Merit-based Selection of Public Managers: Better Public Sector Performance?

An Exploratory Study

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Abstract[*]

This qualitative study explores the degree to which the merit-based selection of public managers leads to better public sector performance. Based on the findings from eight case studies in Chile and Peru, the introduction of the merit-based selection of public managers would have engendered a series of improvements in the internal management and practices of organizations—more so than in institutional outcomes. Other intangible and perceived benefits include the manager's higher level of legitimacy in, as well as a stronger commitment to, the institution. The study also proposes a future agenda for research.

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i

Table of Contents

Acronyms

CAPREDENA	National Defense Social Security Fund (Caja de Previsión de la Defensa Nacional), Chile
CSJ	Superior Court of Justice (Corte Superior de Justicia), Peru
DAEM	Administrative Departments for Municipal Education (Departamentos Administrativos de Educación Municipal), Chile
DNSC	General Directorate of the Civil Service (Dirección Nacional del Servicio Civil), Chile
DGSC	General Directorate of the Civil Service (Dirección General del Servicio Civil), Chile
FEMA	Federal Emergency Management Agency
FHCS	Federal Human Capital Survey
INAPI	National Institute of Industrial Property (Instituto Nacional de Propiedad Industrial), Chile
INPE	National Penitentiary Institute (Instituto Nacional Penitenciario), Peru
NPM	New Public Management
OECD	Organisation for Economic Co-operation and Development
PART	Program Assessment and Rating Tool
PMC	Public Managers Cadre (Cuerpo de Gerentes Públicos), Peru
SES	Senior Executive Service system (Sistema de Alta Dirección Pública) Chile
SEC	Superintendency of Electricity and Fuels (Superintendencia de Electricidad y Combustibles), Chile
SERVIR	National Civil Service Authority (Autoridad Nacional del Servicio Civil), Peru
UGEL	Local Education Management Unit (Unidad de Gestión Educativa Local), Peru

1. Introduction

The politicization of the civil service is one of the most analyzed and debated issues of public management. To address this challenge, special emphasis has been placed on the effectiveness of merit-based systems for the recruitment of public servants.

Multiple studies refer to the differential in the levels of civil service professionalization in member countries of the Organization for Economic Co-operation and Development (OECD) (Iacoviello, Llano, and Strazza, 2012; Matheson et al., 2007), also calling to attention the progress made by Latin American countries in this regard (Cortázar, Lafuente, and Sanginés, 2014; Echebarría, 2006; Echebarría and Cortázar, 2007; Zuvanic, Iacoviello, and Rodríguez, 2010). Other works have focused on the analysis of the persistent politicization within bureaucratic structures and the institutional mechanisms necessary to curb this phenomenon (Geddes, 1994; Grindle, 2010 and 2012; Peters and Pierre, 2004). On the macro level, career policy and the adherence to the principle of merit within the civil service have led to a positive effect on economic growth (Evans and Rauch, 1999), poverty reduction (Henderson et al., 2003), and the control of corruption (Dahlström, Lapuente, and Teorell, 2011).

The causal link between meritocratic recruitment systems and improved government performance, however, has not yet been clearly established. To address this issue would be a fundamental step toward improving human resource management in the public sector, and it would be more so if high-ranking bureaucrats were taken into account, given their relevance in the effective functioning of state.

Contrary to most OECD countries, which have implemented senior civil service reforms since the late 1970s, most Latin American countries continue to predominantly recruit public managers by way of political appointment. The appointments are made by authorities with high discretion in the decision making. Furthermore, they take place whether or not the positions require a high level of technical or policy expertise. In some cases, there are no requirements other than age and a formal education with a university degree. Formal performance agreements are unusual.[1] The exceptions in the Latin American region are Chile (Senior Executive Service system (SES) since 2003), Peru (Public Managers Cadre (PMC) since 2008), and Ecuador (Excellence Executives Program since 2013).

The prevalence of political-based criteria on the recruitment of public managers is due to various reasons, including the practice of rewarding those who have worked on political campaigns, or to assure the alignment of senior bureaucrats with government policy

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[1] This study interprets high-level officials as those in the superior categories of civil service; that is, levels immediately below those of ministers and vice-ministers. In Latin America, this category includes service or agency chiefs, immediate subordinates, general directors, managers, and vice-managers at the ministerial level or managers of public service delivery agencies such as hospitals.

agendas. Likewise, the lack of interest to improve civil service professionalization in Latin America is also due to the dearth of empirical evidence of its outcomes. The main question of this paper is what are the benefits of merit-based selection of senior positions? Some studies have addressed this question and have empirically examined the effect of merit-based systems on agency performance. The purpose of this study is to pursue this emerging line of research and analyze the extent to which the merit-based selection of senior public sector executives will improve the performance of public sector agencies. Given the challenge of accounting for the multiple factors that affect performance, this study will not attempt to understand the concept beyond that of outputs and outcomes of public organizations. Rather, previous experience, as well as internal management outcomes, will be taken into account in terms of performance. The data analysis will include dimensions such as input management, management of substantive and support processes, and the intermediate results achieved by agencies.

The key aim of this research is to address two more specific issues: (i) the type of practices by senior executives to improve institutional performance and (ii) the intrinsic value of merit-based systems for public managers.

The analysis will be based on eight case studies that encapsulate the experience of public sector executives who have been recruited through Chile's SES system and Peru's PMC. These systems, as well as being foremost in Latin America (Cortázar, Lafuente and Sanginés, 2014), have had the longest trajectory in the region and will, therefore, be broader in perspective.

This paper includes this introduction and three additional sections. The first section discusses the main findings of the effects of merit-based systems on the recruitment of public sector managers in terms of organizational performance. The second section presents the methodological design of the study, and the third analyzes the evidence from various case studies conducted in Chile and Peru. Finally, concluding remarks of this research are offered, including recommendations and limitations.

2. Literature Review

The empirical evidence on the effect of merit-based recruitment systems of senior officials on the performance of public sector organizations is not prolific. The findings are usually the result of comparative studies on politicization and the bureaucratic reforms introduced by governments to manage it. They are also a consequence of particular efforts made to assess the impact of such policies in the United States, Chile and, anecdotally, in Peru. More specifically, the main source of evidence derives from an analysis of the performance of U.S. public agencies and the comparison between those led by career managers and

those by political appointees. This section presents an overview of the key contributions in this area.

Perry and Miller (1991) used data from the 1986 U.S. Merit Principles Survey to analyze the implementation and effects of the Senior Executive Service, the managerial level in the United States. The authors conclude that civil service protection from inappropriate political interference has led to a positive impact on institutional performance and in the trust of citizens in bureaucracy. This protection has been measured by way of surveys on how best to protect senior executives from arbitrary actions and decisions, to what extent merit principles are upheld and supported by political executives, and the importance of public interest in the management of those organizations surveyed. Agency performance was assessed through questions relating to the success of the organization in achieving an honest and efficient government, as well as to the implementation of public programs and policies. A further and more specific question aimed to quantify the public image of federal employees. Other variables sought to assess the individual performance of senior executives with regard to institutional performance and the rewards necessary to enhance it.[2]

Similarly, other studies have estimated differences in performance between those U.S. federal agencies whose executives are recruited politically and those who are selected based on a merit system (Gilmour and Lewis, 2006; Lewis, 2007 and 2008; Miller, 2015). These studies used the agency scores obtained from the Program Assessment and Rating Tool (PART), which was established to rate performance within U.S. federal programs from 2002 to 2008.[3] Controlling with various administrative, political, and financial characteristics, organizations led by career officials demonstrated consistently higher performance ratings than those managed by political appointees.

The performance gap between programs administered by appointees and careerists could be even more pronounced depending on the rationale of political appointments. Gallo and Lewis (2012) performed a similar analysis to the previously mentioned research, and distinguished the appointees whose designation was explicitly based on reward for working in a political campaign or due to party affiliation. The results not only confirmed the difference between public organizations led by careerists and appointees, but the impact on

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[2] An evaluation of the incentives was made by way of a survey on the relevance of individual and collective performance on compensation policies; the degree of responsibility of senior officials in terms of the effectiveness and productivity of their employees; and the degree to which high achievers were rewarded. Furthermore, the survey addressed individual performance to assess the level of interest and effort of senior career officials to improve the delivery of goods and services and to carry out the mandate of the organization.

[3] Each program was evaluated on the basis of four components: purpose and design (20 percent), strategic planning (10 percent), management (20 percent) and results and accountability (50 percent). The evaluation was carried out by the Office of Management and Budget (OMB) by way of a structured mechanism whereby responses were converted into scores from 0 to 100. For more information, see Gilmour (2007) or Gueorguieva et al. (2009).

performance is more negative on agencies run by managers selected from campaign contribution or party affiliation than other politically appointed officials.

