

Monetization of Perks of Civil Servant in Pakistan Is Not a Universal Solution

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Abstract: *Introduction:* Monetization of perks and benefits is expected to be a cost effective approach for providing benefits to employees in an organization and minimizing administrative overheads and hassles. *Problem:* The monetization of perks and benefits is not equally feasible and applicable in government organizations as it happens for private companies because it can oblige civil servants to be dependent on external service providers while they should be immune from such dependencies on public. *Hypothesis:* Monetization of perks for civil servants is not adoptable for all types of bureaucracy in Pakistan. *Methodology:* This is a qualitative study which analysed relevant rules, laws, ordinances, notifications, reports and ongoing necessary measures of Pakistani government's commissions for improving the compensation structure in the government departments especially of the senior civil servant using secondary data accessed from authentic sources. It employed deduction method for reaching conclusions. *Finding and Results:* Government of Pakistan is inclined towards monetization of perks & benefits for the senior civil servants as part of its civil service reforms imitating private sector and existing trend in the world. However, considering varying degree of monetization policy effectiveness at different civil service departments/ set up in Pakistan, the situation does not seem to be encouraging for monetization. Recommendations are contributed to prevent sensitive institutions (involving greater degree of public dealing like judiciary, income tax, Police etc.) forecasting the probable adverse effect of monetization of perks in such sensitive public service institutions and limit it to public sector where it suits.

Key words: HR Compensation & Benefits • Monetization of perks for Civil Servants

INTRODUCTION

People in most of the countries in the world are not satisfied with their public sector especially bureaucratic creed [1]. Bureaucracies working in the South East Asian countries like IAS in India, CSP in Pakistan, BCS (Administration) in Bangladesh and CSS in Sri Lanka reportedly contribute lower performance, higher corruption and face political interferences [2]. Such public concerns are unavoidable as neglecting these can reduce efficiency and increase corruption. Ensuring the compensation and benefits of the civil servants better than average per income in a country are hence critical. The public sector services are heterogeneous in nature such as health, law and order, education, sanitation and

justice. In order to deliver these services with honesty and economy, the compensation, perks and benefits of the bureaucrats are the key factors for their firm commitment with job performance. Governments therefore sponsor and arrange lucrative perks and benefits for civil servants.

Nevertheless, official perks and benefits are important these impose extensive administrative hassle and expenses on the government. The latest move of privatization in Pakistan and subsequent mega private enterprises have set good examples for the Pakistani government keeping perks and privileges of private senior officials monetized. Government in Pakistan is hence seeking mechanism for monetizing the perks and benefits of its civil servants not only for avoiding escalating load

of its administrative expenses and fatigue but further ensuring richer job performance, motivation and commitment with dignity and honesty among civil servants.

The prevailing world order reinforces the monetization intentions of Pakistan's government. For example, in Latin American countries government officials receive perks in cash. In Russia, there used to be more perks and less cash for the civil bureaucracy but now things are reversing [3]. In India same wave has propagated for monetizing perks, however judiciary is not treated at par with the executive jobs in this context. Non wage benefits have been restricted in several other countries with the exception of some departments of the government. In pursuit of being in swim with the world, there exists a consensus in Pakistan that monetization of perks of senior civil servants should lead to capping the non-development government budget and avoiding budget deficit, along with ensuring more performance and accountability of civil bureaucrats.

Monetization of perks in civil structure is a sensitive and complex project. Therefore, various diagnostic studies have been invested by the government. A number of Commissions, Committees, Task Forces and Working Groups have been examining this proposal and making recommendations about the changes in Pakistani compensation structure/ system for each class of civil servants (Annexure A). Such deliberations clearly urge reforms covering a wider spectrum including rationalization of pay structure, encashment of perks and optimizations of underlying policies and practices to effectively manage human resource in the public sector of Pakistan. The question arises, is monetization of perks and benefits in all the civil departments rational? The study feels that Pakistan as being a developing country easily gets into pressures of imitating the news oscillating in the world and hence tends to adopt every novelty. While such approach is healthy for being innovative and above board with the world, will monetization in every civil department lead to effective civil services or it is just because government intends to get rid of its perceived non – developmental expenses under the heads of perks of civil servants?

