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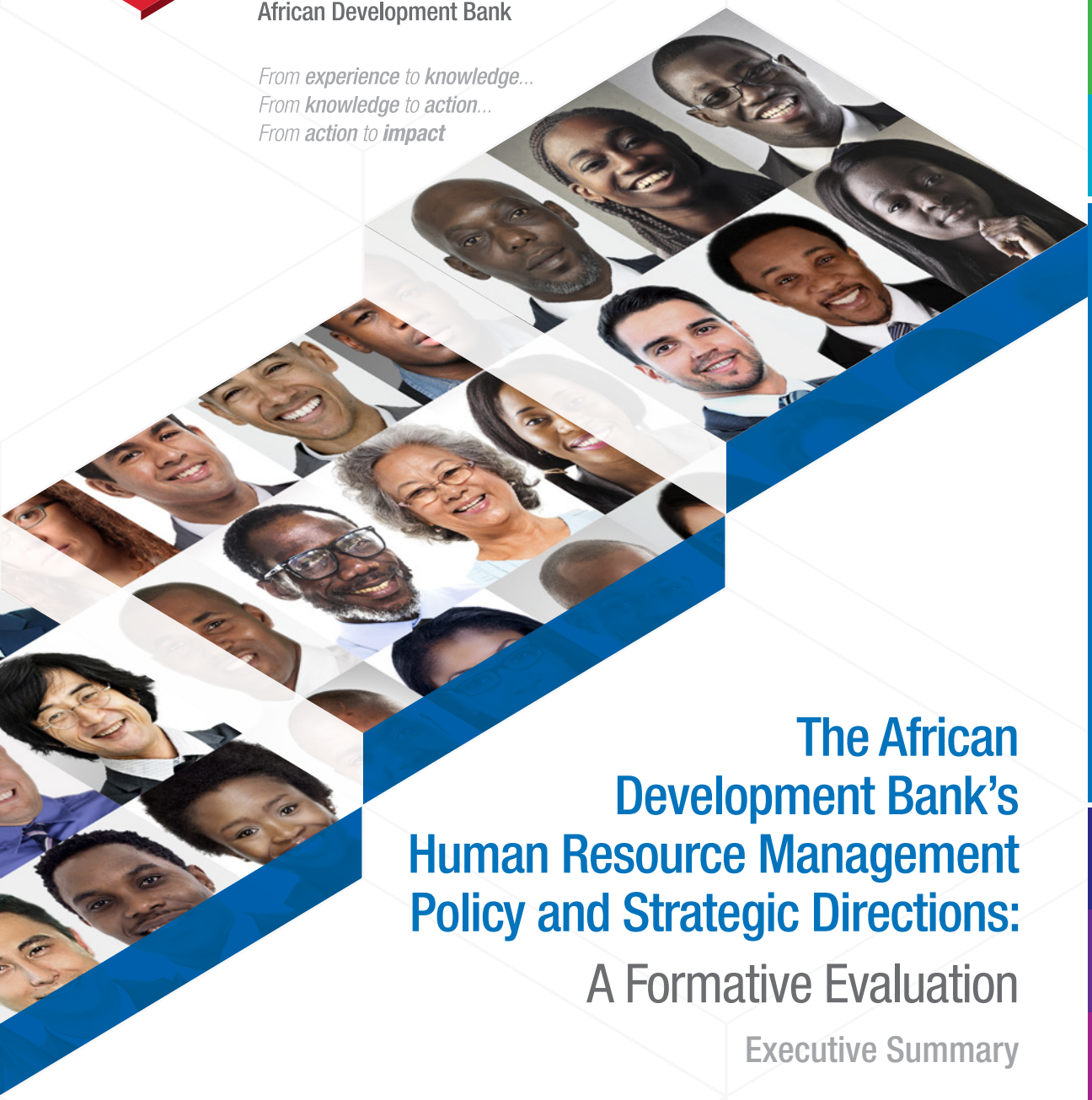