Alternative methods and information sources have been used to test the validity of the findings of the politicization-performance relationship. Lewis (2008) selected the Federal Emergency Management Agency (FEMA) to establish the various degrees of politicization within the agency since its creation in 1979. According to the author, the indiscriminate use of political influence over the appointments of senior executives and its effect on institutional effectiveness vindicate much of the troubles faced by the organization, particularly during the events of Hurricane Hugo (1989), Hurricane Andrew (1992), and Hurricane Katrina (2005). Likewise, based on results obtained from the Federal Human Capital Survey (FHCS),[4] Lewis concludes that agencies operated by officials who are selected through meritocratic procedures are managed far better than those at whose helms are political appointees. The former are also considered to be better work places.

In Latin America, Lira (2012) assesses the impact of implementing the Senior Executive Service (SES) system on the performance of public hospital management in Chile, including 27 of its 29 health services. The analysis was conducted using monthly panel data between January 2003 and December 2010, comprising efficiency and quality indicators. While the former includes measures such as bed and ward use, the latter considers mortality and hospital return rates. Each of these indicators showed a significant improvement after SES system directors were assigned to the hospitals when controlling other factors such as population served and resources available. These positions were previously staffed through discretionary designation by the Ministry of Health.

In addition, Morales (2014) provides an estimate of the effects of the New Public Management (NPM) reform in Chile, which includes an increased level of professionalization within the civil service under its SES system. As a result, those agencies with an SES system in place, and which are led by a higher level of professional managers, have proved to be more efficient at executing institutional budgets.

Other studies have substantiated that a merit-based recruitment system for senior officials has led to more efficient practices within the public sector. The PMC in 2008, with members from this body appointed to subnational governments, showed a 90 percent increase in public investments as a result of appropriate budget execution—a key objective of this reform (Corrales, 2013 and 2014; SERVIR, 2014).[5] The result is more relevant when taking into account the achievement in budgetary expansion.

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[4] The survey is taken on an annual basis by U.S. government officials as a mechanism to evaluate the performance characteristics of public agencies. Note that in 2010, the survey became known as the Federal Employee Viewpoint Survey. For more information, see http://www.fedview.opm.gov/.
[5] Of the 435 managing level 1 and 2 posts assigned to 2014, 74 percent were administrative jobs (planning, budgeting or management), while 26 percent were directly related to the organizational mission. For more

The efficiency derived from the Public Managers Cadre is also supported by the value placed on it by its members. In order to evaluate the program, a survey was conducted of those managers who had held their positions for over a year, with a focus on their achievements (Governa, 2012). Most respondents agreed that an increase in budgetary execution and the promotion of teamwork were foremost considerations, while others valued the importance of process improvement, public image, and institutional management. A further survey of the superiors of these managers revealed that they were satisfied (42 percent) or very satisfied (56 percent) with the performance of PMC members.

In spite of the growing positive evidence on the implementation of meritocratic recruitment systems, other authors have cast doubt on their effect over performance. Furthermore, they have suggested that such systems may carry a negative impact.

Grindle (2012) studies the persistence of patronage in Latin American and OECD civil services, focusing on the motivations of political authorities who drive this resilience, as well as the reforms designed by governments to address the phenomenon and its consequences. The author points out that initiatives to formalize human resource management in the public sector are not necessarily beneficial for improving performance. She argues that interpreting discretional designations as duplicity is inaccurate, since it is possible to use political appointments as a flexible staffing instrument as long as adequate competences and accountability standards are ensured.

Other scholars have failed to focus on the effects that the meritocratic recruitment of executive officials has on agency management; rather, they pay particular attention to its effectiveness in controlling civil service politicization. Peters and Pierre (2004) review bureaucratic politicization from a comparative perspective. They conclude that, in fact, multiple countries have encouraged measures, inspired by the NPM, to address these occurrences and increase the effectiveness and efficiency of government. The authors argue, however, that instead of reducing politicization, these initiatives have actually boosted it. As NPM emphasizes the importance of government performance, political authorities are more responsible for the results that agencies achieve and their need for bureaucratic control increases significantly. Thus, in a certain way, the implementation of merit-based systems undermines this control, and this demand by politicians is expressed through alternative practices, which are usually less formal and more effective, albeit more questionable in terms of integrity.

In summary—and based on the literature—various components appear that are relevant to this study. From a methodological standpoint, the research conducted so far has

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information, see Corrales (2013 and 2014). Analyses of improvements in execution of investment budget in subnational governments took into account the regional governments of La Libertad, Junín, Apurímac, Cajamarca, Ica, San Martín, and de Espinar, as well as the Sachaca and Tiabayá municipalities.

failed to measure performance by using institutional indicators to reflect the effectiveness and quality of public goods and service quality. Rather, this concept has been assessed by means of surveys or other mechanisms, such as the rating scores of agencies of programs intended for the evaluation of institutional performance. While this trend has few exceptions, such as some studies based on the Chilean and Peruvian experiences (Corrales, 2013 and 2014; Lira, 2012; Morales, 2014; SERVIR, 2014), the extensive use of proxies or second-best measures of performance signifies methodological and feasibility challenges for this research and similar projects.

Additionally, the notion of performance has not been sufficiently broad in the literature. It has only been restricted to the outputs and outcomes of public organizations. Indeed, the effectiveness and efficiency of budget execution and public investment, and the efficiency in delivering public goods and services also should be considered as "good performance." The wider concept, which encompasses the internal results on the performance of agencies, is the one adopted for this paper.

Although most of the empirical findings confirm the positive effect of merit-based systems within civil service on the performance of public agencies, the concepts of Grindle (2012) and Peters and Pierre (2004) require careful consideration of the causal relationship and its underlying inference. Discretionary appointments by political authorities neither hinder public sector management improvement, nor does meritocracy directly guarantee superior performance. Instead, there are many factors that can affect the latter or mediate this meritocracy-performance relationship.

Likewise, the assumption of politics as the antithesis of public sector effectiveness and efficiency is one of the main reasons explaining the resilience of politicization. In general, the reforms adopted by governments to control it have neglected to address the need of elected officials to have a responsive civil service to implement their policy agenda (Grindle, 2010; 2012; Peters and Pierre, 2004). In fact, the experiences of a number of countries suggest that these demands should be addressed to a reasonable extent.

Chile's SES system and Peru's PMC—which are briefly described in Appendix 1—aim to achieve a more balanced synthesis of politics and technical skills on managers. They not only pursue the objective of ensuring merit-based recruitment, but also the provision of flexibility for political authorities when selecting or replacing senior officials.

3. Methodology

This exploratory research uses a multiple-case study approach (Yin, 2014). This methodological design is based on the research questions of this study, the contemporary nature of the issue under analysis, and the complexity involved in controlling for the factors

that take into account organizational performance in the public sector. Many authors not only highlight the value of this methodology to describe the phenomenon, but they also do so to generate causal inferences when applied under adequate methodological standards (Creswell, 2014; Remler and Van Ryzin, 2011).

Chile and Peru were selected as research cases since they are the two most experienced countries in the region with regard to merit-based systems for the recruitment of senior executives (i.e., Chile's SES system and Peru's PMC). Furthermore, over the last few years, these countries have recruited a significant number of public managers through their respective mechanism, thus restricting designations into the civil service purely because of political affiliation or loyalty.[6]

Four comparable cases were selected in each country, with priority based on the positions that had more executive than political responsibilities. This criterion led to a prevalence of second-level over first-level senior managers. The sampling process was carried out in collaboration with the national civil offices of both countries, namely, the General Directorate of the Civil Service (DGSC) in Chile and the National Civil Service Authority (SERVIR) in Peru. Table 1 presents all cases.

Table 1. List of Sample Cases

Country	Case	Level
Chile	Director, National Institute of Industrial Property (INAPI)	1
	Superintendent, Electricity and Fuels (SEC)	1
	Chief, Strategic Planning Division, National Defense Social Security Fund (CAPREDENA)	2
	Chief, Customer Service Division, Directorate of Public Procurement and Contracting (Chilecompra)	2
Peru	Chief, Office of Infrastructure. National Penitentiary Institute (INPE)	2
	Chief, General Office of Administration, National Penitentiary Institute (INPE)	2
	Chief, Administrative Area of Local Education Management Unit 04 (UGEL 04), Lima	2
	Chief, Office of Administration, Superior Court of Justice (CSJ), Arequipa	2

Data were gathered from 37 semi-structured interviews, a review of internal agency documents, and an analysis of performance statistics, where available.[7] The interviews were intended to collect information on the work environment of each manager, based on specific criteria. For each agency, respondents included at least (i) the supervisor of the senior

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[6] The experience obtained from programs such as Ecuador's Excellence Managers Program (created in 2013) was not considered due to their short implementation periods.
[7] An additional interview was conducted with an experienced member of Peru's PMC, who is currently the Executive Secretary of the Presidency of the Ministries Committee.

executive; (ii) a subordinate; (iii) a direct external or internal client; and (iv) an officer with more than 10 years' experience in order to obtain a long-term view (Figure 1).