Problem Statement: While the theory of monetization seems appealing, its practical implementation in civil structure especially for maintaining perks of senior government officials is not a child's play. The progressive movement of monetization due to economic pressures has though grabbed the attentions of government sector in

Pakistan, but yet it does not a promising alternate. Every government department has its specific set up, external and internal relations and nature of work. Armed forces, taxation and excise department, police and judiciary are the prominent government organizations that require their officials to be autonomous, independent and disinterested. Does monetization of perks of officers in these complex and sensitive government organizations promise needful autonomy and independence that their nature of work requires for their officials? Indeed monetization in private sector of Pakistan has been successful, but most private organizations are profit oriented. On the other hand civil servants are meant services like judiciary, defence etc. which do not afford dependency of their officers on public. The existing literature therefore seems to be skewed towards advocating monetization without taking into account its limits to serve certain government organizations that are purely meant for services and demand autonomy and independence for its officials. The study progressed taking hypothesis that monetization of perks and benefits of civil servants is not universal solution for all government organizations.

Rationale for the Study: It is envisaged that the implementation and delivery of perks monetization reforms is not appreciated in every department of Pakistan. Because, the sensitivity level of few institutions which are largely engaged in public dealing, is quite high. The rationale for this study should therefore be viewed in the context of the ground realities and cultural dimensions associated with application of monetization of perks policies subject to certain exceptions. In fact there is a need to comprehend first the cultural and financial environment of Pakistan, public dealing and work nature of each department, secondly the empirical recommendations from other developing and developed countries, thirdly the diagnostic studies including public opinion polls about the perks and incentives available to civil bureaucracy and fourth and the last is the growing expectations of the general public for reducing the non-developmental budget.

The Objective of Study: This study thus aims to investigate, is monetization of perks of civil servant is rational, specifically for public interacting departments like taxation and excise department, police and judiciary where officials certainly require solid independence while monetization of perks might oblige them before

public? For example a judge residing in privately rented house instead of government's residence might be obliged to act soft for his house owner in certain case etc. The independence and autonomy of civil servant is far more important than saving the administrative hassles due to economic pressures. The study intends to probe the probable implications of monetization theory in the government sector of Pakistan.

Methodology: This qualitative and theoretical study utilized reports, state's rules & laws, ordinances and notifications for empirically and critically analyzing the drift towards monetization of perks for the civil servants of Pakistan. It adopted the secondary data from authentic relevant sources like Ministry of Finance and Federal Board of Revenue and latest literature to make its analyses. As monetization is yet under consideration, collecting and conducting an empirical data collection was not pragmatic so far in Pakistan on this issue. First, it presents the existing structure of the compensation and benefits in the civil structure of Pakistan. Then it analyses the findings and makes recommendations. It utilized both induction and deduction methods for understanding and reaching conclusions.

The Compensation and Perks in Civil Services of Pakistan: Since independence of Pakistan in 1947, numerous reforms in pays and perks have been consistently introduced by setting various commissions that contributed useful reports (Annexure A). In summary, basic theme in majority of the reports issued have been the contribution towards simplifying the grade structures, devising different pay structures to motivate and retain the best employees and deciding about the perks and benefits of different cadres of the civil servants. During the last decade, most reports advocate to monetize the perks for the civil bureaucracy. The latest report of 2008, commission suggested that perks should be preferably given in cash in order to reduce the non-governmental budget with the exception of certain sensitive departments.

Islam [4] has described Pakistan as an administrative state and bureaucratic polity. Bureaucracy is an obvious feature of all modern societies. To run bureaucracy, lucrative rewards are necessary. There is an ongoing debate whether reward given to civil servants should be partially in cash and rest in perks and benefits or the total reward should be in cash. Further it is questioned whether it is funded by the government or concerned department

or it should be outsourced. For better understanding, the power distance in the culture of Pakistan is required to be discussed first. This cultural dimension from Hofstede Model helped in interpreting different type of reward and pay system, which are acceptable and applicable in the case of Pakistan. The titles, ranks and status are closely associated with the perks and privileges enjoyed by the officer class in pay scales 17-22 (Table 1). In Pakistan, organizational culture is also having high power distance.

There are total 22 Basic Pay Scales (BPS) or grades available for the government employees as depicted in Table 1 given in annexure B. Grading structure is pyramidal construction with a small number of officers in the top grades and an inexplicably big number of employees in the lower grades. Those in BPS 17-22 are referred as the officer class. Pakistan has four provinces and Table 1 enlists the latest statistics of the province wise distribution of employees from grade 1-22 in the provincial government organizations. Table 1 in annexure B shows 126,634 officer ranked employees are working in the country that is huge number to compensate and to provide perks and benefits. The province wise details of each grade are given in Table 1 (annexure B)

The authority and benefits of the upper grades (17-22), particularly grades 20-22, are excessively higher. A Secretary to the government in Islamabad is entitled to a palatial house, a chauffeur-driven car and couple of peons in office and home. According to the estimate of World Bank, remuneration of a BPS 22 Secretary in Pakistan is more than Rs. 1.2 million per annum in 2004 [5]. This is apparently low when compared to the salaries package of executives and higher level management working in the private sector, but in power and authority grade 22 officers have no match.

