The intent of this degree paper is to describe and analyze problems of inefficiency in personnel administration in the Personnel Direction of the National Institute of Housing in Venezuela. The paper includes a general description of the National Institute of Housing, the actual structure and functions of the Personnel Direction as well as the functions of those divisions and departments attached to it. The study draws attention to those existent inefficiencies in personnel administration and authority distribution.

The study found that public employees at the National Institute of Housing are not regulated by the provisions of the Administrative Career Law designed as a guide for the Venezuelan public administration system. Consequently, public employees are laid off every five years, employees are not selected on merit basis, employees are promoted through political patronage and personal alliances, and they are paid inadequately. Furthermore, the Personnel Direction lacks sufficient delegated authority in the administration
of personnel.

The main sources of information were a combination of secondary sources and the writer's observation during his tenure as head of the department of classification and remuneration within the Personnel Direction.

Included in this study are proposed reforms in the above mentioned areas in an attempt to help create a better and more efficient public administration system. The suggested reforms address the inequities of the Personnel Direction and are proposed as corrective measures for the Personnel Direction's present ineffective policies in recruitment, selection, promotion, authority distribution, and call for the enforcement of the Administrative Career Law.
# TABLE OF CONTENTS

Table of Contents ................................................. ii
LIST OF FIGURES .................................................. iii
VENEZUELAN SUMMARY ............................................ iv

Chapter

I. INTRODUCTION ............................................... 1

II. THE PROBLEM AND ITS SETTING ............................. 4

III. CONTEXT OF THE PROBLEM ................................. 7

The Personnel Direction ................................. 7
Functions in the Personnel Direction .......................... 7
Functions in the Division of Employees .......................... 11

IV. STATEMENT OF THE PROBLEM ............................. 14

V. LITERATURE REVIEW ....................................... 16

Importance of Personnel Administration .................... 16
Authority Supervision and Delegation ....................... 20
Reforms in Venezuela Public Administration .................. 24

VI. ANALYTICAL APPROACH ................................... 30

VII. ANALYSIS ................................................ 31

Personnel Administration .................................. 31
Recruitment and Selection, Appointment and Promotions ....... 32
Salaries Unrelated to the Duties and Responsibilities ............. 34
Authority within the Personnel Direction ................... 36

VIII. CONCLUSIONS ........................................... 39

IX. RECOMMENDATIONS ....................................... 41

APPENDIX .................................................. 42

BIBLIOGRAPHY ................................................ 53
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Regional Distribution</td>
<td>8</td>
</tr>
<tr>
<td>2. Organization of the Personnel Direction</td>
<td>9</td>
</tr>
<tr>
<td>3. Distribution of Employees</td>
<td>12</td>
</tr>
<tr>
<td>4. The Venezuelan Executive Office</td>
<td>52</td>
</tr>
</tbody>
</table>
**VENEZUELA SUMMARY**

| Area:               | 352,000 Square miles (roughly the size of Texas and Oklahoma). Ranks sixth in area in Latin America.  
|---------------------|------------------------------------------------------------------------------------------------------------------|
| Population:         | It is approaching 14 million, 75% of the population is urban.  
| Major Cities:       | Caracas (Capital), Maracaibo, Valencia, Barquisimeto, Maracay, and Ciudad Guayana.  
| Government:         | Venezuela is a Federal Republic with a strong central executive power.  
|                     | Venezuela has 20 states, a Federal District, and two territories. The current Constitution is dated January 23, 1961.  
|                     | Venezuela has had a democratic government since 1958.  

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3. Ibid., p. 851.
Economic Growth: In 1983, Real Gross Domestic Product was 19,164 million dollars.  

Labor Force: In 1983, the labor force was estimated at 4,806,000 persons. Unemployment rate is about 12%.

Currency: Bolivar 23.74 = U.S. $1.00 as of January 1987.

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4 1983 is the most recent year for which recorded figures are available.

I. INTRODUCTION

One of the most crucial problems facing public administration in Venezuela is the difficulty in reforming public institutions. There have been previous attempts at administrative reforms in the organizational structure of public institutions. There have also been general suggestions for changes in the management of the Personnel system. The most important practices adopted from those suggestions were the following:

1. The Administrative Career Law (see Appendix) which regulates the rights and duties of public employees in their relation with the National Public Administration,\(^6\) was written as guideline for public administration.

2. Promotion based on the merit system.

3. Selection based on qualifications.

4. Job Classification, and Listing of duties and responsibilities.

5. Establishment of a secured minimum wage.

Venezuelan public administration is still inefficient and ineffective in the achievement of government goals. The growing size of the government,\(^7\) the inexperience of

\(^6\)Venezuela, Congress, Administrative Career Law. Art. 1, 1975, p. 3.

\(^7\)Venezuela had only thirteen ministries in 1974. These were expanded to twenty-one in 1976. The expansion was carried out in the government's attempt to provide more efficient public service.
personnel who staff new institutions, unclear functions and responsibilities of public institutions and politics have all contributed to this bureaucratic malaise. Consequently, the Venezuelan government is now undertaking a new reform program. However, the reformers have the same ideas as the reformers of the past in that they assume that the greatest need is for the Venezuelan bureaucracy to make improvements in government personnel. They are focusing now on the ability of public employees to carry out functions and responsibilities of the job as well as the creation of mechanisms to stop growing corruption. Venezuelan administrative reform in the area of personnel is therefore vital. Public institutions need to review their personnel structures and responsibilities so as to improve the competence of government employees.