Figure 1. Profile of Interviewees
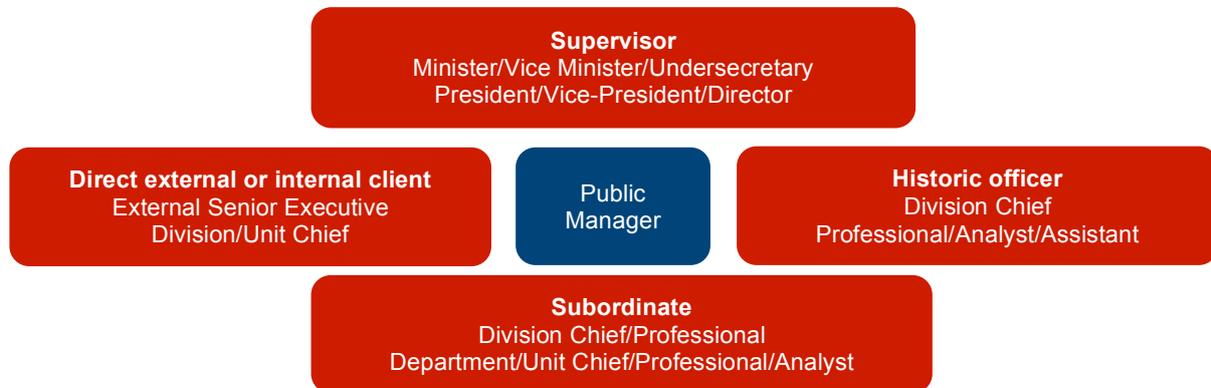
As usual, certain interviewee characteristics will vary depending on the level of seniority and the organizational unit being analyzed. For example, the direct clients relating to first-level managers were external to the agency while for second-level managers, they were internal clients from other units within the same agency.

Data analysis was conducted following three main approaches (Figure 2). The first sought to identify the effect of a manager's action on organizational management in a way as to identify significant changes in their added value. A before-and-after comparison was affected to establish the "intervention" of the official during his/her appointment with the agency.

The second approach related to the management practices of senior executives, especially those that impacted on management improvement. Finally, a third method was used to establish the effect of merit-based systems on the legitimacy of public managers. In this case, the findings are not only based on data from each case; rather, they also represent the general opinion of interviewees.

Figure 2. Lines of Analysis
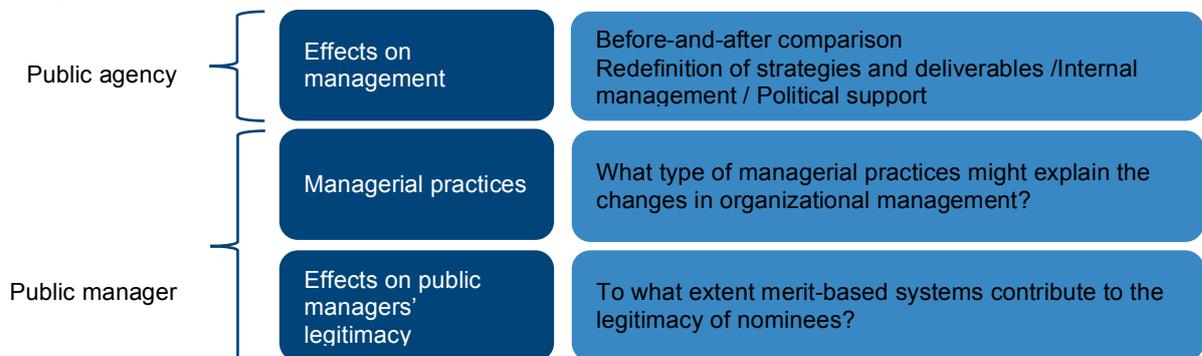
4. Case Analysis

4.1. Effect of Managers Selected by Merit-based Systems on Organizational Management

According to Moore (1995), the analysis of senior executives should take into account their contribution to (i) produce or increase the benefits for users, (ii) attract and maintain legitimacy and political support, and (iii) develop operational and administrative capacities to achieve organizational goals. Table 2 exhibits the improvements achieved by managers under merit-based systems. Such enhancements are categorized following the conceptual framework proposed by Moore (1995).

Table 2. Identified Management Improvements

Dimensions of managerial contribution	Improvements identified		Planning CAPREDENA	Customer Service ChileCompra	SEC	INAPI	Infrastructure INPE	Administration INPE	Administration UGEL 04	Administration CSJ Arequipa
i. More benefits for users	Redefinition of strategies and deliverables		√		√	√				√
ii. Attraction of political support	Improved inter-institutional coordination		√	√			√		√	√
	Improved positioning in the organizational environment		√	√	√	√	√			√
iii. Development of enabling operational capacities	Personnel management	Improved intra-organizational coordination	√				√			√
		Improvement on monetary and non-monetary compensations			√		√	√		
		Management of internal conflicts		√			√	√	√	√
	Resource management	Enhancements in workplace facilities and/or user facilities	√				√	√	√	
		Improved IT infrastructure				√	√			
		Increased budget execution					√	√		√
	Administrative structures, systems, and processes	Standardization of core and administrative processes	√					√	√	√
		Redesign and/or computerization of core and/or administrative processes			√	√			√	

Source: Moore (1995).

i. More benefits for users

One of the key competencies for public managers in the SES system and PMC is customer or user orientation. In the SES system, strategic vision and results-driven management are

two out of the seven core qualifications, and they often receive higher weights in job descriptions. In the PMC, results and service orientation—the latter of which focuses on internal and external clients—are two critical competencies in the generic profile of members of the cadre. Additionally, candidates for the PMC should have advanced skills in strategic planning.[8]

In four out of the eight cases, newly appointed managers led to the restructure of services provided by institutional units. This change implies an increase in the significance of the needs and perceptions of clients and users. How did this process take place in each agency?

With the appointment of the SES system executive, the Planning Division at the National Defense Social Security Fund (CAPREDENA)[9] shifted from a process-oriented approach, limited to requiring and verifying the compliance of planning and control tasks by other divisions, to that of an internal client. The Division assumed an active role in supporting the design of strategic objectives of other divisions, as well as their goals, targets, and performance indicators. For instance, several workshops were offered as a means to achieve this.

The redefinition of the role of the Strategic Planning Division, along with its achievements, has gradually altered the perception CAPREDENA members had of the unit. Rather than being considered an administrative burden, it had evolved into a facilitator for the management of other divisions. As evidence, it reduced the number of performance indicators from 130 to 12 for the Operations Division, thus improving strategic focus and, potentially, the division's entire organizational performance.

By also reorienting services to internal clients, the Office of Administration at the CSJ in Arequipa established as its core goal the provision of administrative support to the Court.[10] This was defined shortly after the Office Chief, a member of the PMC, had assumed his position. As simple as this appears to be, the ambiguity of the role had previously and consistently triggered conflict between the Office and the Court's Presidency. Ultimately, a closer work relationship between them developed, especially with regard to procedures such as budget planning. Additionally, the PMC manager prioritized the improvement of certain

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[8] In the case of Chile's SES system, see http://www.serviciocivil.gob.cl/atributos-y-perfil-del-adp; for Peru's PMC, see http://files.servir.gob.pe/WWW/attachments/Perfil_Generico_Gerente_Publico.pdf.
[9] CAPREDENA is responsible for the social security of Chile's Armed Forces and it includes health services and cofinancing, pension payments, and the delivery of social welfare benefits. The institution is structured into seven divisions, with a public attorney and a General Secretary who report to the General Manager and Executive Vice-President. The Planning and Development Division is one of seven, and it undertakes internal control and risk management.
[10] Superior Courts of Justice are jurisdictional branches of the Judiciary in Peru. Their main goal is justice administration in their respective districts. Each court has management, governance, control, assistance, and support instruments. Among these, the Offices for District Management provide technical and administrative support. Their main goals include human and resource management, planning and management control of the Judicial District, and the execution of non-jurisdictional administrative decisions of the respective CSJ.

deliverables, such as access to criminal records, which are now instantly processed. Furthermore, he implemented an electronic survey system intended to collect the feedback of users on their experience after receiving administrative services at the CSJ. This initiative signified an important improvement since the previous customer survey had been costlier and was applied only once a year. By mid-2015, over 75 percent of users reported a "good" or "excellent" quality of service.[11]

The public value proposition by the Superintendence of Electricity and Fuels (SEC)[12] shifted from having a strong normative and technical approach to one that was centered on users. In the past, the management model was essentially legal, namely, developing norms to define market standards, overseeing compliance, and applying sanctions when standards were not met. The citizenry, however, was not included in this mission, and this was reflected on the difficulties that SEC experienced when serving users with high quality standards. The response time of claims due to deficient electric or fuel service provision often exceeded six months. Furthermore, it was not clear for the agency whether there was any public value for users. Under the technical and normative notion of SEC's mission, there was a fair perception of performance by its members. Nevertheless, this concept was based on intuition and some process indicators, such as the number of inspections, electrical installation declarations, or product certifications within a given timeframe.