Remuneration reforms like reducing number of grades, monetization of perks, established list of civil servant employees and like are all meant to create ease of supervision and assessment [6].

There are certain departments like police, excise and taxation and the judiciary where monetization of perks and privileges are not well appreciated due to nature of work that revolves around public dealing, required officers' independence and dignity. Advocating the same point, in India it has empirically recommended that the judicial job is not at par with that of the executive [7]. Government should devise a higher pay scale for the Judicial Officers. They should be given regal perks to safeguard them from external pressures. Perks and services thus include official residence and cars to every judicial officer.

Annexure B

Table I: Distribution of Provincial Government Employees

BS	Punjab	Sindh	NWFP	Balochistan	Total
1.	20,7152	9,2489	5,1643	3,4056	385,340
2.	12,349	15,253	7,252	12,943	47,797
3.	11,274	1,813	262	909	14,258
4.	13,369	9,508	5,001	12,366	40,244
5.	169,397	95,252	44,622	25,911	335,182
6.	21,791	8,931	6,717	5,060	42,499
7.	176,115	96,705	90,534	33,398	396,752
8.	4,576	1,419	506	901	7,402
9.	123,834	65,577	34,190	10,629	234,230
10.	4,977	4,585	634	559	10,755
11.	19,408	10,801	4,026	6,298	40,533
12.	7,561	2,587	1,239	1,512	12,899
13.	763	329	74	161	1,327
14.	36,108	17,476	4,163	2,628	60,375
15.	4,120	1,547	522	1,654	7,843
16.	44,946	28,076	12,484	7,772	93,278
ST	857,713	452,348	263,869	156,757	1,730,687
17	40,398	22,974	11,346	8,572	83,290
18	14,359	10,851	3,988	1,287	30,485
19	5,261	3,542	1,411	371	10,585
20	1,031	635	369	154	2,189
21	47	14	6	4	71
22	7	4	2	1	14
ST	61,103	38,020	17,122	10,389	126,634
GT	918,816	490,368	280,991	167,146	1,857,321

Source: National commission for Government Reforms

The Literature Survey

The Nature of Employee Benefits and Perks: There are two types of perks; licit and illicit. This study set its scope on licit perks only. Licit perks include vehicle, accommodation and travelling at free or subsidized rates. Traditionally such perks have been used as an instrument for increasing the total pay package of employees for increasing motivation and reducing probabilities of corruption [8]. But state has to spend huge amount for the provision of these perks to executive employees.

Another research elaborated three categories of perks. The first category of “perks” is used for employers and the executive level employees [9]. The second category is “pilferage” which is used for blue-collar workers. The last category is regarding “theft” which is used for the jobless. It means that perks are specifically meant for the officers’ class and these are not meant for lower level class of employees.

Perks in British Civil Service Comparing with Private Sector: 'Perks' in the British civil service more or less includes cars, accommodation, privileged stock ownership

and other wide range of benefits in kind which go to employees (particularly executives) of private sector companies. The major perks available are orders, decorations and the scope of opportunities available to do jobs in well reputed organizations even after retirement or resignation. Perks for senior bureaucrats also include the provision of a personal secretary [10].

Benefits of Offering Perks: The role and benefits of perks is evident for civil bureaucracy of Pakistan or any country to ensure their efficiency and effectiveness and to avoid corruption. There are two types of exchange that occur within a bureaucracy [11]. The vertical exchange type is relevant to this study. Through vertical exchange perks an employee and his superior increases organizational efficiency and rewarded through promotion and most importantly by way of in-kind perks in Pakistan. This reportedly is a significant factor for which students prefer joining civil services. A survey revealed that students gave more importance to the perks along with the pay [12]. The role of perks is hence important in attracting and retaining the potential employees for

joining various civil service departments [13]. Like other countries, it is also true for Pakistan that in distribution of perks for bureaucrats, they face favouritism committed by politicians for their vested interests [14]. Monetization of perks is expected to be a solution for capping political interference in this regard. But question is whether monetization of perks is applicable in every government department irrespective of their nature of work and their public relations.

The Arguments for Monetization of Perks: Extensive research has been contributed for studying the benefits associated with the monetization of perks and privileges for civil servants. It is considered important for effective performance appraisal of employees. Monetization is reported to bestow simplicity in grades and management of perks [15]. Giving non monetary perks to the highest grade officers in Pakistan is a matter of concern for the government and the general public. Major parts of emoluments are given to these employees in the form of free housing, cars, utility bills and health care bills. Basic salary is in fact only one third of the perks given to these employees. In some cases, it is hard to quantify the package because of the availability of these perks on the basis of their department types or owing to their networking capabilities.