An IDEV **Corporate Evaluation**

The African Development Bank's Human Resource Management Policy and Strategic Directions:

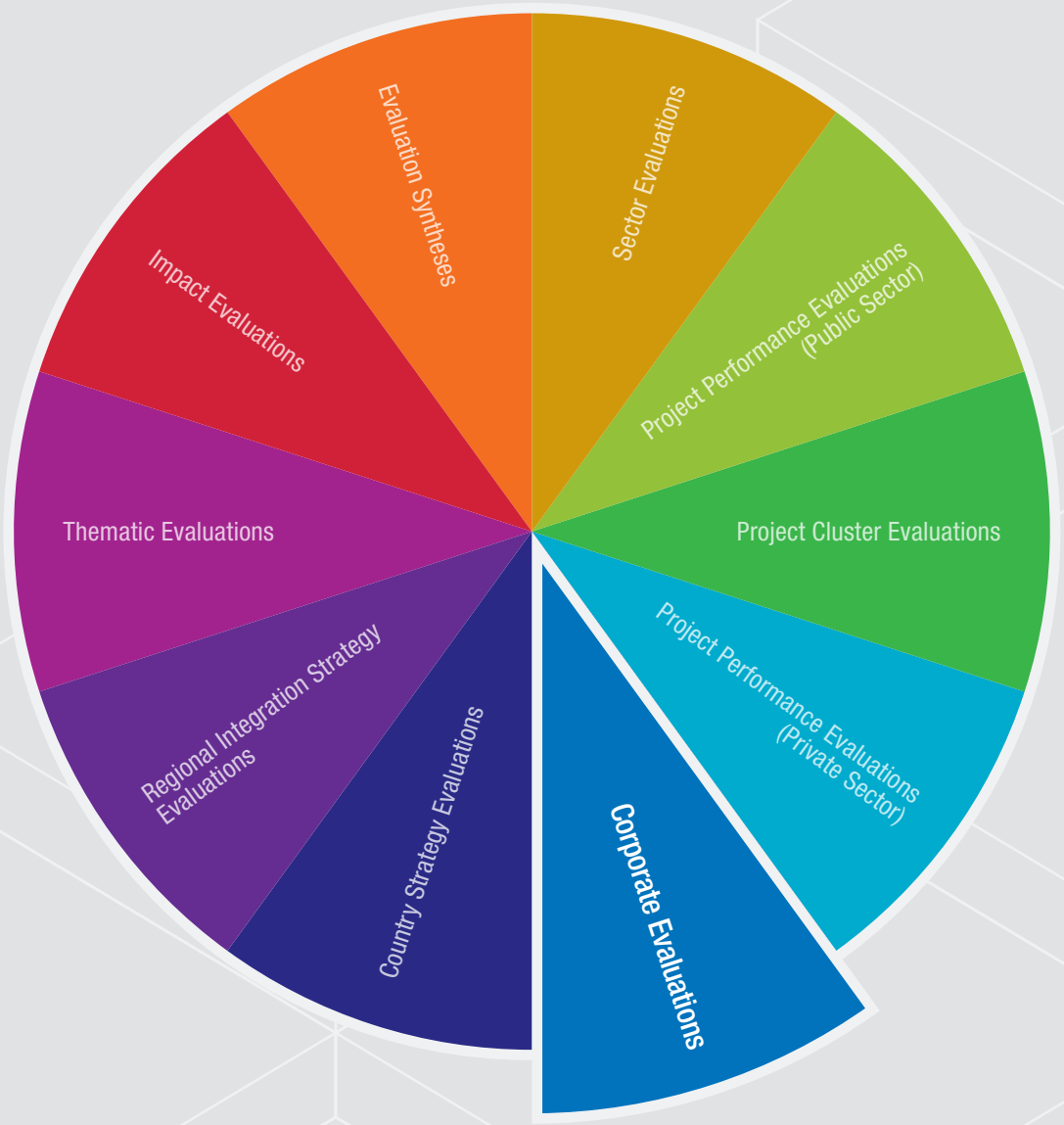
A Formative Evaluation

Executive Summary

AFRICAN DEVELOPMENT BANK GROUP

November 2017

IDEV conducts different types of evaluations to achieve its strategic objectives



Executive Summary

What Did IDEV Evaluate and Why?