Therefore, the public value proposition promoted by the Superintendent—an SES system manager—placed the citizens as the strategic driver of the SEC. In this sense, the design of norms, oversight, and sanctioning is necessary although not sufficient to achieve organizational objectives. By 2015, the definition of indicators, goals, and their management was an ongoing process, and an IT system was developed to monitor the market and SEC's performance in real time. The new approach has decreased the average time of electricity interruptions from 48 to 16 hours within four years. In that same period, SEC reduced the number of irregular power suppliers by 200 percent, from 280 to 50.

Similarly, when the Director of the National Industrial Property Institute (INAP)[13] assumed his position, he established that most difficulties faced by users were the result of an absence of regional offices. Hence, he focused on computerizing the agency's services. Under this new approach, nearly all procedures became available online for citizens. Indeed, 72 percent of all trademark and patent requests are now requested on the Internet. Likewise,

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[11] This initiative was awarded during the SERVIR good practices contest in 2015. See http://inst.servir.gob.pe/index.php/en/noticias-y-eventos-/2090-servir-premio-las-buenas-practicas-de-gestion-presentadas-por-gerentes-publicos.html

[12] SEC, at the Ministry of Energy, is an institution that is over 110 years' old, responsible for the surveillance of Chile's energy market; in particular of the security and quality of electric and fuel products and services.

[13] INAPI, established in 2009 from the former Department of Industrial Property of the Ministry of Finance, is in charge of management of services related to industrial property in Chile. It specifically oversees the promotion and protection of industrial property rights, and is responsible for the diffusion of the technology and information the agency produces.

the processing time of "clean" trademark applications were reduced by 100 percent, from 10 to 5 months, which has positioned Chile at the global forefront. Additionally, the backlog of pending patents has been reduced by over 5 percent, and those requested a long time ago—including some from the 1980s—have been addressed.

Therefore, three out of the four cases that implemented a strategy shift to enhance focus on users are represented by Chile's SES system managers, and only one by Peru's PMC. This may be because the systems largely include senior officials from Level I and Level II; that is, directors and assistant directors from organizations responsible for the design and delivery of public services in the case of Chile, and administrative managers in the case of Peru.

Among the cases analyzed, there is no solid evidence to support a causal link between the arrival of senior executives selected by merit and the improved results or outcomes of public sector agencies. This may be due to a limitation on the data available to test these impacts, or on the complexity of attributing such changes to the action of managers.

Nonetheless, it is important to acknowledge that the *areas of managerial control* are usually restricted to operational management, so changes in this aspect have an effect on *outputs*. Furthermore, albeit most of them socio-economic, organizational *outcomes* are typically influenced by several factors of a different nature. In this case, the organization's and the manager's individual performance are only a part of the explanation. In this sense, the findings presented in this section suggest that critical consideration should be placed on the demands of performance and management targets and commitments to better distinguish the power and influence senior managers have and their impact on organizational outcomes and outputs.

ii. Appeal for political support

Political support is essential for a public agency to adequately function and, more so to be able to strategically achieve better performance. As opposed to political appointees, managers selected through merit-based mechanisms may lack this backing.

Chilean SES system managers are designated by the President (i.e., Level I positions) or by the highest respective authority (i.e. Level II) from a shortlist of candidates provided by the SES Council. Support from these authorities can be counted on, at least at the beginning of a senior official's appointment. However, the real political backing comes from beyond these nominating authorities. One of the seven core qualifications needed for SES managers is the ability to network and effectively integrate into the agency's culture. This competence requires senior official to have the skills to identify key stakeholders and develop strategic alliances in order to strengthen organizational management and

collaboration. In addition, this core qualification for executives refers to the management of the contextual variables that legitimize the role.

The Peruvian PMC executives are assigned by SERVIR based on requests from political authorities. Since the authorities do not make the selection, a manager may not have the political support of the superior manager. Three of the seven core competencies required from PMC applicants relate to the ability to achieve political backing, within which are effective communication, leadership, and team work.

In four out of the eight cases under review, managers have developed mechanisms to achieve more effective coordination with external superiors or internal clients at the political level. This heavily influences the degree of institutional and political support that is received by their offices.

Concrete and regular procedures of coordination and accountability have been established between the Office of Administration of the CSJ in Arequipa and the Court's President, the latter of whom had requested the replacement of a former public manager to SERVIR. The Office also built strategic alliances with the National Superintendency of Public Registries, as well as with the local government and firms in Arequipa.

Similarly, the SES system manager of the Strategic Planning Division of CAPREDENA fostered meetings and workshops with other units of the organization. The objective of these activities was to facilitate the planning and management of tasks, such as the design of strategic goals, administrative mechanisms, and performance indicators. This work method boosted the division's positioning within the agency.

With regard to the Office of Infrastructure at Peru's National Penitentiary Institute (INPE),[14] it significantly improved its relationship with key units within the institution, such as the Department of Penitentiary Security Direction and the Department of Penitentiary Treatment. This change was attributed to the organization of strategic committees and other intra-institutional coordination practices in order to closely work together, for instance, on the design of correctional facilities. In terms of ChileCompra,[15] the Customer Service Division

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[14] INPE's beginning can be traced back to 1924, when it was created as the General Inspection for Prisons. After several decades and various legal and name changes, it became the National Correction Service in 1985. Now known as INPE, it is responsible for the management of the National Correction Service, research and design policies for crime prevention, support following prison sentences, and the establishment of technical and administrative standards for development of correctional infrastructure. INPE has a General Secretariat and an Internal Affairs Office, Institutional Control Body, National Center for Crime and Correctional Studies, regional offices, and four directorates (e.g., for correctional treatment and correctional security). The Office of Information Systems, Legal Advice, Planning and Budget, General Management, and Correctional Infrastructure fall under the umbrella of the General Secretariat.

[15] The National Direction for Purchases and Acquisitions (ChileCompra) was created by the Law of Purchases and Acquisitions, passed in 2003. It replaces the Direction of Supply for Government. Through the System for Public Acquisitions, ChileComprar facilitates the government procurement of goods and services and links agencies to suppliers. Customer Service is one of its four divisions, responsible for assisting and guiding buyers and suppliers in using the System for Public Acquisitions and related issues.

attained a high regard from superiors as a result of substantially improving its management practices and performance.

In summary, most of the organizational units analyzed have demonstrated an improvement in reputation and prestige from the standpoint of relevant political and institutional authorities. According to the results of this study, this has not come about through direct action, such as lobbying or external and internal communication strategies; rather, it is a consequence of enhancements made by managers to the internal administration of agencies (e.g., INPE Infrastructure, ChileCompra Users) or their deliverables (e.g., Arequipa CSJ Management)

iii. Development of operational capacity

Operational management skills are foremost in the qualifications required for SES system and PMC applicants. In particular, the SES system refers to this capacity as to include leadership (i.e., human resource management), results-driven management, innovation and flexibility, crisis management, and technical expertise.

In the PMC case, operational management requirements are much more explicit. There are also competency requirements on leadership skills, innovation and continuous improvement, and results-driven management. A candidate also is required to have an advanced knowledge of management models, especially with regard to planning tools and techniques, process control, and performance management and evaluation. Knowledge about the management and regulations of the Peruvian public sector are also essential, particularly in terms of human resource management, supply management, budgeting, treasury-related tasks, public debt, accounting, and public investment, among others.