It is argued that through perks monetization, the level of transparency and fairness should be enhanced as well as cost efficiency could be attained [15]. For example, the resources (vehicle, land and building) used by the bureaucrats to generate income for themselves should be monetized for making these resources a source of income for the government. By doing this, the government will be able to earn more. It is therefore expected that by monetization of perks and making this part of total salary should lower corruption as higher salaries will enhance the opportunity cost of corruption provided there is effective system of accountability.

Considering large size of bureaucracy and subsequently required huge allocation of budget, it is anticipated that monetization of perks can also trigger right sizing and downsizing. It is suggested that even the most motivated and loyal employees can become pre-occupied with their level of perks, their status, titles and salary package [16]. Such pre-occupation, with the passage of time, transforms into more traditional and heavy institutions. So there is a need to keep a check on the number of the public institutions and the size of the bureaucracy by monetizing the perks and making the bureaucrats accountable for their performance.

Research has also been undertaken for understanding the mentality and role of bureaucrats when the budget is being allocated in order to enhance their level of performance and efficiency. Sometimes it happens that more budgets are allocated for improving the performance of the civil service departments and the bureaucrats of these departments most likely to allow themselves a choice on selection of compensation mode i.e. cash or in-kind (such as perks and indexed linked pension) [10]. This often overlooks possibility of hiring new staff within the allocated budget, which can better assist them in running the affairs of the departments. In Pakistan, both practices are adopted. Not only more staff is recruited as assistants but also more perks are being claimed in the name of reform agenda. Such facts indicate that perks in cash better be set with immense care and rationality.

Cost efficiency and curtailing non developmental budgets are two significant milestones that could be achieved through monetization of perks and privileges. Private sector in Pakistan has been successful in devising cost efficient and performance oriented compensation policies and programs by giving perks and privileges in cash to its higher and strategic level management [17]. So, it is needed to learn from their experience for compensating the officer class in public sector through monetizing the perks in particular. But a careful analysis is needed to decide where monetization of perks will enhance departmental performance and where due to monetization, departmental performance, repute and independence is at stake. The money saved from monetization could be used to compensate the lower level employees (BPS 1-16) and their morale and commitment level can be enhanced in delivering services to the general public efficiently and effectively.

Limitations and Constraints of Monetization: Literature simultaneously explains the problems associated with monetization in the short term and long term on the basis of several factors that may be (a) the sensitivity of some of the governmental departments and institutions; (b) self interest based role of bureaucracy; (c) lack of cooperation from the top bureaucrats; and (d) the fear to become answerable after the uniform application and implementation of the perks monetization as part of total salary [15].

A key issue linked to monetization in the short term is that such a move may cause a big monetary disparity with the next tier (grades 18 and 19) unless the latter were also graded up [15]. This in turn would create ripple

effects further down and the net fiscal cost would then be significantly higher as higher budget would need to be allocated to address such disparity.

The use of unnecessary perks for the civil bureaucracy is one of the key reasons for poor level of efficiency of the governmental organizations [18]. These types of perks are directly causing to increase nongovernmental budget. It is a mere waste of resources and to avoid this unfortunately the private sector has performed very well as compared to public sector organizations.

Civil service employment had now gone rapidly down and real wages had been eroded, mainly for officer grades (BPS 17-22), who were partly compensated by other forms of remuneration as non wages/ benefits were restricted in several countries [19]. Could such reforms in Pakistan be fruitful? Such issues and concerns have not kept the monetization of perks in civil services of Pakistan simple and straight so far.

No monetization for Certain Government Departments:

It is important to note that despite number of advantages of monetization of perks, the idea of monetization is not encouraging in certain departments where high level of public dealing such as departments of police, excise and taxation and judiciary. Therefore, these departments are considered sensitive as compared to other departments where public dealing is less like Foreign Service department. Particularly the chance of corruption and misuse of authority is more on the officials of such departments under some external pressures by giving perks in cash and by drawing salary in lump sum. So, there is no single model fit-for-all. The objective of this study is to answer this question that where monetization of perks is fruitful and where it will harm departmental performance and repute.

The concept of corruption is as old as the concepts of disloyalty and greed [20]. It is argued that by monetizing perks for all departments irrespective of the sensitivity of some departments like police, judiciary and excise and taxation, government will in fact promote corruption. For example, the landlord and owner of the house rented by a government official could influence for misusing authority.

