

**CHINA'S CIVIL SERVICE REFORM:
SUCCESS AND PITFALLS**

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Executive Summary

1. In China, civil servants refer to public employees in people's governments, people's congresses, people's political consultative conferences, courts, and procuratorates of various levels. Civil service reform in China is aimed at institutionalizing meritocracy into public personnel management to promote efficiency and alleviate the problems of secrecy and nepotism.
2. Civil service reform involves four main dimensions: transition from cadre management to civil service system, staffing reform, wage reform, and staff development reform. Transition from cadre management is a process of administrative downsizing and singling out of qualified staff from the public sector to join the civil service created in 1993. The impact of such activities on raising administrative efficiency and capacity so far has been insignificant.
3. Competitive examinations are used to recruit civil servants with the right job-related knowledge, skills and education level. However, the open recruitment system has been undermined by the lack of adequate employment opportunities in the non-state sectors and the need to protect local residents' employment opportunities, provide jobs for demobilized soldiers and buy and sell public offices.
4. An accountability system serves the dual purpose of appointing civil servants to leading positions as well as holding them responsible for their blunders. These civil servants have to resign if they commit serious blunders. Given that resignation is not mandatory and serious blunders are not clearly defined, the impact of the accountability system on senior civil servants is limited.
5. Wage reform is a continuous conflict of two opposing forces. One argued that narrow inter-rank and intra-rank pay gaps are unfavourable to staff motivation while the other seeks to compress wage range and equalize intra-rank pay. However, as the latter undermines vested interests, resistance is expected.

6. Staff development reform focuses on performance appraisal and training. The performance appraisal of local governors, mayors and magistrates heavily emphasizes local GDP growth. Local leaders thus tend to pursue high GDP growth and ignore important issues as environmental protection.
7. The central government has thus floated the idea of green GDP and investigated the possibility of integrating environmental protection into local leaders' performance appraisal in 2004. Owing to the complexity of green GDP calculations, these ideas are still at the experimental stage.
8. Though awards and punishments are linked to the performance levels of civil servants of non-leading positions, the merit system has been watered down. Almost all civil servants get good performance grades and merit bonus. Those who got poor grades were not necessarily penalised.
9. The purpose of civil service training is to enhance the political awareness and governance capacity of civil servants and enable them to steer comprehensive and sustainable social development programmes. Many civil service training programmes involved overseas excursions and lavish spending, thus raising public concern over the efficiency and effectiveness of these training programmes.