This report presents findings, conclusions and recommendations from a formative evaluation of the African Development Bank's (AfDB; "the Bank") Human Resources Management System (HRMS).

The objectives of this report are to: (i) assess the current state of the Bank's institutional environment with respect to HR Management; (ii) identify lessons from the implementation of the Bank's 2013–2017 People Strategy; and (iii) provide conclusions and recommendations to inform the development of the Bank's next Human Resources Strategy.

How Was the Evaluation Conducted?

Two main evaluation issues are assessed: (i) the current state of the Bank's HRMS relative to industry best practice and traditional comparators; and (ii) how the Bank has organized itself to deliver on its strategic objectives for HR Management. In addressing these issues, IDEV considered the evolution of the Bank's HR Management System between 2012 and 2017, corresponding to the development and implementation of the People Strategy.

In addressing these objectives, the Bank's HR Management System was benchmarked to four comparator organizations: (i) the Inter-American Development Bank (IDB); (ii) the International Fund for Agricultural Development (IFAD); (iii) the World Bank Group (WBG); and (iv) the Development Bank of Southern Africa (DBSA).

This evaluation is ***formative***. Whereas summative evaluations examine the results achieved by an intervention after implementation is complete, formative evaluations are implemented while an intervention is ongoing to identify implementation challenges and propose design modifications which could help ensure the achievement of results. This evaluation seeks to describe the state of the Bank's institutional environment for HR Management. As such, ***this evaluation does not provide ratings***.

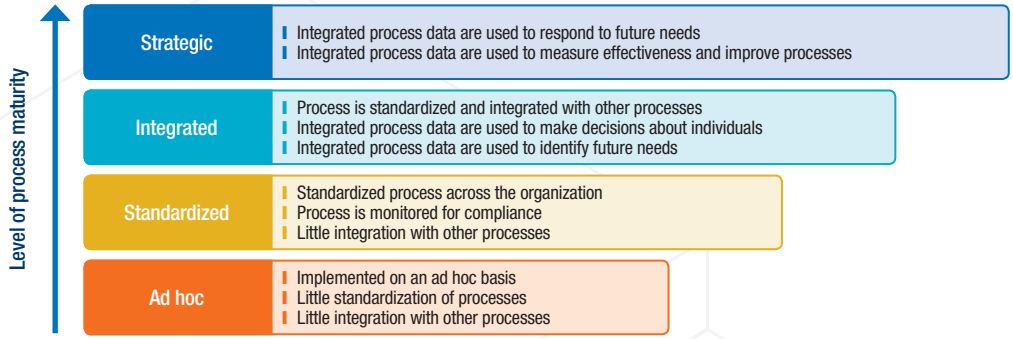
The evaluation used a ***mixed methods approach*** combining several sources of qualitative and quantitative evidence, including: (i) a review of internal documents; (ii) a review of academic and practitioner literature for each HR process; (iii) interviews and focus groups with over 140 Bank staff in Abidjan and in four Country Offices; (iv) an electronic survey of over 1,000 staff members (response rate: 59% of all staff and STS; 95% C.I. +/- 2%); (v) site visits to four comparator organizations; and (vi) analysis of available workforce and process data from the Bank and comparator organizations. These data were triangulated to identify findings which reflect the full scope of available evidence.