It can be well supported by studying the framework of crime having three dimensions (1) Opportunity; (2) Motivation and; (3) Justification. In this framework of fraud, the opportunity dimension is important to be discussed because of its relevancy to the study, whereas the opportunity is termed as the circumstances that make

some sort of action possible. It might be misuse of authority under the pressure of third parties so why judges, police officers, income and taxation officials should be given chance to be corrupt by monetizing the perks without keeping into consideration the level of these officials to be into public dealing. Many judges pointed out that it is desirable to be a judge than joining the private sector because of perks and benefits in kind although pay is not much. They also said that it is a noble profession and they can give best solution to the disputes under the law [21]. So, proper arrangements are required in order to provide sufficient perks and benefits and not to monetize them for this kind of sensitive job by the government. So not to give the perks in cash as discussed earlier may certainly help in preventing the judges to come under the pressure of parties which want to take undue advantage by renting their assets to the judges.

Analysis and Discussion: A survey was conducted in 2006 by Haque, N.U., *et al*, the results of which are important to be shared so the role of perks and privileges involved in measuring job satisfaction in selected departments of Police, Foreign Service and Commerce and Trade can be understood [22]. It is very important for the employee to give his/ her best for better performance and productivity. For this, he/ she should be highly satisfied with his job. Results revealed that 73 percent of the respondents are satisfied with their assignment while remaining 27 percent are un-satisfied (Table 2). Police group reports the highest percentage of highly satisfied people (83 percent) while commerce and trade reports the lowest (45 percent). The inference drawn from group wise responses is that, given that remuneration in terms of salaries is rather low, groups that enjoy perks/ privileges in one form or the other are relatively more satisfied.

Similarly, the civil servants responses on monetization of perks were when they asked to choose among different categories of questions which included perks motivate employees to perform better and reflect status. 66 percent considered perks a major motivational factor for employees while another 58 percent felt that these perks allow them to maintain a better standard of living. Few answered that perks are status symbol or that these serve to retain employees in Civil Service (Table 3).

It is worthwhile to note here that money can serve all the purposes that the perks do serve, except perhaps being a status symbol (which relatively smaller percentage has chosen) [22]. It is in this context that that survey probed the civil servants, should the perks be monetised.

Table 2: Survey results – work satisfaction levels

Satisfied Not	Satisfied	Sure
Overall	73	27
Service Groups Police	83	17
Foreign Service MG	58	42
Foreign Service MG	58	42
Commerce and Trade	45	55

Table 3: Survey results - monetization of perks

Perks	Respondents (%)
Motivate Employees to Perform Better	66
Allow Maintenance of Better living Standard	58
Govt. Housing/ Official Car Reflect Better Status	34
Retain Employees in Govt. Service	33

Table 4: Survey results – preferences

	Respondents (%)
High Nominal Pay-Better Efficiency	51
Acquiring Facilities of Own Choice	58

Table 5: Compensation and benefits bill of the Federal and Provincial Governments 2007-2008 (excluding autonomous bodies)

Government	(Rs. billion)				
	Pay	Allowances	Total Pay & Allowances	Retirement Benefits	Total
Federal Government*	74.9	59.3	134.2	51.0	185.2
Civil Servants	24.5	25.5	50.0	12.3	62.3
Armed Forces	50.4	33.8	84.2	38.7	122.9
Provincial Governments	57.7	52.0	109.7	28.6	138.3
Grand Total	132.6	111.3	243.9	79.6	323.5

Source: National commission for Government Reforms

It is generally believed that the perks enjoyed by the upper stratum are so high that the monetisation may not be able to capture it; therefore this stratum will perhaps be against monetisation of perks. However, the responses indicate that perception was incorrect, as 77 percent of the respondents from the upper stratum (BPS 21 and 22) have favoured monetisation of perks. Amongst those who have favoured monetisation, 58 percent (Table 4) are of the opinion that monetisation would allow the employees to choose facilities of their own choice. Besides 51 percent also think that monetisation would increase nominal pay, in money terms which would exercise a better psychological impact upon the employee and thereby improve his efficiency. This study views the results of the mentioned survey inclined towards human nature while it is a burning question how the increase in salaries through

monetization be justified just for reducing administrative hassles where they could certainly raise inflation as more currency notes shall have to be produced for non-development expenses.

Total Compensation and Benefits Bill for the Governments: In the context of the monetization of perks and privileges, it is important to understand the total salary bill of both the provincial and federal level governments. Table 5 is showing the total compensation and benefits bill of the Federal and Provincial governments. According to the table, total amount of pay and allowances given to all employees is Rs.243.9 billion, out of which allowances are Rs. 111 billion and pay is 132 billion. The bill for retirement is Rs. 79.6 billion.

Why Monetization of Perks and Services?