It is not surprising, therefore, that the relevance of operational management within the eight cases has brought about significant improvement. Achievements include resource and personnel management, institutional restructuring, and systems and administrative processes.[16]

Regarding human resource management, in both INPE offices (i.e., Infrastructure and General Administration)[17] the monetary and nonmonetary compensation packages for employees were increased. This contributed to preventing the loss of labor skills previously experienced due to below-market wages, and also addressed the widespread lack of motivation and dissatisfaction of personnel. SEC also improved its nonmonetary compensation package, since it developed an intensive training policy that resulted in 80

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[16] These dimensions match the categories identified by other authors in analyzing the different public management areas. See Moore (2013), Rainey (2014), and Waissbluth (2008).

[17] The General Secretary is responsible for the Offices of Information Systems, Legal Advice, Planning and Budget, General Management, and Correctional Infrastructure

percent of its employees graduating with either a Customer Service Diploma or a Public Management Diploma.

Several senior officials, selected through merit-based systems, assumed their positions in organizations that suffered from severe internal conflicts. In this context, they developed coordination mechanisms, such as strategic management committees that met on a weekly basis in the case of INPE's Office of Infrastructure. Additionally, there was serious conflict between this office and the Studies and the Construction units, escalating to the point of undermining the office's performance. According to the interviews conducted, this situation was managed by way of the strategic management committees. Other internal problems experienced by managers were significant wage differences between employees working at the same level (i.e., UGEL 04 Administration)[18] and the widespread institutional instability faced by the organization (i.e., Customer Service at ChileCompra).

The recruitment of public sector senior executives has evidenced an improvement in resource management, such as budget execution (e.g., INPE's two units and the Office of Administration of the CSJ in Arequipa). Moreover, the senior executives have contributed to the enhancement of institutional facilities and technological infrastructure. In particular, they have provided for more appropriate work spaces and have upgraded IT hardware and systems (e.g., INPE, UGE 04, and INAPI). In some cases, this has been a consequence of alliances with other institutions, such as municipalities. Beyond their impact on productivity and customer service, these changes have addressed the challenge of job dissatisfaction among employees due to unstable work conditions.

The process management of agencies were also improved, since previous managers had implemented protocols for procedures based on the criteria of the official in charge. The lack of standardization affected the execution of several internal processes, especially within administrative offices. Indeed, this deficiency was a challenge to achieving adequate management control, and it encouraged a culture of administrative misconduct (i.e., INPE Administration, UGEL 04 Administration). This disarray deteriorated the image of these offices, since the processing of administrative requests (e.g., recruitment procedures and travel allowances) was perceived to be inefficient and burdensome (i.e., INPE Administration, UGEL 04 Administration).

There were also cases in which the redirection of deliverables by public sector agencies called for the redesign and formalization of internal processes. For instance, the strategic shift of the Office of Administration of the CSJ implied a streamlining of administrative procedures to efficiently satisfy the Court's needs in a timely manner. The

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[18] The Local Education Management Unit 04 (UGEL) is a decentralized agency from Lima's local government. It provides institutional, pedagogical, and administrative support to public schools in the districts of Comas, Carabayllo, Puente Piedra, Santa Rosa, and Ancón. It has three units: Institutional and Pedagogical Management Unit, Administrative Management Unit, and Office of Internal Control.

Strategic Planning Division of CAPREDENA transformed its organizational model to better manage its internal customers. Therefore, a specific executive was assigned to each unit of the agency, and the internal coordination was strengthened by means of better communication practices. The customer-driven restructure of the Division also involved changes in office layout. Furthermore, it implied obtaining ISO certification, which led to the standardization and streamlining of internal procedures.

In summary, the findings confirm that merit-based recruitment for the management of public agencies has a positive performance effect, particularly on internal processes. While some results also suggest a positive impact on customer benefits and the political support of organizations, it is evidently less so.

These results are consistent with the job profiles of executive positions considered in this study, especially in the case of Peru. In five of the eight cases, officials were at the second level of the hierarchy, heading support units (i.e., four Peruvian managers are in this category). This would explain the predominance of administrative functions, such as planning, budgeting, and administration within the PMC (Corrales, 2013 and 2014).[19]

Nevertheless, were it possible to account for selection biases, it would be necessary to reemphasize the limited influence of executives and the need to better distinguish what they manage. While operational or internal management activities are immediate, feasible and, hence, most direct as responsibilities, the tasks that are more strategic or political depend on a complex network of actors and processes. In this latter case, therefore, managerial performance is only one component.

The scenario regarding the extent to which managers can exert an influence on their organizational environment should be taken into account when their contracts are drafted and when their performance targets are established. The concept of insufficient supervision and evaluation tools could lead to a lack of motivation on the part of executives and to the undermining of the legitimacy of merit-based recruitment.

4.2 Managerial Practices of Officials Selected Based on Merit

To argue that managers staffed by merit-based systems produce institutional improvements requires a closer look at the ways in which this may eventuate. In other words, it is necessary to analyze the managerial practices applied by senior executives in their pursuit of change. Taking into consideration the concepts of Mintzberg's ideas (2009), practices can be classified based on whether senior executives manage (i) through the use of information, (ii) by administering third-party decisions and actions, (iii) with people, or (iv) by direct action.

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[19] While there are no official figures to make this distinction in the case of Chile, a simple examination of the total charges included in the DNSC corroborates that both line and support executive functions have a similar prevalence. See http://www.serviciocivil.gob.cl/sistema-de-alta-direcci%C3%B3n-p%C3%BAblica-0.

Table 3 indicates the practices that Mintzberg includes for each element, and it includes their manifestation within the eight cases of this research.

Table 3. Managerial Practices Identified in the Eight Cases of the Study

Level of managerial function	Managerial practices	Strategic Planning CAPREDENA	Customer Service ChileCompra	SEC	INAPI	Infrastructure INPE	Administration INPE	Administration UGEL 04	Administration CSJ, Arequipa
i. Use of information	Monitoring and dissemination of information within the organization	√				√	√		√
	Transmission of information to outsiders	√			√		√		√
ii. Administration of third-party decisions and actions	Design and development of strategies, structures, and systems	√		√	√	√	√	√	√
	Delegation of decisionmaking	√	√		√				
	Resource allocation						√	√	
	Individual or collective goal setting		√	√					
iii. With people	Promotion of staff development			√		√			
	Team formation and building		√	√	√	√			√
	Resolution of internal conflict between agency members					√			
	Development of organizational culture						√	√	√
	Networking with external stakeholders				√	√			√
iv. Direct action	Involvement on specific projects				√	√			
	Management of contingencies/crises		√			√	√	√	

Source: Mintzberg (2009).

i. Managing through the use of information

Senior professional executives from Chile and Peru are expected to "interact with their organizational environment and manage networks" (i.e., SES system), and to engage in "effective communication" and "team work" (i.e., PMC). These qualifications will ensure that managers have the capacity to manage through the use of information.

As would be expected, considering the competencies required in both systems, communication has played a significant role in management in all cases. The intense manifestation of this and the ways in which it was displayed differ. In some cases, information was fluid within the agency (*dissemination*) while in others, the exchanges were directed outside the organization (*vocería*). Indeed, many senior officials used their management style with their teams, resulting in more transparency in the decision making processes that were previously unclear (e.g., CAPREDENA's Planning Unit, INPE's Administration Unit, INPE's Infrastructure Unit, CSJ's Administration Unit in Arequipa). This bolstered trust among team members and enhanced participation. Some executives were seen to regularly provide their superiors or interest groups with information on the achievements of their units (e.g., CAPREDENA's Planning Unit, INPE's Administration Unit, INAPI, CSJ's Administration Unit in Arequipa).

ii. Administering third-party decisions and actions

The ability to influence agency members and external stakeholders is a requirement stipulated by the Chilean and Peruvian merit-based systems, especially in terms of leadership and results-based management—which, as previously discussed, appears literally as "innovation and flexibility" for SES system applicants or "innovation and continuous improvement" for PMC candidates.

The examples of managers in the case studies demonstrate the exertion of an "institutionalized" type of control, since they have mainly directed the tasks of their subordinates based on the design (or redesign) and formalization of processes and work structures. In some agencies, these initiatives were intended to realign staff's activities with expectations, particularly in those whose deliverables and strategies were restructured (i.e., CAPREDENA' Planning Unit, INAPI, SEC, CSJ's Administration Unit in Arequipa). In many cases, standardization and formalization were aimed at reducing employee discretion and exerting tighter control on their decisions and behavior (i.e., CAPREDENA's Planning Unit, INPE's Administration Unit, UGEL 04's Administration Unit, CSJ's Administration Unit in Arequipa).