Assessing the current state of human resources management at the Bank

The first evaluation issue was addressed through an assessment of the maturity, effectiveness and sustainability of six different HR processes, including: (i) workforce planning; (ii) recruitment; (iii) talent management; (iv) performance management; (v) reward; and (vi) staff engagement. The assumption underlying this approach is that ***when a process is fit for its intended purpose and is implemented as designed, it should make progress toward its expected outcomes***.

In this context, "maturity" reflects the extent to which business processes are capable of performing their expected function systematically. Maturity is expressed in terms of whether a process is: (i) **standardized** across an organization; (ii) **integrated with other processes**

Figure i: Business Process Maturity Model



to support decision-making; and (iii) **implemented strategically** to respond to anticipated business needs. IDEV assessed maturity using process maturity models informed by: (i) literature on Business Process Maturity; (ii) existing HR maturity models; and (iii) best practices identified in academic and practitioner literature. The criteria underpinning the different levels of maturity are presented in Figure i.

Next, IDEV assessed how environmental factors have contributed to the "institutionalization" of a process. The absence of these factors may result in suboptimal implementation and limit the achievement of process outcomes. In this respect, the evaluation focused on four **"enabling factors"** for implementation: (i) governance; (ii) tools; (iii) capacity; and (iv) organizational culture.

Finally, the issue of process **effectiveness** was assessed in terms of progress toward the expected outcomes of the Bank's HR processes. These "workforce outcomes" were identified from both the Bank's existing Key Performance Indicators for HR and HR Management literature (See Annexes A and B) in the full report.

Assessing how the Bank has organized itself to manage its Human Resources

In addressing the second issue of the evaluation, IDEV was guided by principles set out in the reorganization of the HR function, first proposed in 2008 and implemented between 2010 and 2012. Although implemented before the design and delivery of the People Strategy, this reorganization has contributed to the current operating context within the HR Department.

This assessment determined the extent to which the reorganization: (i) has been implemented as anticipated; and (ii) has achieved its intended outcomes of improving client service orientation, process efficiency and strategy implementation capacity. Similar to the assessment of enabling factors described above, "capacity" in this context goes beyond the skills and performance of individual staff. Instead, capacity refers to the extent to which a unit is supported by sufficient tools, processes and institutional support to perform their function as anticipated.

What Did IDEV Conclude?

Process maturity

Overall, the Bank's HR processes are being implemented at the "ad-hoc" or "standardized" levels of maturity. The Bank has generally standardized its HR processes across the organization but these processes have not been integrated to support decision-making, strategic planning and the anticipation of future needs. Exceptions include the workforce planning and talent management processes, which remain ad hoc.

Figure ii: Findings for Business Process Maturity

The **workforce planning** process is driven by headcount and budgetary considerations and provides limited capacity to predict and respond to anticipated needs through the existing process. This process is also characterized by limited capacity to meaningfully incorporate information about the skills and competencies of specific staff into the decision making process or anticipate future workforce requirements.

The Bank implements a standardized **recruitment process**, including a defined job description process and a standard orientation for new hires. Candidates are also assessed using standard behavioral competencies. However, there is limited advanced advertisement of anticipated vacancies or strategic outreach to candidates with desired skills. Finally, use of prequalified candidate lists to fill anticipated vacancies remains ad hoc.

Talent management processes are not supported by an active career development framework (CDF) to assist staff in managing their career development, considering that the majority of initiatives introduced under the 2010 CDF have since been suspended. Furthermore, the Bank lacks standardized learning programs to provide an internal means of developing and enhancing required technical skills across different job families. With respect to succession management, no program of ongoing development and support is leveraged to prepare high potential talent for leadership roles.