When the researchers enquired about the perks, the few civil servants who are around sixty years, they were astonished to see that now a public servant gets more perks and benefits than few years back, like (1) Palatial houses; (2) number of cars for personal use; (3) Publicly provided servants; (4) Free utility bills; (5) Executive club memberships especially recreation; and (6) Plots given at subsidised rates.

Analyzing all of the above, civil servants showed their preference for monetization of perks and benefits, but they rejected the idea when it was planned to be implemented. Probably this is because perks are mostly a non-transparent method of payment. Employees who are aggressive or having super networking or political background get more perks and privileges.

So, Perks are more likely distributed unequally among the civil servants. Given this lack of transparency and unequal distribution of perks, any effort to monetize perks would find it difficult to value perks at a level where monetization would be acceptable to all. This may explain why a majority prefer monetization but yet in reality it may not happen!

After monetization, these resources and properties' can be utilized to make universities, hospital and for other more productive purposes. There is a need to bring reform for monetization of all perks and benefits. For this, the slogan of "cash not perks" should be raised. There is no limit of perks and benefits for some of the civil servants. They are not well documented and recorded too. Similarly the expensive accommodations cause increasing the non-governmental budget. This practice can be curbed through giving perks in cash as part of salary.

In this context, better solution is available from many Latin American countries where government officials get their emoluments in cash, share accommodation with fellow citizens, use public transport and their children used to attend public schools. Our elitist system has made civil servants masters. On one hand, low-paid government employees in Pakistan hardly meet both ends but on the other side, their bosses live like kings. This also causes unfair distribution of wealth as few people are utilizing maximum resources of the society.

Monetization of government officials' perks a key step in reducing the size of giant government bureaucratic machinery also proposed by Dr. Ishrat Husain (Leading Economist of the country and Former Governor State Bank of Pakistan) in his report from the platform of NCGR, 2008. The government must take out all amenities like houses, cars, servants and telephones etc. The perquisites in kind should be monetized.

The government official particularly the grade 21-22 officials should be encouraged to live like the ordinary citizens of Pakistan by vacating big houses like the GORs. This will also be a tangible step to better understand and implement pro-people policies since this would allow them to directly know real problems faced by the ordinary folks. This change of culture will also help in saving millions of tax payer's money on the preservation of colonial-styled huge bungalows.

The safeguarding of perks and privileges is significant prevention to reform process. Bureaucrats try their level best to maintain the status quo because of the quantum of perks and privileges they are getting and most importantly getting these perks without the fear of adequate accountability. To break this status quo, moderate kind of pay raises is probably not an adequate measure [23].

To raise the level of performance of the bureaucrats, it might be suggested that perks and privileges should be removed because of poor linkage with the productivity. High powered incentives demands that all rewards be in cash and fully associated with pre-defined performance indicators. The real problem in working out the perks and privileges is the role of the bureaucrats as decision maker. They are very intelligent in making policies of devising the schemes of perks and privileges in their interest.

Moreover, it is a common practice by the top bureaucrats to get them posted as heads of public corporations and as board members of local and international financial institutions where perks, particularly in-kind, are enormous. If all such elements could be captured, the real salaries of the higher grades would always be very high.

The basic salary of a 22 grade officer is not more than Rs 100,000/ month but the real meat is in allowances and perks. It can be observed even today that some of the bureaucrats are still following the way in which tea is served to them in costly crockery as given in the times of British Empire. Their residential houses still have in house facilities of washer man and servant quarters. The accommodations in district are spread over acres and are located at prime locations of all the cities. Where is the pride in doing a good job, the competence and the integrity? Their attention is merely in receiving perks and privileges but no consideration with regard to efficient delivery of public service. Every community in Pakistan is passing through financial crisis with the exception of the community of civil bureaucracy that is still enjoying the comfort and ease. Will monetization be rational for such civil servants that are not pro-performance so far?

Why Not Monetization?

By providing perks and benefits like free accommodation, transport facility, the chances of facing the influence of outsiders can be minimized especially in the departments like judiciary, police and tan and excise. For example, if a tax collector, judge of police officer is not provided with accommodation facility and he gets accommodation on rent as a common citizen. He may be influenced by his land lord in his official duty and people around him may ask for undue favour from him that badly damage his respect, dignity and social status that is very important to perform his job. In order to avoid such problems, police officers and other high officials involve in public dealing having high power to exercise should be provided with state arranged perks instead of money. It is recommended that more perks and benefits should be given to avoid corruption as practiced in more of the developed countries.