The study concentrates on the Personnel Direction at the National Institute of Housing. The description and analysis focus on personnel administration and authority distribution. These are the areas in which problems of inefficiency affecting the Personnel Direction are most prevalent.

The description and analysis is done in nine parts. Parts I to IV deal with introduction, the setting, context and statement of the problem.

Part V discusses the relevant literature of the subject. Part VI provides the method in analyzing the problem.
The analysis of the problems in personnel administration and authority distribution within the personnel direction is presented in part VII.

Conclusions and recommendations are offered in parts VIII and IX respectively.
II. THE PROBLEM AND ITS SETTING

The Agency

The National Institute of Housing, initially referred to as Worker's Bank, was founded in 1928. It was created to solve a growing housing problem which affected Venezuela during the second quarter of the century.

Until the advent of petroleum, Venezuela was an agricultural country producing its own food and exporting tropical products, coffee, and cacao. Most of the people lived in the countryside on large ranges and small lots. Most agricultural production was in the mountains and valleys, but only a small fraction of arable land was in use. The agricultural sector had little capital, was technologically primitive, and its productivity was very low. As observed by David Blank:

In 1920 Venezuela's economy was based on agriculture. Agricultural productivity was relatively low due to scarcity of available land and primitive technology.

The economy, based on coffee and cacao, passed its time of prosperity. Inefficient labor, rising costs, and crude technology were factors that contributed to a decline in Venezuela's agriculture. The economic revolution produced by the oil boom came along with the transformation and

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modernization of Venezuela. The result of oil exploitation was an industrial development whose better standard of living, jobs, working conditions, and high salaries offered by employment within the city compelled people to migrate from country to cities such as Caracas, Maracaibo, Valencia, and Barquisimeto, creating a great housing concern for the government.

In an attempt to protect the health and morale of the Venezuelan people, the government began to create programs in the area of housing. The programs established by the government were executed through different public entities based on the location of the people affected. The Ministry of Agriculture and the National Institute of Land were responsible for the provision of housing for farmers. The National Institute of Housing was entrusted with the task of overseeing the housing program nationwide. The prime object of the government was to provide adequate and affordable housing for the needy. This program required a detailed look at the income level of those seeking housing. Prices also had to be in direct relationship to the economic capacity of the people. That meant that the low income people of Venezuela could afford housing with a monthly payment based on their incomes. Today, the National Institute of Housing has a $200,000 capital distributed in five

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different programs:

1. Housing Credit program
2. Progressive Housing program
3. Enlarging Housing program
4. Complete Housing program
5. Special Development program

Through these programs, the National Institute of Housing has been able to help middle and low income people afford housing.
III. CONTEXT OF THE PROBLEM

The Personnel Direction

The Personnel Direction in the National Institute of Housing is an office responsible for the administration, organization, and coordination of those aspects of operations which are primarily concerned with the relationship of management to employees, employees to employees, and the development of the individual and group. The personnel direction is also in charge of setting the institution's policies concerning 10,000 employees nationwide located throughout the twenty regional offices. These are outlined in figure 1.

The administration of this office is organized in five divisions and five departments in the Division of Employees Administration as figure 2 shows.

The Personnel Direction is the office in charge of the performance of activities and functions within the Institution. The Divisions are directly responsible to the Personnel Direction for the supervision of functions, while departments are in charge of specific functions such as hiring, transferring, training, merit system promotion, testing, employees' records, dismissals, and compensation.

Functions in the Personnel Direction

Legal Issues - This office provides the Personnel
Figure 1
Regional Distribution

Figure 2

Organization of the Personnel Direction

Personnel Direction

Legal Issues

- Division of Human Resources
- Division of Employees Administration
- Division of Workers
- Division of Social Welfare

Department of Selection

- Department of Classification and Remuneration
- Department of File
- Department of Claims
- Department of Control

Direction with legal assistance and information concerning employees' issues.

**Division of Human Resources** - It is in charge of the coordination and arrangement of conferences, speeches, meetings, workshops, and training activities planned by the Personnel Direction.

**Division of Employees** - The functions in this Division are the evaluation, coordination, and approval of those actions to be taken by the Personnel Direction in the area of salary, recruitment and selection, compensation, promotion, job classification, benefits, and vacation of employees.\(^{10}\)

**Division of Workers** - The functions are centered around union-management relations of blue collar workers and problems associated with salaries, contract negotiations, fringe benefits, retirement, and vacations.

**Division of Social Welfare** - This Division is responsible for the execution of those programs which contribute to the social welfare of employees and their families. The Division has to coordinate programs in the area of medical assistance as well as cultural, social and sporting activities.

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\(^{10}\) The National Institute of Housing, Organization Manual (Caracas: The National Institute of Housing, 1975) pp. 4-37.
The Personnel Direction has a total of one hundred and seventy-four employees distributed as shown in figure 3.

Functions in the Division of Employees

**Department of Selection** - This department's main functions are to fill out a personnel format in cases of hiring, transfer or compensation, and to interview and evaluate requirements according to the *Position Register Information (RIC)* which is the manual used by the Central Office of Personnel for hiring or promoting public employees within the Venezuelan public administration. The manual explains the type of job, its responsibilities, duties, requirements, and experiences needed to perform the job.