Table i: Identification of Implementation Challenges Across Processes

Weaknesses in process enabling factors across six HR processes				
Process	**Ownership**	**Tools**	**Capacity**	**Organizational culture**
Workforce planning		HRIS lacks predictive analytic capacity HRBPs lack access to workforce data	Master Data team lacks capacity for predictive analytics and data quality management	
Recruitment	Inadequate Management ownership for onboarding new staff	Inadequate use of tools to monitor, automate and document recruitment and onboarding		
Talent management	Low compliance for training plans Low Management ownership of YPP	Lack of integrated systems to plan and monitor learning and development activities		Absence of institutional mechanisms to support staff mobility
Performance management	Uneven compliance with timelines and Management ownership		Lack of training to develop managers' capacity as coaches and mentors	Lack of guidelines to support managers in holding poor performers accountable
Reward	*No significant implementation challenges identified*			
Staff engagement	Uneven ownership for follow up to the staff survey		Lack of systematic training to develop managers' capacity as leaders	Lack of consequences for failure to develop and implement action plans

The Bank has implemented a standard process for **performance management** which is supported by an automated system and an organization-wide annual timeline. Process guidelines are documented in a Staff Performance Management Handbook, which also identifies procedures for follow-up. However, ongoing feedback has not yet been fully institutionalized and integration of the performance management process with other relevant processes, such as learning, remains limited.

The Bank's **reward** processes are documented in a framework of policies with a salary scale identified by position and grade. The Bank also conducts annual analyses to ensure that the compensation mix remains competitive relative to comparators. However, the Bank has not yet leveraged the "Total Rewards" concept strategically to integrate nonmonetary rewards or respond flexibly to the needs of different segments of staff.

Finally, a standardized **staff engagement** survey is implemented on a periodic basis with established procedures for follow-up. A methodology has been identified to monitor drivers of staff engagement over time and compare the responses of Bank staff to those of comparator organizations. However, follow-up to the staff survey has been inconsistent and staff engagement data have not been used systematically to inform the renewal of other HR processes.

Implementation environment

Implementation challenges were observed across nearly all processes. These challenges have both prevented the implementation of HR processes as designed and restricted the implementation of more mature HRM processes. In particular, the Bank lacks a standardized framework of technical skills and behavioral competencies as well as an integrated Human Resource Information System (HRIS) to facilitate strategic analysis and evidence-based decision making. Furthermore, the Bank has often not ensured the capacity of process stakeholders in terms of: (i) providing appropriate training and support to ensure that processes are implemented as planned; (ii) providing suitable tools for analyzing HR information to support decision making; and (iii) automating processes to reduce the burden of transactional activities and enable compliance auditing. Finally, lack of ownership for some processes has contributed to poor compliance as well as weak consequence management for noncompliance. Implementation challenges across processes are summarized in Table i.

Process effectiveness

Overall, the Bank's HR processes are not contributing to workforce outcomes as anticipated. Progress toward workforce outcomes was found to be limited or uneven across all processes, as illustrated in Table ii.

Bank staff have pride in the organization and the Bank's mandate, reputation and compensation package continue to attract high quality applicants. However, the Bank has made limited progress toward other important workforce outcomes for the recruitment, retention and engagement of staff, including: (i) reducing time to staff; (ii) developing skills in line with the High 5s; (iii) retaining new hires beyond the completion of their first contract; (iv) rewarding staff equitably based on performance; and (vii) promoting staff motivation and engagement.

The Bank has faced particular challenges with respect to workforce planning and talent management, which represent critical areas of weakness. Ad hoc processes and absence of key enabling factors have contributed to limited progress toward workforce outcomes, including: (i) reducing the vacancy rate; (ii) increasing organizational diversity; (iii) supporting staff mobility; and (iv) retaining young and high potential talent. These two processes did not contribute to the identification and development of required skills internally. Furthermore, young and high potential talent, for whom career development opportunities are given inadequate weight in the Bank's value proposition, have left the Bank in disproportionate numbers.