The Chief Administrative Officer of UGEL 04 is, perhaps, the best representation of a style of control that is intended to limit the discretion of staff. Before the arrival of the PMC executive, there was serious administrative confusion as a result of many processes being executed based on individual criteria. This disorganization gave rise to questionable and dishonest work practices. Anecdotal evidence suggests favoritism toward some procurement providers who were awarded contracts directly without tendering, as well as the partitioning of acquisitions. Additionally, some employees may have illicitly benefited from a change in their wages.

The disorder at UGEL 04's Administrative Unit was addressed through the creation of new standards and directives for process execution and computerization. These initiatives appear to have had an impact on the efficiency of administrative processes. In fact, in 2015, the processing time for recruiting UGEL's personnel was reduced from an average of five to six months to only one month.

Controlling people's decisions and behavior by way of delegating the decision making has not taken place as much as the standardization of processes and procedures. This was manifested in three of the four cases representing the SES system, and may be partially attributable to the request for an explicit skill set to delegate to employees so as to achieve results-driven management performance. In those units where this kind of control was applied, subordinates reported a higher sense of autonomy and trust to manage and decide their tasks (i.e., CAPREDENA's Planning Unit, Customer Service at ChileCompra,

INAPI). Delegation, therefore, may be seen as a way to compensate for the loss of discretion that comes with process standardization.

Moreover, the allocation of resources rarely took place other than by the Chief Administrative Officer of UGEL 04, who was responsible for budget redistribution, and—more notably—by the Chief of the Infrastructure Office at INPE, who redesigned the funding model for prison maintenance. Similarly, performance targets were seldom implemented as control mechanisms. The exception to this pattern were the Customer Service Division at ChileCompra and SEC. While the former set individual targets, the latter established them by division.

Besides the aforementioned motives for strategic realignment and low standardization of processes and work structures, the preference of managers for the institutionalized type of control can be explained by other reasons. In many cases, the lack of effective monitoring mechanisms, such as management control systems and performance indicators, made it impossible to delegate, allocate resources, and set objectives. The low use of management practices, leading to employee autonomy, may have been due to the cultural preference of the Chilean and the Peruvian public sectors in terms of centralized management, or a way in which to prevent internal conflict or dishonest behavior.

iii. Managing with people

Managing with people involves assuming the role of a facilitator of staff to boost achievements and strengthen participation. The capacity to lead and work in a team environment is among the attributes expected of SES system and PMC executives.

These selection criteria, when managers are faced with significant personnel deficiencies that undermine the institutions, can be the most important elements within this category to train and build teams. Depending on an agency's circumstances, managers may be at liberty to build teams according to their needs (i.e., INAPI, INAPI Infrastructure, SEC, CSJ's Administration Unit in Arequipa) or to restructure their staff (i.e., ChileCompra's Customer Service Division).

Executives are able to also strengthen training programs (i.e., SEC) and improve the work environment in the public sector by preventing internal conflict. These can be disputes such as that between the Studies and Construction units in INPE's Infrastructure Office, previously mentioned.

Likewise, networking with external stakeholders, which is a qualification specifically required by the SES system, was implemented by INAPI managers and CSJ's Office of Administration in Arequipa. The former used it to support the internationalization strategy of the agency, while the latter took advantage of it to acquire infrastructure and provide training opportunities for employees.

Three of the four cases relating to Peru indicate a special managerial emphasis on strengthening organizational culture. This may have been a reaction to irregular work practices of employees, especially in administrative units (i.e., INPE's management, UGEL 04's management). Moreover, its importance may be explained by the previous abuse of discretionary appointments, as well as the unscrupulous and uncommitted management styles of prior agency heads (i.e., CSF's Management Office in Arequipa).

iv. Managing through direct action

Program management and the skills to address internal conflict are key competencies required of SES and PMC executives. In particular, they are reflected by the attributes of "crisis and contingency management" (SES system) and "sense of urgency" (PMC). In most cases, these skills were applied as a response to specific issues or conflicts rather than a result of careful planning. This is what occurred in the administrative unit at UGEL 04 and in the Offices of Infrastructure and General Administration at INPE, whose managers were required to be involved in conflict resolution management.

Furthermore, the Customer Service Division of ChileCompra is perhaps the epitome of the use of conflict resolution skills. For a long period, the responsibilities of the Chief of the Division were limited to controlling the organizational instability that came about from change in the e-procurement platform of Chilecompra and its IT provider, which are critical for customer service.

Nevertheless, there were some cases where managers deliberately intervened in specific projects, assuming a leadership role. For instance, this happened with the drafting of INAPI's Bill of Industrial Property and with the design of a new model for Peru's correctional facilities by INPE's Office of Infrastructure.

When taking into account the four types of managerial practices, there is an overall prevalence of indirect control in the establishment of processes and structures, as well as in the creation and consolidation of teams. This suggests that most executives have centered their efforts on establishing essential characteristics for the adequate functioning of the organization, especially in the case of all those agencies whose strategies and deliverables were significantly redesigned (i.e., CAPREDENA, SEC, INAPI, CSJ's management in Arequipa). This prevalence may be an indicator that the search for an operational foundation for new strategies and deliverables has been particularly relevant for managers.

Furthermore, the cases show the relative importance of reparation or contingency-resolution practices, which involve the direct participation of managers. This did not occur in any agency that experienced major changes in strategy and deliverables. Thus, these results suggest that significant destabilizing circumstances inhibited—or, at least, did not

coincide with—opportunities to strategically restructure public organizations and their outputs.

4.3. The Intangible Values of Merit-based Selection Systems for Public Managers

One of the main objectives of the semi-structured interviews conducted for this study was to identify intangible values of merit-based staffing systems for managers. More specifically, the objective was to examine the organizational environment of executives in terms of whether their merit-based selection endorsed them with certain characteristics when compared to political appointees.[20]

After analyzing the interview data from Chile and Peru, two intangible values emerged from this comparative approach between SES or PMC executives and political appointees. Managers staffed by merit-based systems are perceived as having more legitimacy, as well as possessing higher levels of institutional commitment and stability.

More legitimacy

The legitimacy obtained by executives, due to their meritocratic recruitment, represents an asset to them. From interviews, this quality can be attributed to (i) the selection process itself, and (ii) the abilities of those who were selected.

> *(i) The selection process.* This source of legitimacy is more salient in the SES system. Interviewees in Chile tended to highly value the capacity of its selection process to validate the technical expertise of nominees, while with discretionary appointments, the process was more likely to fail. Likewise, the SES system is viewed as a substantial improvement of integrity and transparency standards for the staffing process of public managers. Although this legitimacy from the selection process is not necessarily transferable to the SES manager, political appointees can trigger negative reactions in an institution. While the appointed executive may eventually overcome this situation, the cost of doing so is high and timeframes are often tight. As a result, the executive's management could be undermined.

> *(ii) Abilities of selected managers*. This is especially noticeable in Peru, where interviewees generally perceived a significant difference in the technical skills of PMC executives and those appointed on a discretionary basis. While the argument is not sufficiently strong that the former have better skills than the latter, PMC managers are regarded as specialists in their respective field of expertise and are the

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[20]The interviews do not only encompass the 37 carried out with institutional managers; it includes the interview with the Executive Secretary of the Presidency at Peru's Council of Ministers.

technical counterbalance to political authorities. Indeed, one interview revealed that to be a member of the cadre may be interpreted as having achieved an "ISO certification." This notion has fostered a strong sense of belonging on the part of PMC senior officials who view the PMC as a mechanism to uphold their competencies and to gain more empowerment to assume their respective roles.

From the eight cases in this study, in five cases political appointees had preceded the appointment of senior officials recruited through a merit-based system, the latter of whom had superior technical skills than their predecessors.[21] The remaining three managers replaced colleagues who also had been selected by way of a merit-based mechanism.[22]

Higher commitment and stability

The findings from the feedback of managers from both countries are that merit-based systems strengthen their commitment to the agency they work with. This is clear, for example, based on their longer terms in office compared to those of political appointees—a trend that also applies to the United States (Lewis, 2008). The Customer Division of ChileCompra is the essence of this finding, since its Chief remained in position during the period Chilecompra changed directors four times. This may not have occurred had the executive been a political appointee.

Similarly, stronger commitment and longer tenure lead to more stability in public agencies. Prior to the arrival of PMC executives to UGEL 04's Administration Unit, several managers, appointed discretionally, had led the unit, averaging a year each in their role. This introduced a sense of instability within the unit, given that each of these appointments cascaded down to designations in lower levels, thus changing the structure of the organization.