**Department of Classification** - The functions assigned to this department are to fill out a personnel format provided by the Central Office of Personnel as well as keeping a record of every personnel action in the *Position Register Manual (RAC)*. In addition, the department must discuss and prepare the budget for the Personnel Direction in

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11. The Central Office of Personnel (OCP) is the government's office directly involved in control, planning, coordination, and approval of every public employee action proposed by Ministries or Autonomous Institutes.

12. In this manual the Institution keeps record of every job, the agency, the location and the amount of money for the position.
Figure 3
Distribution of Employees

coordination with the Division of Employees' Administration.  

Department of File - Its function is to keep employees' files up to date.

Department of Control - The function of this department is related to the purchase of items and equipment required by the Personnel Direction, the Divisions, and the Departments.

Department of Claims - The main function of this department is to submit to the Central Office of Personnel (OCP) a format for dismissals and resignations in which the Institution declares the amount of money that an employee should receive for years of service with the organization.

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IV. STATEMENT OF THE PROBLEM

Administrative activities within the Personnel Direction need some changes to make it more efficient. Application format for a person to be hired or any other personnel action goes through a long process of analysis and consideration from one office to the other. Promotions are officially based on employee performance, but sometimes they are the result of socio-political relations between employees and officials. This occurs in situations in which employees do not meet the requisite qualification for promotion. The lack of training, uncertainty related to new jobs as well as employees' attitudes towards additional responsibilities make promotions difficult. The Personnel Direction does not have a mechanism to improve employee participation, nor does it have a reward system. There has never been any interest in issues related to motivation of employees.

The suggestions for reform in the Personnel Direction grew out of several administrative problems plaguing the office. The Personnel Direction is affected by simultaneous crises of personnel administration and authority distribution.

Personnel Administration. It is characterized by an inefficient personnel service where officials hardly can coordinate their activities. This sad state of affairs is due to the fact that procedures for recruitment and selection, appointment, and promotions stated in the Administrative Career Law are not followed as principles for personnel
administration. Besides, there is a lack of a satisfactory plan to motivate employees.

Authority Within the Personnel Direction. There is an absence of sufficient authority delegated in the Personnel Direction. Every action must be considered by the head of the Department, the Division, and finally their Personnel Director before approval is given. It takes weeks to reach a decision on simple matters. Officials within the Personnel Direction have not realized how important it is to give sufficient authority to middle and lower level officials to decide what should be done in specific cases.

In order for the Venezuelan Public Administration system to operate efficiently and effectively, the aforementioned problems plaguing the personnel system ought to be addressed.

It is the intent of the writer, therefore, to describe and analyze problems of inefficiency in personnel administration and authority distribution in the Personnel Direction of the National Institute of Housing in Venezuela.
V. LITERATURE REVIEW

Importance of Personnel Administration

The various attempts at reform over the years point out the need for a more efficient personnel administrative system in Venezuela. Those attempted reforms underline the need for changes in all personnel activities (i.e. selection, recruitment, promotion, position classification etc.). Still, there remains a persistent need for a reform to focus on personnel administration. It is in this area that the government's actions are most concentrated in order to achieve a high degree of efficiency.

The government is responsible for ordering activities or actions necessary to solve problems which result from changes in the economic structure, technological changes, and population growth. When an issue is identified, government action is suggested. Personnel administration is directly responsible for the implementation of governmental programs and providing solutions to societal problems. In order to carry out these functions, the entire personnel administrative structure has to embark on manpower planning, motivation and morale boosting, staff development, performance evaluation, productivity, provision of health facili-

ties and collective bargaining. However, the goals of personnel administration are not always realized because of the interference of politicians and appointed individuals who are sometimes not aware of or do not comply with the law and regulations.

Personnel administration according to Randall S. Schuler and Stuart A. Youngblood is responsible for the delivery of a more efficient service by the government and the increase of citizen's confidence in public institutions. Personnel administration can perform these duties by understanding and becoming involved in planning, staffing, appraising, compensating, training and career management, improving the work environment and fostering effective work relationship.

Planning - Proper personnel administration must be able to plan and forecast the needs of all government employees over short and long term periods. The jobs within each government organization must be analyzed so that particular skills and abilities needed for each organization would be identified. Personnel administration decides on the quality and quantity of individuals necessary for each organization.

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to function.

**Staffing** - This activity involves both the process of recruitment and selection of individuals who have the required skills, qualifications and educational requirements to perform the job. The recruitment process is applied to those already within the government who want to be promoted as well as getting prospective employees from outside. After the identification of those qualified applicants has been done, they must be selected. The process of selection includes interviews with the candidate, evaluation of educational experience and additional references.

**Appraising** - It is the step where employees' efforts are evaluated and rewarded appropriately. The system of evaluation allows the employer to determine if the employee is doing well or not and what the organization should do in terms of employee training and what type of motivation should be provided.

**Compensating Employees** - A reward system based on performance and other indirect benefits are key methods which must help an organization in the effective use of human resources.

**Training** - Personnel administration through training activities, helps the organization to increase performance efficiency. Training activities assist the organization to define, plan and implement those programs which lead to higher employee satisfaction with the organization and their careers.
Improving the Work Environment - This function deals with the improvement of safety and health of public employees in order to ensure an increase in productivity.

