions answered to your satisfaction.
- Understand that if you have any additional questions you can contact the research team.
- Understand that you are free to withdraw at any time, without comment or penalty.
- Understand that you can contact the Research Ethics Unit on [+61 7] 3138 5123 or email ethicscontact@qut.edu.au if you have concerns about the ethical conduct of the project.
- Understand that the project will include an audio recording.
- Agree to participate in the project.

Please tick the relevant box below:

☐ I agree for the interview to be [audio / video] recorded.

Name

Signature

Date

Please return this sheet to the researcher.
Appendix 7: Interview guide

Interview Questions/Interview guide.

Introduction

This research project is being conducted as a part of the research journey that is my PhD at the Queensland University of Technology. The main purpose of this project is to examine the civil service reforms in Bhutan and how these have had an impact on the Human resource (HR) functions within the civil service in Bhutan. It is hoped that this research project will potentially be of value for you and your organisation as it may help identify potential improvements in HR policies and practices.

Your participation in this interview will take 45-60 minutes and you can withdraw from the interview at any time if you wish to, without any penalty or comment. Likewise, if there are any questions that you do not wish to answer, you are not required to. For your information, data for this research is being collected from three layers of civil servants: (1) senior civil servants and mid HR Managers and lower ranked civil servants. I would like to inform you that your participation in this interview will not affect your present or future relationship with your Supervisors and agencies.

HAND OVER COPY OF CONSENT FORM

Owing to a need to maintain confidentiality, no one individual will be identifiable from any data reported. Interview respondents will be identified by a number when reporting research findings, for example, HR manager 1.

Could we start the interview?

Thank you, for your consent.

Can I tape record the interview as it is essential for transcribing the interview?
Open ended and semi-structured Interview Questions:

Tell me about your background and work history in the civil service.

What is your current role?

What are your broad responsibilities?

What are the objectives of your Office/Agency?

What are the HR objectives of your Office/Agency?

What are the HR practices that are working well for your agency? Why?

What are the HR practices that are not working so well? Why?

The overarching vision of the civil service is in realising the pursuit of Gross National Happiness (GNH). How can HR policies and practices in the civil service contribute to GNH? Give examples.

What are the most important principles of HR practice in the civil service?

What about? – neutrality, professionalism, competencies, team work, integrity, transparency, innovation, flexibility, equity and fairness, good use of resources? (prompts)

The Royal Government decentralised the major HR functions of the civil service to line Ministries and Agencies. Why do you think they did this?

How was the HR reform process in the civil service conducted? Give examples.

What do you think are the effects of the recent HR-related reforms?

- for ministry
- for HR personnel
- for Civil servants
- for job seekers

What are the major challenges that you and your Agency are facing?

What do you think would be the best ways to overcome these challenges?

What HR functions have been decentralized?

Were there any functions that were centralized? Recentralized? Why?
How is the decentralization process going?

Were there any problems with implementing decentralization?

Prompt – training; manager’s skills; grab for power; delinking; recruitment; promotion; transfer

What actions have been taken to overcome these challenges?

What do you think the morale and motivation of the employees in the civil service is like at present?

What did you think I would ask you that I haven’t covered?

Are there any other comments you would like to add.

Thank you for giving me your time. I really appreciate it.