5. Conclusions and Future Agenda

First, it is vital to note that this is an exploratory study, and the results should be interpreted as such. Although cross-case comparisons have been conducted and the findings have been compared to the literature, their generalization in the face of various contexts should be viewed with caution. According to the results of this research, the staffing of executives

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[21] The cases include Chile's CAPREDENA, ChileCompra, INAPI, and SEC, as well as Peru's UGEL 04. It is obvious from the development and experience of managers, both in terms of the technical skills required for the position and their overall experience. The comparison between INAPI and the Department of Industrial Property was made because it was a newly created office. In ChileCompra, the two immediate predecessors were temporary substitutes from the office and a manager who was selected on a merit basis—although not from SHDP. Both profiles were used for comparison.

[22] Infrastructure and Management at INPE and Arequipa's CSJ. While two of these three cases had previous managers selected on the basis of merit, their skills were lower than those executives analyzed for this study.

through merit-based systems in Chile and Peru has led to various management improvements in comparison to their politically appointed predecessors. These relate mainly to the internal management and work practices of agencies rather than to their outcomes. Nevertheless, the latter are affected by a wide range of factors that are beyond those of the recruitment of managers through meritocratic mechanisms.

In general, the outcome of internal management improvements by executives includes the standardization of processes, organizational restructuring, establishment of effective coordination mechanisms among units or agencies, and a more efficient use of resources. In some cases, the quality of deliverables improved for citizens and internal clients, and the support for public organizations was strengthened.

These positive results are partly due to specific managerial practices. Senior executives improved external and internal communications, introduced the redesign of strategies and structures, and fomented management teams. Albeit less frequently, managers promoted key values within their agency, such as meritocracy and transparency.

It is important to indicate that these improvements occurred in both Chile and Peru, despite the difference in their bureaucracies in terms of institutional development. In the case of Peru's PMC, there were serious instances of severe restrictions on management priorities, resources, and to the commitment of the managers.

There are several attributes to the enhancements achieved by executives based on merit-based staffing. First, the selection criteria of the SES system and the PMC include core competencies that specifically relate to the managerial practices that emerged from the data. Second, the senior officials in the case studies generally were better qualified and had more relevant professional backgrounds than their predecessors had, especially those who had been politically appointed. Nevertheless, the preceding managers were not particularly weak. This may have presented some bias in the before-and-after comparisons, in favor of the management of executives recruited by meritocratic mechanisms. Finally, in most cases, the arrival of senior officials, recruited on the basis of merit, did not coincide with radical changes in their organizations, such as governance and budget execution. Rather, these factors remained stable or what few changes had occurred were only prompted.[23]

In addition to the improvements of internal management, deliverables, and political support of agencies, merit-based systems have introduced a higher value to the role of managers. This is evident from the feedback from interviewees of those in the organizational scope of executives.

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[23] The two exceptions are (i) CSJ in Arequipa, which became a budget-executing unit immediately before the appointment of a new manager, recruited on a merit basis and hence able to gain administrative autonomy; and (ii) Chile's INAPI, which—at the time the new manager was appointed—had shifted from being a Department within the Ministry of Finance to become a public agency and doubling its staff. Changes in supplier and information systems at ChileCompra, alternatively, led to more difficult scenarios than when under its predecessors.

First, merit-based systems provide legitimacy to nominees. This is due to the capacity of such mechanisms to select adequate candidates through a process of high transparency and standards of integrity, as well as an in-depth evaluation of their abilities. In fact, meritocratic recruitment may be viewed as an "ISO certification" to validate the satisfactory standards of technical skills and the autonomy of executives.

Second, according to interviewees, managers staffed through meritocratic procedures have higher levels of commitment, manifested in longer tenure periods, which can lead to increased institutional stability. This is more relevant when taking into account the discretional designations that usually lead to further appointments at the professional mid-level and other key areas of an organization.

Future agenda

When taking into account the positive effects of meritocratic recruitment, identified in this investigative study, and those discussed in the literature, it is worth seeking ways on *how merit-based selection of managers can be bolstered in Latin America.* Further research, using larger sample sizes and applying more rigorous scientific methods, is essential to obtain a better understanding of the causal effects of the merit-based recruitment of managers on organizational performance. This will require a more extensive and systematic data collection, since the idea is to accurately compare the performance achieved by executives selected through merit-based procedures to that of their politically appointed predecessors. Such analysis may include managers' experience and qualifications for the position, their tenure, results from surveys on staff motivation and job satisfaction, and analyses of internal management practices from extensive surveys. It is also necessary to control for other factors that may have an impact on agency performance, such as changes in legal mandate, governance, budget, and personnel policies, to name a few.

The findings in relation to Peru suggest that focusing on internal management positions may be advantageous when designing and implementing policies to professionalize senior-level officials. This approach may lead to less resistance from political authorities, since managers recruited through meritocratic procedures would appear to be only engaged in the internal affairs of agencies (i.e. more salient for PMC members). The costs for elected officials based on their reduced discretion on appointments would appear to be less. Alternatively, it is likely that merit-based systems that provide executives with clear strategic responsibilities may encounter more political opposition.[24]

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[24] PMC may be more exposed to these risks than Chile's SES system, since organizations enroll in the program only if they opt to, and this affiliation is not irreversible. Because politicians are forced to select managers based on merit, the resistance to Chile's SES system is likely to reflect in the day-to-day and informal interactions among managers and political authorities.

The professionalization of the senior civil service requires a limitation of the political power to designate managers on the basis of discretion. Thus, the benefits of reform would prove unattractive when seeking to obtain the political support that is necessary for its implementation. Nevertheless, there are various political and economic strategies that are followed by policy makers to obtain the backing they need, which include the merging of professionalization policies with those of the immediate political objectives where management skills are a significant component; implementation should be gradual by way of pilot programs; and mismanagement of political appointees should be documented (Cortázar, Lafuente and Sanginés, 2014).

This research addresses what is only an emerging topic in the literature, so the evidence available thus far is insufficient. It is anticipated that the findings from this study will contribute to a dialogue on the effects of merit-based systems on institutional performance, and that it will be defined in future research agenda.

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Appendix 1. Brief Description of the Merit-Based Selection Systems for Senior Executives in Chile and Peru

Chile's Senior Executive Service System

Chile's Senior Executive Service (SES) system was created in 2003 by Law N°19,882. This ruling resulted from a political agreement between the Government of Chile and the opposition party, with the intension to resolve an institutional scandal of clandestine bonus payments to senior officials. While the origin of the system was triggered by such complex circumstances, there had been previous consensus on the need to modernize the Chilean bureaucracy, as a result of such practices, and to identify the necessary strategies to achieve this. Consensus was reached as a result of governmental initiatives, such as the Inter-Ministerial Committee for Public Management that took place in the mid-1990s, and the recommendations of such think tanks as *Centro de Estudios Públicos* (Cortázar, 2011; Costa and Waissbluth, 2007; Lambertini and Silva, 2009). Law N° 19,882 also called for the creation of the General Directorate of the Civil Service to manage the SES system.

According to the Law, 98 of Chile's 141 public agencies were to be incorporated into the system. On this basis, 48 organizations came into being in 2004, and 10 were added each year during the 2006−10 period. As a result of the corruption scandals, the process was fast-tracked and concluded in 2007.

As a result, the selection of first-level and second-level senior executives followed a standardized process. This recruitment process begins with a job announcement, followed by a pre-selection of applicants by recruitment management companies. The applicants are then interviewed by the SES Council (first-level positions) or a Selection Committee[25] (second-level positions), which create a short list of three to five candidates. Subsequently, the President (first-level positions) or Chief Administrative Officer of the respective agency (second-level positions) selects the final candidate from the short list. Prior to assuming their positions, SES system managers sign a performance agreement that is linked to a bonus incentive. The appointments are for three years and can be renewed twice without the need for a competitive selection process.

SES system public managers serve under the nominating political authority and are subject to dismissal. While this procedure has led to a high turnover of SES system

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[25] This Committee is composed by one representative of the SES Council, one representative of the Chief Administrative Officer of the respective public agency, and one representative of the Ministry.

managers, especially during government transitions, it is a key feature of the system to ensure flexibility and it has contributed to the sustainability of the system over time.[26]

Other challenges that have been overcome as a result of the SES system are its extension to subnational levels, the improvement of the performance management system for executives, and the increase on the wages offered to SES system managers in order to attract more and better qualified applicants, especially within public health agencies (Costa and Waissbluth, 2007; Inostroza, Fuenzalida, and Morales, 2014). Despite the challenges, its effective implementation has positioned Chile as a regional leader in terms of civil service professionalization and modernization (Cortázar, 2011; Cortázar, Lafuente, and Sanginés, 2014).