Effective Work Relationship - It is very important for personnel administration to recognize the rights of employees to organize and bargain within the government. \(^{17}\)

There is a lot more literature on personnel administration. Such writers as Joseph N. Cayer, concentrate on the fact that public personnel administration is heavily influenced by the political environment in which it functions. \(^{18}\) Cayer also discusses the traditional approaches of public administration as well as those activities which integrate personnel administration. Randall S. Schuler and Stuart A. Youngblood give a description of those personnel functions and activities which personnel managers must perform in order to have an effective organization and most fully utilize their human resources. \(^{19}\) Robert L. Mathis and John J. Jackson also examine the activities, changes

\(^{17}\)Ibid., pp. 6-10.


\(^{19}\)Randall S. Schuler and A. Stuart Youngblood, Effective Personnel Management, pp. 1-534.
and new developments in personnel management. The writers emphasize the importance of communication between operating managers and the personnel unit. 20

Authority Supervision and Delegation

Every organization requires the establishment of a system of authority to accomplish goals and objectives. Even though authority is determined by the formal managerial hierarchy in the organization, it is also established through the relationship between superior and subordinate. The moment the objective calls for the organized effort of more than one person, there is always leadership, with its delegation of duties. 21

Managers have to deal with subordinates who assist them in the organization. They also have to deal with the environment created by the organizations' power structure. Managers must be able to coordinate themselves along with all the subdivisions of work in such a way that the major objective of the organization can be accomplished. To do this, managers must order activities in one of two ways:


First, supervision. Through their knowledge and ability, managers can attempt to anticipate the probable circumstances and problems which their subordinates may have in carrying out their task. Managers are required to develop plans of attack, and the task of the subordinate in carrying out the plan. This leads managers to assume absolute responsibility for the actions, and forces the organization to build up effective channels of communication and control. The second choice open to managers in their coordination of subordinates is delegation, which is different from supervision. Delegation consists of granting authority or the right of decision-making in certain defined areas, and charging the subordinate with responsibility for carrying through an assigned task. The delegation of authority requires great skill and judgment from managers. Managers must be able to give authority without losing control and also they should be able to train subordinates to exercise authority appropriately. In a study of failure among 300 executives, 18 general causes were uncovered. The number

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one cause was failure to delegate authority to subordinates. Managers acquire their authority through delegation. They must know how to use it, and which part of their authority should be delegated to subordinates. In the successful delegation of authority, the supervisors' role include the following:

1. They must be able to resolve any problem by themselves.
2. They must retain authority for major discipline such as promotion and appraising of subordinates.
3. They must delegate as much of their authority as they can in technical matters.
4. Delegation should fulfill specific purposes.
   a. Managers should determine what they are trying to achieve before delegating the specific authority.
   b. The delegated functions should be ones that occur reasonably often and are fairly time consuming.
   c. Managers must be willing to accept the decisions made by their delegates.

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5. Managers should delegate authority only to immediate subordinates.

6. The delegation should be broad to give the subordinate real responsibility.

7. Managers are required to keep in touch with their subordinates through the following:
   a. Maintain a friendly atmosphere which encourages free discussion.
   b. Ask subordinates to submit brief reports written or oral.
   c. Establish performance standards.
   d. Establish deadlines.
   e. Keep delegated informed.26

Delegation is an excellent management method by which to obtain better decisions because of the proximity of lower levels of management to the source of information.27 Delegation is considered the best technique for managers to satisfy and motivate subordinates in the organization.

At the present time, the Venezuelan bureaucracy is characterized by very close supervision from managers. This

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26 Ibid., p. 45

27 Basil C. Douglas, Leadership Skills for Executive Action, p. 76.
situation puts the weight of all responsibility for every action on the personnel administrative supervisors. In order to make the Venezuelan bureaucracy more efficient, there needs to be a new type of relationship between managers and subordinates. Through the delegation of authority, supervisors are responsible for the major decisions, but subordinates are still allowed to provide input in the decision-making process within the organization. The delegation of authority should be perceived as one step taken in the development of an administrative bureaucracy capable of dealing effectively with administrative actions.

Reforms in Venezuela Public Administration

According to Dr. Hammergren, Venezuelan public administration has had a favorable attitude toward implementing a reform program. It is an issue in which reformers, political parties, the press, and the public are involved. The reform movement has been characterized by both continuity and the rejection of some work carried out previously by other reformers. Those reforms have also been plagued by false starts resulting from an increased level of politicization from individuals who link proposals for reform to party interest.28

The reform movement in Venezuela has been a sign of government commitment to change and reorganization of the entire bureaucracy. The movement deals with the efficiency and efficacy within governmental institutions, the definition of individual rights and responsibilities in the Venezuelan bureaucracy, and the reorganization of ministries and agencies. Reforms have emphasized the inadequacies of the personnel system, particularly within the government where officials were numerous and inefficient, the prevalence of patronage in hiring and the absence of personnel planning. Nevertheless, the prospect for better public administration has been limited by the controversy of political or technical reform, the resistance of ministries and agencies, and Congress' disagreement on issues to be changed.

After analyzing the reform programs from 1958 through 1972, Dr. Hammergren determined the specific area in which a new reform program must focus by stating that reform had to deal with the ineptitude plaguing public administration and that emphasis ought to be on the routine and predictability of the government.