Table ii: Progress Toward Workforce Outcomes

Process	Progress toward outcomes
Workforce planning	✖ Reducing the vacancy rate ✖ Identifying and reducing skills gaps ✖ Increasing organizational diversity
Recruitment	↑ Attracting new candidates ↑ Performance of newly recruited staff ✖ Time to staff ✖ First contract attrition
Talent management	✖ Access to training ✖ Implementation of learning plans ✖ Staff mobility ✖ Retention of young talent and YPs
Performance management	↑ Identifies objectives for performance ↑ Meaningful appraisals and areas to improve ✖ Meaningfully differentiates among staff on the basis of performance
Reward	↑ Competitive compensation relative to comparators ↑ Compensation attracts staff to the Bank ✖ Perceived equity of pay for equal work
Staff engagement	↑ Pride for the organization ✖ Culture of trust and integrity ✖ Meaningful work ✖ Career development ✖ Relationships with managers ✖ Turnover intention

How the Bank has organized itself for Human Resources Management?

Although the reorganization has increased automation and accountability for service delivery, the HR Department continues to face challenges with respect to client service orientation and strategy implementation performance. In general, managers are not satisfied with the quality of services provided by Human Resource Business Partners (HRBPs), with an average of 31.6% of managers agreeing that they receive effective support. Furthermore, most stakeholders agree that the activities of HRBPs remain primarily transactional rather than strategic. By contrast, the creation of the Shared Services Division has consolidated HR administrative functions and contributed to improving automation and accountability for service delivery; however, compliance monitoring of Service Level Agreements remains inadequate. Finally, limited progress has been made in strengthening strategy implementation performance, as demonstrated by the low proportion of initiatives from both the People Strategy and Human Resources Action Plan (HRAP) which were planned, delivered and subsequently implemented. Overall, 36.6% of respondents to IDEV's e-survey report that there has been "no change" in the Bank's HR Management practices across six processes over the past four years.

Particular institutional challenges facing the HR Department include: (i) lack of appropriate tools and training to support HRBPs in performing more strategic roles; (ii) continued lack of automation for some key administrative processes; and (iii) project management deficiencies pertaining to the planning, sequencing, coordination and monitoring of strategic initiatives. However, in

the case of strategy implementation, project management deficiencies were exacerbated by challenges arising from the institutional environment, including: (i) high levels of leadership turnover within HR and across the Bank; and (ii) concurrence of the People Strategy with resource intensive change initiatives, including the Return to Abidjan and the implementation of the Development and Business Delivery Model (DBDM). These challenges contributed to ongoing shifts in priorities and diverted resources away from the implementation of the People Strategy and the HRAP.

What Did IDEV Recommend?

Based on the findings and conclusions above, IDEV identified six key recommendations for Bank Management under two broad directions: (i) addressing infrastructural deficiencies; and (ii) upgrading the policy framework.

Addressing infrastructural deficiencies

Recommendation 1: The Bank needs to address important infrastructural deficits to enable the implementation of HR Management processes at a higher level of maturity. In particular, the Bank should develop:

i. A framework which identifies critical technical skills required to implement the High 5s both now and in the future. This framework should inform workforce planning in terms of: (a) identifying new resources to recruit in terms of skills, experience and numbers; (b) succession planning among existing staff to fill critical roles; and (c) opportunities to develop required skills internally through assignments, rotations and training.

ii. An HRIS solution which integrates information across processes, providing a single source of information to support decision making. This system should adopt a user perspective, facilitating access to key analyses and reports and enabling managers and HRBPs to make strategic decisions regarding their teams. Use of this system should be reinforced through the training of process stakeholders, including HR professionals and managers. In developing this system, accountabilities and protocol for ensuring data quality should be elaborated and monitored.

Recommendation 2: Compliance and consequence management continue to be considerable challenges for the Bank in the context of HR Management. To address these challenges, the Bank should continue to increase the extent of automation across HR processes. Automation should not only target increased efficiency, but also process monitoring and compliance auditing. Attention should be paid to reducing the number of procedural safeguards while ensuring that process stakeholders are held accountable, including clear consequences for noncompliance.