Certain public sector institutions are sometimes required to perform multidimensional role. For adequately performing these roles, certain strategies are required to be formulated. It is evident that lowered levels (Grade 01-16) in government departments still paid at private sector levels (or even a premium) while the upper levels (Grade 17-22, especially 20-22) get real (public service) and invisible (fame and later opportunity) benefits. The difference should be proportionately less to reduce the chances of being corrupt and avoiding the “perks game” [24].

To protect the judiciary from external pressures, it is suggested that pay structure commissions should design pay structure for judicial officers’ separately. Preferably fully furnished house including space for office should be given to every judicial officer to live and work comfortably. Government maintained official cars should be in the use of the respected judges of civil, high and supreme courts. Therefore, it can be concluded that providing benefits in kind are key drivers to maintain the dignity and respect of judiciary and to safeguard the judiciary to make wrong decisions under the influence of external parties due to lack of incentives. It is also suggested by many economists that in-kind benefits are more important than cash-benefits [25].

If we expect civil servants to realize their true role as servant to the nation, there is a need to hire honest and talented people by giving them sufficient perks and benefits for their retention and motivation. In fact, Pakistan requires earnest servants teeming

with courage, determination and ability to change this outmoded system to be able to work in this unjust society where power is synonymous with nuisance value.

The colonial civil service was considered to have independent thinking and autonomous. It has helped to develop legal structures, system of property rights, procedures of governance and communications system of the Pakistan. They were largely honest. Of course they were paid well and given respect. Pay Commission under Justice A.R. Cornelius established in 1959 reported that the pay structure should be rational and based on purchase value of bundle of goods and services which should ensure that the public employees afford a degree of comfort and dignity as is required to shield them from temptations and keep them efficient for the term of their offices.

The aim of this analysis was to assist state officials in identifying and improving serious anomalies in the present pay structure and in the allocation of cash and in kind benefits for government departments.

There are serious anomalies in the present pay structure and in the allocation of cash and in-kind benefits. Lengthy, overlapping pay scales with automatic payment of increments weaken the linkage between pay and work performance. The grant and allocation of allowances has its own ambiguities leading to serious distortions in remunerations among grades. Indeed, this system of perks has many drawbacks but it is inevitable for some state departments to ensure their performance. Also, this calculation of salaries of two highest grades does not account for all the perks in detail. For example, it includes only the price of petrol entitlement of one car officially allowed and we cannot account for the unlimited use of telephone at residence for the highest grade.

Table 6 & 7 given in the annexure C are showing pay, perks and privileges of BPS 21 and BPS 22. The costing of grade 21 and 22 before monetizing is Rs. 114,116 and Rs. 135,037 per month respectively. Residence telephone facility per month for BPS 22 is unlimited as given in annexure C.

Table 7 in annexure C depicts an adjusted scenario i.e. the condition of pay after monetizing some of the perks and privileges (mainly residence), the compensation bill has raised to Rs. 272,882 and Rs. 306,275 per month for grade 21 and 22 respectively. The main factor behind this raise is in the head of monthly house rent entitlement which is Rs. 200,000 for both grades.

Annexure C

Table 6: Salary levels (BPS 21 and 22) without monetization of perks

Basic Min Salary	Monthly Petrol entitlement	Driver's Pay	Maintenance Of car	Token Tax	House Rent Entitlement	Grade specific allowance	Residence And Telephone facility	Relief Allowance	Total Allowance	Total Allowance as a%age of Basic salary	Total
BPS 21, May 2006											
18,750	9,482	5,673	2,500	29	14,174	4,275	4,620	6,930	4,7683	254	1,14,116
BPS 22 May 2006											
20,055	18,965	5,673	3,500	29	16,962	4950	unlimited	7412	57,491	286	1,35,037

Source: Pakistan Institute of Development Economics

Table 7: Salary levels (BPS 21 and 22) with monetization of perks

Basic Min Salary	Monthly Petrol entitlement	Driver's pay	Maintenance Of car	Token Tax	House Rent Entitlement	Grade specific allowance	Residence And Telephone facility	Relief Allowance	Lease payments for cars	Total Allowances	Total
BPS 21, May 2006											
18,750	9,482	5,673	2,500	29	2,00,000	4,275	4,620	6,930	20,623	47,683	2,72,882
BPS 22 May 2006											
20,055	18,965	5673	3,500	29	2,00,000	4,950	unlimited	7,412	45,691	57,491	3,06,275

Source: Pakistan Institute of Development Economics

The adjusted scenario is still not “fully adjusted” because some things still remain unaccounted for:

- Do the officers strictly adhere to the use of only one car at all times.
- For the highest grade what would be the possible ‘limits’ to the unlimited use of residence telephone.
- The emoluments and perks received/ earned in the capacity of member of boards of different national and international corporations and financial institutions.