Dr. Hammergren is of the opinion that public administration needed to make improvements in personnel policies which must be in accordance with the National Plan which each President and his cabinet conceived for their five
year term in office. The reform program should include a guideline for the preparation of public institutions for attracting and maintaining public employees with high skills and ability to run Venezuela's bureaucracy. According to Dr. Hammergren, the reform should be more open to new ideas related to the actual function of the Venezuelan bureaucracy, and also must be a key alternative in improving public services.

Dr. Roderick T. Groves also analyzed the Venezuelan reform program carried out in 1958. However, he focused on the reason for the rejection of reforms concerning government employees, and the obstacles which the government would have to overcome. His findings are still relevant because Venezuela's reform programs have been repetitive in that they continue to deal with the same kind of issues that characterized it twenty-eight years ago.

The Venezuelan reform programs have been focusing on the area of personnel management and organization, but those have failed because they lacked the full support of important

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leaders in the government, most importantly, the President. Political leaders are more interested in their personal goals such as better government positions, party ranking and less responsibilities rather than working to make public administration more efficient. Public institutions have become an arena where political competition is more important.

If changes were allowed, they could have a positive impact on Venezuelan public administration. Nevertheless, the purging of the incompetent and the unreliable in the bureaucracy and their replacement with individuals hired or promoted, as it is proposed in the reform program, becomes a difficult task for the Venezuelan government. If individuals were hired according to qualifications, skills examination and knowledge of the job, and if employees were promoted based on the merit system, then few would be hired and promoted. In Venezuela, the government holds the highest percentage of employees. If unqualified employees are fired, they stand a little chance of getting new jobs within the government. Such a situation would lead to massive unemployment levels which would, in turn, create a serious socio-political crisis. To get a job within Venezuelan public administration is not difficult because one does not have to be concerned with merit or qualifications. The most important criteria for jobs are political affiliation,
nepotism and social status. In contrast, private sector employment requires high educational qualifications.

In Dr. Groves' study, he notes that it is important to consider some political factors when improving bureaucratic efficiency; for example, party selection of appointees to run public institutions, party involvement in bureaucratic decisions, and party abuse of the right to hire supporters as a repayment of their earlier campaign participation.

In Venezuela, where personal loyalty has become the essential operating norm of bureaucracy, reform programs need to gear themselves toward running a government in a fairer and more democratic way. Long-term efficiency goals cannot be met without changes in public administration.

Reform programs in Venezuela have been considered very instrumental in the organization of bureaucracy, observed Dr. Stewart who has studied the proposed reforms in the Venezuelan bureaucracy. He postulated that the lack of equal distribution of authority has had an adverse impact on public administration in the Venezuelan government. He believes that reform programs should concentrate more on

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the distribution of power within all levels of government.

According to Dr. Stewart, executive officials are responsible for the coordination of activities concerning recruitment and selection, promotion, and classification and remuneration of public employees. They are also responsible for the development of plans to implement new programs in personnel administration. The excessive amount of duties and responsibilities leaves little time for concentration on individual issues and little work for lower level officials. Often times, the President keeps this workload unbalanced because he has more confidence in his higher ranking officials. It is a bit more likely that his closest aides are more capable of performing the assigned duties, therefore, they are given more.

The Venezuelan reform programs must deal with unequal distribution of authority. The equal delegation of responsibilities throughout the Division and Department levels would relieve the upper level executives of the overload they presently have.

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VI. ANALYTICAL APPROACH

This study is based on the description and analysis of those specific problems affecting the Personnel Direction of the National Institute of Housing. It points out the existent inefficiencies in personnel administration and the distribution of authority within the Personnel Direction.

The paper utilizes secondary sources of information. It also draws heavily on the writer's experiences as a regular employee of the Personnel Direction and later as head of the Classification and Remuneration Department.

In writing this paper, some problems were encountered in the research. First, is the absence of literature on Venezuelan public administration. There are very few writers interested in Venezuela as a topic, and even they are more concerned with the effect of oil on the Venezuelan economy. It was also difficult to find information about the National Institute of Housing whose documents are considered confidential. Other relevant materials were not available in the libraries in the city. However, the writer was able to obtain the relevant information from the Venezuelan mission in New York and other public and university libraries.
VII. ANALYSIS

Personnel Administration

The Personnel Direction of the National Institute of Housing requires skilled employees, specialized in the execution of complex and varied tasks. These employees must work in a system where all receive equal treatment and their aspirations are recognized. It is difficult to have motivated employees where favoritism, inadequate salaries, poor supervision, and insufficient opportunity for accomplishment and advancement exist. However this is the present state of affairs in Venezuela.

The Central Office of Personnel has tried to achieve some goals in personnel administration. Probably the most important is security for career personnel. Security means that:

Public employees are provided with stable jobs. Consequently, employees can only be dismissed if they violate the law.\(^{33}\)

Individuals who have entered public administration by nomination are eligible to remain in their positions until they retire. Realistically, the Personnel Direction does not receive the benefit produced by the actual Career Law. Public employees are laid off every five years when a new government is elected. Employees are not selected on a merit basis, they are paid inadequately, and they are also subject

to promotion through favoritism. Consequently, there is no job security for public employees, there is neither an adequate selection on a merit basis nor is compensation related to the functions performed and how well they are performed. Some employees receive much higher salaries than others for doing jobs that are not more difficult and do not require more responsibilities. Employees are often placed in jobs for which they are not prepared or qualified. Employees at the Personnel Direction are knowledgeable of the situation and a considerable number of them take advantage of or react to the situation by performing poorly because they know nothing will be done about it. This is observed by a great majority of employees who want to perform well. As a result, there is low morale among employees.