Recommendation 3: A key success factor for the next HR Strategy is focusing on implementation before policy changes. Priority areas for improvement include:

i. Identifying a clear strategy to sequence, prioritize, coordinate and monitor implementation;

ii. Clarifying the resources needed to implement, as well as clear channels and timelines for reporting; and

iii. Developing the capacity to manage and monitor implementation within the HR Department while ensuring that project management responsibilities are properly resourced and that the staff concerned have sufficient authority and independence to fulfil their role.

Upgrading the policy framework

Recommendation 4: After ensuring that appropriate tools are in place to monitor compliance and promote transparency, the HR Department should ensure that an adequate policy framework is in place to enable the achievement of workforce outcomes, particularly with respect to staff promotion and mobility, as well as rewarding staff based on performance.

In particular, the HR department should consider:

i. The need for transparent and systematic mechanisms to promote the mobility of staff, with respect to: (i) managerial and technical career paths across job families; (ii) internal promotion of staff; and (iii) lateral mobility, including assignments across complexes and Country Offices.

ii. The need to better reward and motivate performance, including: (i) transparent and systematic means of progressing across existing pay grades, given satisfactory performance; (ii) appropriate monetary and nonmonetary rewards for top performers including performance bonuses; and (iii) improving flexibility in compensation frameworks to provide meaningful rewards options for different segments of the workforce.

Recommendation 5: Affirm staff development as the primary rationale for the performance management system by: (i) weakening the connection between performance ratings and annual salary increases; and (ii) reducing the time and resources devoted to ranking and categorizing staff. Increase the integration of performance management and talent management processes to ensure that learning responds to operational needs and leverage career development opportunities as a reward for good performance.

Recommendation 6: Increase the emphasis placed on engagement as a means of motivating staff and building a culture of trust and integrity. The staff survey should be conducted on an annual basis to identify the needs and concerns of staff, particularly during periods of large scale change. The survey should be positioned to assess the key drivers of engagement more comprehensively through a risk-based approach, particularly for known challenges which have not been adequately addressed in recent surveys, particularly learning and career development. Finally, follow up actions should be monitored transparently, with clear consequences for noncompliance. ■

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About this evaluation

This summary report presents findings, conclusions and recommendations of an evaluation of the African Development Bank Human Resources Management System (HRMS). The objectives of this report are to: assess the current state of the Bank's institutional environment with respect to HR Management; identify lessons from the implementation of the Bank's 2013-2017 People Strategy; and provide conclusions and recommendations to inform the development of the Bank's next Human Resources Strategy. Two main evaluation issues were assessed: (i) the current state of the Bank's HRMS relative to industry best practice and traditional comparators; and (ii) how the Bank has organized itself to deliver on its strategic objectives for HR Management.

The report concludes that the Bank's HR processes are being implemented at the "ad-hoc" or "standardized" levels of maturity, indicating that the Bank's HR processes are not well positioned to inform strategic workforce management. The Bank lacks key HR infrastructure that will restrict the implementation of more mature HR processes, including a framework of skills and competencies and an integrated HR Information System. Furthermore, inadequate Management ownership, process tools, stakeholder capacity and consequence management has limited the implementation of HR processes as designed. Consequently, the Bank's HR processes are not contributing to workforce outcomes as anticipated. Finally, although a reorganization of the HR department has increased transaction efficiency and accountability for service delivery, the HR Department continues to face challenges with respect to client service orientation and strategy implementation performance.

The recommendations of the report note the need to address "infrastructural" concerns within the HR Department in terms of the management of data, project implementation and process monitoring prior to addressing policy gaps. Once these issues are addressed, the evaluation recommends that the HR Department strengthen Talent Management policies and practices and reformulate the Bank's reward and performance management systems to focus on staff development and motivation. Finally, the evaluation recommends the implementation of regular staff engagement processes to identify areas of concern as well as clear accountabilities for Management follow-up on staff survey action plans.

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