It is clear from table 7 in annexure C that if the residence allowance of Rs. 2, 00,000 is given instead of accommodation. There is cost saving as discussed previously. But this may cause certain repercussions for the officials from some sensitive departments like police, excise and taxation and judiciary because of their public dealing at large. Hence, there is no single model fit-for-all of the departments of the government. Particularly the chance of corruption and misuse of authority or any influence of third party is more in the officials of such departments. It is most likely that landlord and owner of the rented house and vehicle will try to exercise some type of influence on the officials of these sensitive departments and will insist them to be involved in misuse of authority which is considered as a large percentage of any type of corruption. The use of authority for personal gain will be evident.

CONCLUSION

Monetization of perks and benefits is though good but not a universal solution for all types of businesses and government institutions. Monetization

should be adopted where this practice is feasible or adoptable without sacrificing the performance of department, dignity, autonomy and its repute. There are certain departments in Pakistan like police, excise and taxation and especially the judiciary where monetization of perks and allowances may not be appreciable due to nature of work and level of public dealing. There should not be any limit of perks and benefits for some of the civil servants to ensure no corruption.

RECOMMENDATIONS

The study recommends adopting the following measures before adopting monetization for any government department:

- Proper documentation of cost of civil servants;
- Effective designing and implementation of policies and programs for the welfare of civil servants;
- Reducing the gap between officers and non officers;
- Bringing simplicity in this financial crunch; and
- Making land and resources available for the officers

Monetization of non-pecuniary benefits and facilities should be gradually introduced and the existing incumbents given a choice, either to opt for an all inclusive monetized package (off course with better accountable systems) or stay with the current compensation package only in government institutions where it is rational and feasible. Officers in Police, judiciary, taxation, armed forces and other sensitive public deal or defence organization better are provided government maintained perks instead of monetization with assurance that their salaries are kept lucrative.

The limitation of this study was to depend on secondary data sources as collecting data through empirical study was yet not possible in Pakistan. However, this qualitative analyses study invites future researchers to probe more empirically as feasible.

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Annexure A

List of Reports of the Commissions, Committees on Administrative Reforms, Pay and Services Consulted

1. Report of the Pakistan Pay Commission Vol-I (M.Munir) (Ministry of Finance) 1948
2. Report of the Pakistan Pay Commission Vol-II (M.Munir) (Ministry of Finance) 1950
3. Report of the House Committee (S. Ghulam Bhik Nairang) (Ministry of Finance) 1951

4. Report of the Administrative Enquiry Committee (T.B Creagh- Coen) 1953
5. Egger Rowland: The Improvement of Public Administration in Pakistan, 1953
6. Report of the Council for Administration of West Pakistan (M.A. Gurmani) February 1955.
7. Gladieux, Bernard: Reorganization of Pakistan Government for National Development (Planning Commission) 1955.
8. Report of the Administrative Re-organization Committee (G. Ahmed) 1958.
9. Report of the Administrative Re-organization Committee (G. Ahmed) 1959.
10. Report of the Provincial Administrative Commission (Akhtar Husain) 1960.
11. Report of the Provincial Re-organization Committee- West Pakistan (N. A. Faruqi) December 1961.
12. Report of the Pay and Services Commission: 1959-1962 (A.R Cornelius) 28th May 1962.
13. Report of the Standing Organization Committee on the Re-organization of the Functions and Structure of the Central Government in the light of the new constitution (M. Shoaib) April 1962.
14. Report of the Working Group on the Re-organization of the Service Structure in Pakistan (D.K Power) July 30, 1969.
15. Implementation of Administrative Reforms (Establishment Division) August 1973 – March 1975
16. Report of the Civil Services Commission 1978-1979 (S.Anwar-ul-Haq) July 1979.
17. Report of the Pay Committee (A.G.N Kazi) May 1983.
18. Report of the Economy Commission 1992 Five Volumes.
19. Report of the National Commission to suggest measures to improve the efficiency of the Federal Government of Pakistan (Hamid Nasir Chattha) October 1996.
20. World Bank, Pakistan: A Framework for Civil Services Reforms in Pakistan, December 15, 1998.
21. Report of the Committee on Downsizing of the Federal Government (Hafiz Pasha) April, 1997.
22. Report of the Commission on Administrative Restructuring on Re-engineering of the Federal Government Organizations (Fakhar Imam) February, 1999.
23. Report of the Committee on Restructuring and Rightsizing of the Federal Ministries/ Divisions (Shahid Amjad Chaudhry) April 2001.
24. Administrative Reforms Commission (Justice Dorab Patel) 1991.
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(Source: National commission for Government Reforms)