In 2011, the Departments of Municipal Education (DAEM) and the principals of public schools were included into the system under Law 20.501. This was a consequence of the reputation the SES system had as a mechanism to select public managers based on merit. While the participation of DAEM and the public schools was voluntary, this legal change can be interpreted as the first step toward the extension of the system to regional and municipal governments.[27]

By April 2015, from Chile's 5,331 public schools, 3,960 joined the SES system to recruit their principals and 1,540 of them had engaged one under this mechanism. This represented a dramatic change in the way principals of public schools are recruited due to compliance of a standardized process. The standard of quality, transparency, and integrity of the recruitment process was strengthened (Grupo Educativo, 2015; Waissbluth and Pizarro, 2014). The achievement of higher standards is mainly due to the active role of the Civil Service on this type of staffing process.

Peru's Public Managers' Cadre

Prior to the establishment of the Public Managers Cadre (PMC), the situation was somewhat complicated. While there was extensive awareness about the complexity involved in implementing public policies in an efficient manner, the institutions of the Peruvian civil service to attract, train, and retain public managers were unable to meet the challenges (Corrales, 2014; SERVIR, 2014).

To address this, the PMC and the National Civil Service Authority were established in 2008 by Decree 1,024 and Decree 1,023, respectively. The creation of the PMC is mainly explained by three essential antecedents: (i) an opportunity emerged as a result of the Free Trade Agreement with the United States, when Congress gave legislative power to the

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[26] On average, 65 percent of first-level executives and 40 percent of second-level executive were removed during the presidential transitions of 2010 and 2014 (Egaña, 2015b).

[27] In this case, the recruitment and selection processes are similar to those followed for the staffing procedures of SES system second-level managers.

executive branch for such issues as bureaucratic modernization; (ii) the PMC reform was projected under the notion of "civil service" rather than "public employment" (the latter had been resisted by the Executive Branch due to its budgetary and policy implications); and (iii) the origin of the PMC was promoted by key political stakeholders (e.g., Ministry of Labor and experts of the Inter-American Development Bank), who contributed to the recovery of similar measures that had been under permanent veto and were at a status quo (Cortázar, 2014).

The second- and third-mentioned circumstances explain the relevance of the gradual implementation strategy of the PMC. In fact, the PMC is only the first phase of a broader reform. As earlier initiatives were blocked due to their "reformist" nature, policy makers responsible for the PMC understood that this first phase should only consider the essential aspects and then later address the more complex and structural issues (Cortázar, Lafuente, and Sanginés, 2014; Cortázar, 2014). Following the gradual implementation strategy, the PMC was established in 2013 by Civil Service Law N° 30.057. This rule was designed to take into account the knowledge and experience gained by the PMF over the five previous years.

Whoever wishes to become a member of the PMC applies to vacancies that are nationally announced and which are categorized into specific managerial profiles. This process is led by SERVIR. Applicants then go through two stages, recruitment and selection, followed by an *introductory course*. The first stage may be totally of partially contracted out to recruitment management firms, and a standard competency model for each position is applied as part of the selection procedure. In the second phase, the candidates are required to resolve and present a practical case, are evaluated at an assessment center, and are interviewed by the Council of SERVIR.

The standardization of applicant positions is based on a "sense of cadre" model; that is, whoever is selected in the PMC becomes part of a broader community of outstanding public managers in the Peruvian public sector. Thus, applicants have no need to apply directly for agency positions; rather, once they are members of the PMC, public agencies are free to select executives from SERVIR for specific positions. The freedom of SERVIR to select appointees is motivated by its cover of the wage differential of PMC members, which is generally higher. Although flexibility is one of the main features of the PMC model, it can be interpreted as an obstacle, given that the expansion of the PMC depends heavily on the willingness of political authorities to include PMC senior officials within their agencies.

Once managers are assigned to agencies, they are on probation for three months, signing a performance agreement that sets specific achievement goals for review each year. When managers complete their term, they can be reassigned to other managerial positions without having to go through the selection process again, given that they are now PMC members (Corrales, 2013).

The PMC includes first-, second-, and third-level executive positions. First-level positions include general secretariats in the public sector—with the exception of ministries—general directors, municipal and regional managers, or similar positions. The second and the third levels consist of directors, assistant directors, office managers, and similar positions. Until 2014, there were 435 PMC executives, 71 percent of whom were first-level managers, and 29 percent of whom were at the second or third level (Corrales, 2014).

An analysis of some indicators suggests that PMC executives have significantly improved their performance. The percentage of managers who exceeded their probationary period increased from 89 percent in 2009 to 100 percent in 2014. Likewise, managers who achieved more than 75 percent of their performance targets increased from 89 percent in 2013 to 100 percent in 2014 (SERVIR, 2014). These indicators are in line with evidence that suggests an increase in budget execution on the part of those agencies headed by a PMC member, including several regional governments and UGELs in Lima (Corrales 2013; 2014; SERVIR, 2014).

However, there are some challenges that need to be overcome within the program or some that have not been addressed in a satisfactory manner, such as the improvement of the general wage policy and the implementation of an IT platform to systematize PMC processes (Governa, 2012). Paradoxically, these weaknesses can be attributed to the same pragmatism that has determined the effective implementation of the PMC reform, where short-term changes instead of structural issues have been prioritized due to their lower transactional and financial costs. This decision risks a potential lack of strategic coordination and system sustainability (Cortázar, 2014).

Comparative Analysis of Chile's Senior Executive Service System and Peru's Public Managers Cadre

Table A1 exhibits the key similarities and differences between the SES system and the PMC.[28] The types of position in each model are similar, since both mechanisms include mainly those positions that are responsible for instituting public policy. Additionally, both systems partner with recruitment management entities and a council within the recruitment process. In both cases, the selection criteria are based on specific competency models, and the core qualifications required are not solely based on education and work experience. Other similarities are the number of years that managers are appointed (three years), the number of times they can be renewed (twice), and the signing of performance agreements upon selection for establishing objectives, supervision, and the evaluation of achievements.

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[28] This analysis excludes the positions of Municipal Education Chief and School Principals. While the selection process follow Chile's SES logic, they are not part of the SES system.

Table A1. Comparative Analysis of Chile's Senior Executive Service System and Peru's Public Managers Cadre

	CHILE'S SES	PERU'S PMC
Implementation strategy	Introduction of legal reforms since inception	Gradual approach, starting with measures politically and financially feasible
Directorate Council	Responsibilities are limited to the nomination of the short list of three to five candidates during the selection process	Highest authority of the Peruvian civil service and. The power of this Council is beyond its role during the selection process
Public agency participation	Mandatory for public agencies by law	Voluntary. Public institutions request PMC members to SERVIR depending on their needs
Degree of decentralization	Central and municipal level (education)	Central, regional, and municipal levels
Levels of Managers included	First and second levels	First, second, and third levels, although the PMC focuses on third-level positions
Types of position	Mainly responsible for the implementation of public policy	
Application procedure	Managers should apply each time there is a vacancy for an SES position	There is a "sense of cadre", so candidates apply as members of the PMC. It is not necessary to reapply after an executive is part of the Cadre
Stakeholders in the recruitment process	Initial stages of the selection process are contracted out to specialized agencies, and a council is responsible for the selection during the final stages	
Power of political authorities during selection process	SES positions are under the authority of political superiors. In fact, such authorities select the final nominee among the short list of three or five candidates provided by the SES Council. In addition, the chief administrative officer plays an active role in terms of performance contracts, as well as on supervision and evaluation processes	Positions have no political authority
Selection method	Selection by competencies	
Performance management	Performance agreement is linked to monetary compensation	
Assistance, support, supervision, training and assessment of public managers	Limited role of the Civil Service on the supervision and evaluation of public managers. The level of achievement of performance objectives by managers is informed only by the organizations subject to the Civil Service. Also, the training opportunities provided by the Civil Service are limited	Permanent assistance and supervision by SERVIR of the management of PMC executives. In addition, the institution offers continuous training opportunities for managers, and is co-responsible (with the respective organization) for the evaluation of executives
Power of political authority to remove public managers	SES managers can be dismissed at any time by political authorities, without a reason	Political authorities can dismiss a PMC executive only due to reasons that relate to their performance, discipline, and integrity. These reasons should be substantiated before SERVIR
Extension and contract renewal of public managers	Three years, which can be renewed twice	

Source: Corrales (2010); Costa and Waissbluth (2007).