With the passage of the Career Law, the problems and inequities may disappear resulting in better working conditions and employees' attitudes.

Recruitment and Selection
Appointment and Promotions

An important measure of the quality of personnel administration is the application of the merit system in recruitment and selection. The Administrative Career Law establishes that entrance into the public service be based on

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examinations or competitive contest. These provisions have not been followed in the majority of recruitment cases as required by law, because if the government chooses to ignore a law, the people outside of the government can do nothing. Few standards exist for recruitment and selection of public employees. In appointments, it is a general practice to make a list of vacant positions and to fill them with personal friends or those who have helped the particular party or office. Even with those positions lowest in categories of service, there is no attempt to relate the duties of the position to the qualifications of the person. Merit is not involved.

According to Law, the Central Office of Personnel (OCP) requires that promotions be made on the basis of seniority and merit as it is categorically stated:

Public employees have the right to be promoted based on merit. Employees should be evaluated according to the guideline of the Central Office of Personnel. 35

These prerequisites for promotion are not fulfilled in most cases. Many promotions are made on the basis of seniority alone. The rules for promotion are ignored, and it is possible to find top level officials showing favoritism to certain individuals. Many of these violations occur because those executives appointed must satisfy those who helped the party to win the election. This system does not encourage

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an employee in his work, mainly because the reward for good services is precarious in that there is no relationship between responsibilities and salary increase and promotions. The concept of promotion is based on an increase in salary without any change in functions. Promotions are also subject to political intervention. Due to the lack of equitable procedures, a candidate can secure his/her promotion by getting an endorsement from the political party in power, members of parliament, or top level officials within government institutions. They are not promoted based on skills and knowledge related to the new position. They are the end result of a politicized environment and the refusal to follow the Law for personnel administration created to support the newly formed democratic government.

**Salaries Unrelated to the Duties and Responsibilities**

A notable disadvantage of the actual situation in the Personnel Direction is that salaries are not always in proper relation to the skills and responsibilities required in the job. Similar jobs often have considerable differences in salary. It is easy for employees to observe that others with simple tasks receive higher pay. Reduced level of performance is a frequent result of salary inequities because no other aspect of working conditions demoralizes employees more than unfair compensation and financial hardships. Stanley Henrici observes that:
For employees, the salary increase has a more personal significance. They need it to support the expanding demands of career advancement -- the cars, houses, vacations, marriages, and children with which they hope to enrich their lives. It is expected. And it is expected not for material reasons.36

The Personnel Direction has made many attempts to install a good compensation plan without achieving the expected result because of the refusal of other officials at the executive level to discuss such a plan. Consequently, the government and the employees lose the advantage of an incentive for the acquisition of greater skills or for the assumption of greater responsibilities. The employees are neither rewarded for doing their jobs, nor for learning new skills.

As the compensation for public employees worsens, many are forced to use their available hours in other forms of employment, especially those with college degrees,37 or to leave the public sector or government. This situation can have adverse consequences for both the employee and the government because the employee has not been able to specialize to the degree that he/she would nor is he/she eligible for better wages that accompany specialization. The govern-


37 Public Employees with college degrees are always looking for better salaries and better standards of living. Furthermore, they have higher expectations about the future.
ment loses a greater number of trained workers to private industry which is always prepared to pay higher salaries. As a result of low salaries and lack of morale among public employees, there is less loyalty, enthusiasm, and cooperation. Authority Within the Personnel Direction

Among the problems facing the Personnel Direction in the National Institute of Housing, the most pressing is the absence of sufficient delegated authority in the administration of personnel. The mistakes, violations of laws and regulations, and administrative ineptitude are the factors which have prevented the executives in the Personnel Direction from granting inadequate authority to subordinates.

The Executives have a tendency to establish more restrictive controls and to diminish delegated authority when administrative errors and violations come to light. Consequently, the President of the Institution and the Directors gain more responsibilities than their subordinates who are usually responsible for execution of the work. Such overloading becomes an obstacle for executives when they want to take prompt, decisive and effective action.

Officials of the Personnel Direction have not realized the importance of giving sufficient amount of administrative authority to their subordinates. It is quite obvious that many supervisors do not have confidence in the competence of their subordinates and therefore require excessive scrutiny of their work and put a limit on the amount of work given. The cumulative effect of this process is the con-
centration of decisions and assignments in the organizational executives. 38 The more unfinished work there is, the more unnecessary delays in evaluation, approval and decisions essential in other personnel related issues. Those controls and restrictions established by executives have weakened administrative actions mainly because violations are made in order to perform those obligations of the Agencies, Divisions or Departments within the institution. Employees of the Personnel Direction use different procedures which are illegal, but tolerated, in order to meet those changes needed by the office. Although these actions are not directly punishable, they lead to the imposition of even more restrictions. For example, executives often ask the Personnel Direction to perform duties which must be done but are actually against the Administrative Career Law. In order for the Personnel Direction to fulfill the request, the office has to ignore the Central Office of Personnel. More often than not, the executive may require the Personnel Direction to see that an employee is paid a higher salary than it is allowed in the Position Register Manual. The only way for this to take place is for the Personnel Direction to write up a contract, one not in accordance with re-

regulations of the Central Office of Personnel and the Law. The Law states that job contracts may be written and given not for more than 30 days, but the Personnel Direction could write a contract for a year.

There is no doubt that employees in the Personnel Direction are victims of the bureaucratic system. They do have functions to perform, and their interest is to do it well, but they do not possess sufficient delegated authority. Therefore, they follow a practical guide of their own which sometimes becomes a justified violation of rules and regulations. The executive level takes away even more authority because it wants to limit the amount of violations made. When executives can control the number of violations and abuses of the Law, they can be protected from investigations by the Congress or the Central Office of Personnel for irregularities.
VIII. CONCLUSIONS

The Personnel Direction in the National Institute of Housing requires some reforms to achieve administrative improvements within the Venezuelan bureaucracy. Based on this, the writer concludes that two steps in this direction must be taken. First, it is important to review the procedures for recruitment and selection, appointment, and promotions, and the salary plan. Second, reforms must deal with the distribution of authority and the determination of the type of control required in the delegation of responsibilities within the Personnel Direction.

Any reform program in the Personnel Direction must be in accordance with the Administrative Career Law which regulates every action taken in Venezuelan public administration. Administrative reform should take into consideration the role of political leaders, parties and individuals in enforcing standards for recruitment and selection, promotion, and appointment of public employees. The input of political leaders, parties and individuals in any reform program should be actively sought. Ideas, knowledge, and skills from those who have been involved in public administration would be helpful in the development of strategies to deal with a highly politicized environment.

In terms of salaries related to duties and responsibilities, the Personnel Direction must review the existing salary plan in conjunction with the Central Office of
Personnel. This review could lead the institution to create a competitive salary plan which can attract skilled and qualified individuals who might otherwise go to the private sector.

Finally, in relation to the distribution of authority, every internal management decision of routine character should be delegated to the middle and lower level officials, who in turn must follow the Career Law and the Position Register Information. The delegation of authority must be accomplished by the right of subordinates to reject cases or call to the attention of supervisors the special cases for which they feel they have inadequate information or knowledge.
IX. RECOMMENDATIONS

The Personnel Direction of the National Institute of Housing must strongly enforce the existing policies for personnel administration described in the Administrative Career Law.

The government, party, and executive officials within the Institute of Housing must contribute to the elimination of the spoils system by hiring and promoting only qualified individuals.

The Personnel Direction must be consistent in overseeing the work of middle and lower officials in order to be efficient.

The Personnel Direction should redefine duties and responsibilities of each department, and develop a guideline of administrative instructions for those decisions which do not require executive level approval.

Subordinates should have a weekly list of their required duties. The list must be returned to the various supervisors with a report of what was accomplished during that time. The Personnel Direction should set up an inspection program which will allow a qualified person to review subordinates' weekly activities.
APPENDIX

Relevant Sections of the
Administrative Career Law
(Translated from Spanish by author)
The Administrative Career Law which regulates the Venezuelan public administration system was passed in 1970. There are eighty-six provisions adopted in the law. In the writer's consideration, forty-nine articles are important for the purpose of this degree paper.

Article 1. The law regulates the rights and duties of public employees in their relations with the National Public Administration System through the establishment of a system of personnel administration.

Article 2. Career Service individuals and appointed officials are public employees.

Article 3. Career Service covers individuals who enter the public service according to requirements of the Administrative Career Law.

Article 4. Appointed individuals are Ministers, Secretary to the Presidency, Governors, and those officials of similar hierarchy appointed by the President.

Article 5. The Present law does not apply to the following:

Executive branch of government
Judicial branch of government.
Officials of Foreign Service
The Army.

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Universities.

Blue-collar workers who serve in public institutions.

Article 6. Actions which have to do with personnel administration within the National System of Public Administration are established by:

I. The President of Venezuela.

II. Ministers of the government.

III. Executive level authorities of autonomous institutions.

Article 7. Every public institution is responsible for carrying out those decisions to be implemented.

Article 8. The Central Office of Personnel is created. This office must report directly to the President. The Central Office of Personnel is composed of an Executive Director appointed by the President, and a Directory for special issues. The Directory is made up of the Executive Director, a Director and his substitute appointed by the Congress, and a Director and his substitute chosen by the President from a group presented by the National Confederation of Workers.

Article 9. The Directory of the Central Office of Personnel must be appointed according to the following requirements:

I. Individuals should be able to deal with personnel administration issues.

II. They must not have criminal records.
III. They should not be relatives of the President.

Article 10. The Central Office of Personnel must create and organize the system of personnel administration and oversee its application and development. The Central Office of Personnel is responsible for the creation of norms and procedures for job classification, remuneration recruitment, selection, training, promotion, transfer, and other matters of employee welfare.

Article 11. The Directory of the Central Office of Personnel is responsible for the following tasks:

I. It must help the Central Office of Personnel in the elaboration of policies related to personnel administration.

II. It must make suggestions to improve the system of personnel administration.

III. It may require the Executive Director to conduct investigations necessary for the functions of the National System of Public Administration.

Article 12. In institutions whose employees are subject to this law, the Personnel Direction is responsible for the administration of personnel.

Article 13. The Personnel Direction of those institutions whose employees are subject to this law have the following duties and responsibilities:

I. The Personnel Direction must direct the application and improvement of those procedures for personnel administration indicated in the Administrative Career Law.
II. Enforce the training programs which are mentioned in the law.

III. The Personnel Direction must provide the examination required by law for promotion or entrance into the public service.

IV. The Personnel Direction must submit, for the consideration of the minister or president of the institution, applications for entrance, promotion, retirement or any other action concerning personnel administration.

V. The Personnel Direction must provide necessary information concerning cases which require the application of sanctions established in the law.

VI. The Personnel Direction must send to the Central Office of Personnel information of every personnel action as well as any other information required by the Central Office of Personnel.

VII. The Personnel Direction is the communication channel between institutions and the Central Office of Personnel.

Article 14. Every institution should have a Conciliatory Council. This Council is composed of a representative of the President of the institution, a representative of the employee's union and the Personnel Director, who is the coordinator for the Council.

Article 15. The Conciliatory Council should be used by an employee when his/her rights are violated.
Article 16. The Conciliatory Council must decide any personnel issue submitted to it in a period of 10 days. Its decision should be communicated to the employee.

Article 17. Public employees are provided with stable jobs. They can be removed only when they fail to comply with the rules and regulations of their position according to the provisions of the Administrative Career Law.

Article 18. Public employees have the right to be informed about the organization structure, function and goals as well as the duties and responsibilities concerning their jobs.

Article 19. Career Service employees have the right to be promoted. Promotion must be given according to qualifications and the result of previous examination.

Article 20. Public employees subject to the Administrative Career law must have vacation once a year. The vacation should be paid according to the following:

From 1 to 5 years' service, the employee has 15 days' vacation and 18 days' pay. From 6 to 10 years' service, the employee has 18 days' vacation and 21 days' pay. From 11 to 15 years' service, the employee has 21 days' vacation and 25 days' pay. After 16 years' service, the employee has 25 days' vacation and 30 days of salary.

Article 21. For an employee to receive a bonus at the end of the year, he/she must work a minimum of three months.
Employees should be paid bonuses based on the following scale:

- From 3 to 6 months of service, employees could receive 5 days of salary.
- From 7 to 9 months of service, employees could receive 10 days of salary.
- After 10 months, employees could receive 15 days of salary.

Article 22. Public employees have the right to retire according to age and years of service.

Article 23. Public employees have the right to be members of the public employees' union.

Article 24. Public employees should be able to get paid according to the duties and responsibilities of the job.

Article 25. The present law should provide a definition of leave with pay, and leave without pay. These are provisions for Career Service employees and appointed officials.

Article 26. Public employees must be paid for years of service after they resign, retire or when they are laid off.

Article 27. The National Institute of Housing should be able to provide employees with credit to purchase houses. The credit should represent 80% of the benefit which the employee could receive for years of service.

Article 28. Public employees are responsible for the following:

1. They should perform the duties assigned
efficiently.

II. They must obey supervisors.

III. Employees are required to keep secret those activities related to their job.

IV. Employees are guardians of public administration.

V. Employees should participate in training activities to improve their performance.

VI. Employees are allowed to propose to their supervisors ideas which can contribute to a better provision of services.

Article 29. It is illegal for public employees to sign contracts on behalf of the government, and when they are in office to support a political party.

Article 30. Public employees are prohibited from getting involved in affairs in which they are interested personally or they have direct interest through a third person.

Article 31. Public employees are not allowed to perform two jobs at the same time. That might contribute to a low performance.

Article 32. For public employees to enter new jobs, they have to resign from their current positions.

Article 33. Public employees who are retired from public administration system should not have two or more pensions.
Article 34. The entrance into the public sector is subject to the following conditions:

I. The applicant must be Venezuelan born.

II. The applicant must be of good character.

III. The applicant must satisfy the job requirements.

Article 35. The selection process to enter the public administration system must be based on open competition and examination.

Article 36. Career Service employees and appointed officials are designated by the President, Ministers, and Executive officials of the government.

Article 37. A probationary period of six months is established for individuals who enter the public administration system.

Article 38. Public employees swear to support and defend the Constitution, the Country's Law, and accomplish the duties of the job they are entering.

Article 39. Public employees subject to the Administrative Career Law must swear to accomplish their responsibilities in the presence of a supervisor.

Article 40. The system of position classification should be elaborated based on the following:

I. Type of job.

II. Duties of the job.

III. Requirements of and qualifications for the job.
Article 41. Public employees are allowed to propose to the Central Office of Personnel those changes considered necessary in the system of position classification.

Article 42. The system of remuneration must be elaborated based on salary, compensation, and other pay received by public employees.

Article 43. The President must approve the system of remuneration through an executive order.

Article 44. The government has the right to change the system of remuneration in cases of national economic restraints.

Article 45. The system of qualification of services consists of the norms and procedures used to evaluate the efficiency of public employees.

Article 46. Public employees should be evaluated at least once a year. The result of the evaluation should be considered for promotion, salary increases, or any other action.

Article 47. The Central Office of Personnel and the Personnel Directions are responsible for the training programs.

Article 48. The Personnel Directions are allowed to propose training programs considered necessary for the organization to perform adequately.

Article 49. Public employees should receive a certificate of training after the training program is completed.
Figure 4

The Venezuelan Executive Office

President

Central Office of Personnel

Ministries

Autonomous Institutions

Agencies' Personnel Direction

Agencies' Personnel Direction

BIBLIOGRAPHY


