

# Performance Management and Performance Appraisal in the Public Sector

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# Why Performance Management?

- Sociopolitical pressures for changing
- Economic and financial difficulties
- A question of political legitimacy: management for results
- Responsiveness to the citizens: accountability, transparency, etc.

# The Concept of Performance Management (PM)



PM

The diagram features a central blue circle with the letters 'PM' in white. This circle is surrounded by a large, light gray circular arrow that curves clockwise. Below the 'PM' circle, there is a silhouette of two business professionals in a meeting, one pointing at a laptop screen. The entire diagram is set against a white background with a subtle blue and gray gradient.

- PM is a series of process and effort to maximize performance
- by encouraging an organization, a team or an individual
- to set a goal and a plan and carry them into practice
- on the basis of the organization's vision and strategies
- evaluating their performance
- and reflecting the results in policies and organizational management

- ▶ Performance involves various concepts but basically means the “results from activities to achieve goals”.
- ▶ It includes activities that ensure that organizational goals are consistently being met in an effective and efficient manner

# Four Steps in PM: plan-do-see-act

- (1) performance planning (identification of performance goals, confirmation of performance responsibilities, and setting performance indicators or performance agreement)
- (2) performance execution (execution of performance goals, mid-year review and regular bookkeeping on performance, accomplishment of performance goals)
- (3) performance assessment (performance evaluation, informing its result to each employee)
- (4) performance review & feedback.

# Two Levels of PM System

## Organizational-Level PM

- Identify mission & vision
- Set strategic goals, performance goals, tasks, etc.

## Individual-Level PM

- Performance evaluation (appraisal) based on one's performance, competency or traits, etc.

# Organization–Level PM

- It could be evaluated in terms of
- major policy execution,
  - financial performance, and
  - other key areas:
    - personnel
    - organization
    - e–government
    - quality of public service
    - innovation, etc.

# Individual Level PM

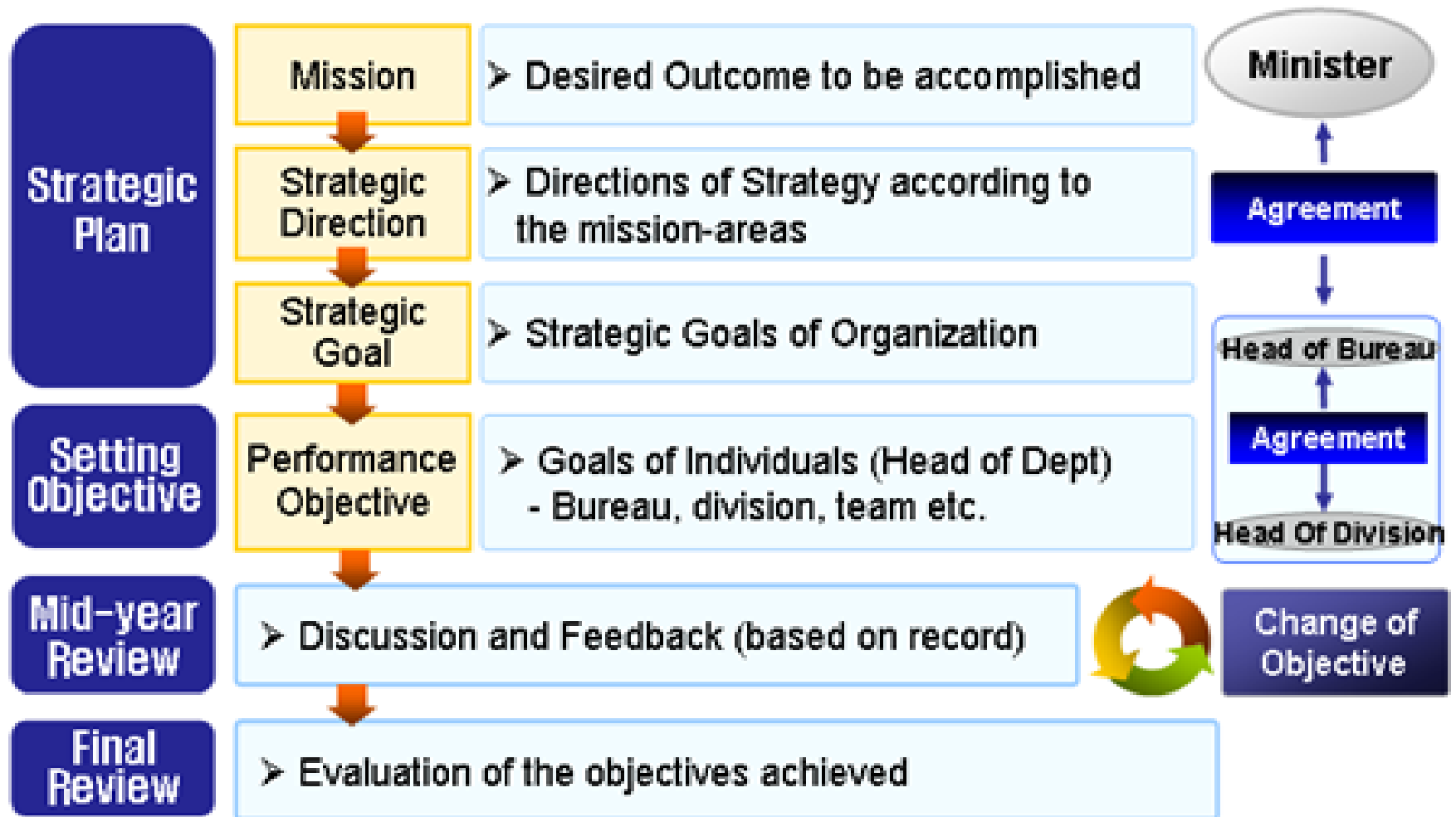
Common Performance Appraisal (or performance evaluation) Systems:

- performance agreements (public service agreements)
- typical trait-rating methods
- 360-degree (multi-rater) feedback (supplementary)



# Example of Performance Agreement

The Frame of Performance Agreement for SCS



# Performance Appraisal

Typical performance appraisal system (based on check list or rating scale) could be based on the following major areas:

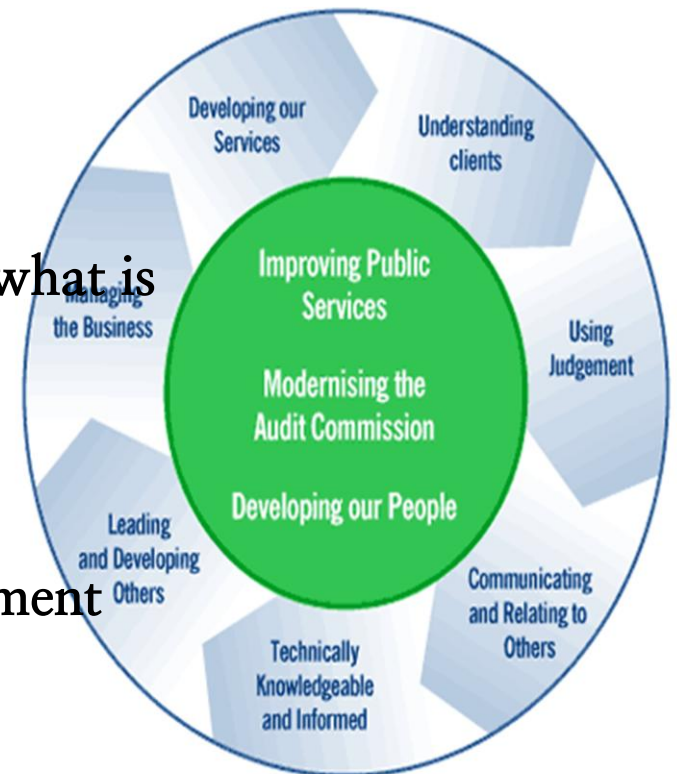
- (1) job performance in terms of timeliness, completeness, job difficulties, etc.
- (2) job-fulfilling abilities or core competencies (traits) in terms of planning, communication, cooperation, innovation, citizen-orientation, etc.

# The Development of Competency Frameworks

Many evaluation systems would have a competency framework or other way of recording and marking behaviors and skills

- (1) Useful for fairer recruitment, promotion and appraisal systems
- (2) a clear link between the goals of the organization and those of the individual
- (3) the development of a job description system
- (4) a clear understanding by leaders and staff of what is expected of them
- (5) the identification of training needs
- (6) the implementation of a change and improvement agenda.

Competency framework



# Examples of Core Competencies of Senior Government Officials in the UK and USA

<b>USA (SES) Core Qualifications</b>	<b>UK (SCS) Core Skills</b>
Leading Change (Creativity and Innovation, External Awareness, Flexibility, Resilience, Strategic Thinking, Vision)	Strategic Thinking
Leading People (Conflict Management, Leveraging Diversity, Developing Others, Team Building)	People Management
Results Driven (Accountability, Customer Service, Decisiveness, Entrepreneurship, Problem Solving, Technical Credibility)	Project and Programme Management
Business Acumen (Financial Management, Human Capital Management, Technology Management)	Financial Management
Building Coalitions (Partnering, Political Savvy, Influencing/Negotiating)	Communications and Marketing

# Incentives for Performance

An incentive is any factor (financial or non-financial) that motivates a particular course of action.

Classified into various classes such as

- moral incentives such as the right thing to do,
- non-monetary incentives such as social recognition and awards, etc.
- remunerative incentives,
- a common form of incentive for government employees is a financial incentive under the name of “performance-related pay” (PRP).

# Example of PRP Scheme for Senior Officials

Appraisal Grade	Excellent (Grade S)	Outstanding (Grade A)	Normal (Grade B)	Unsatisfactory (Grade C)
Payment Scope	Top 20%	30%	40%	Bottom 10%
Performance Pay Rate	15%	10%	6%	0%

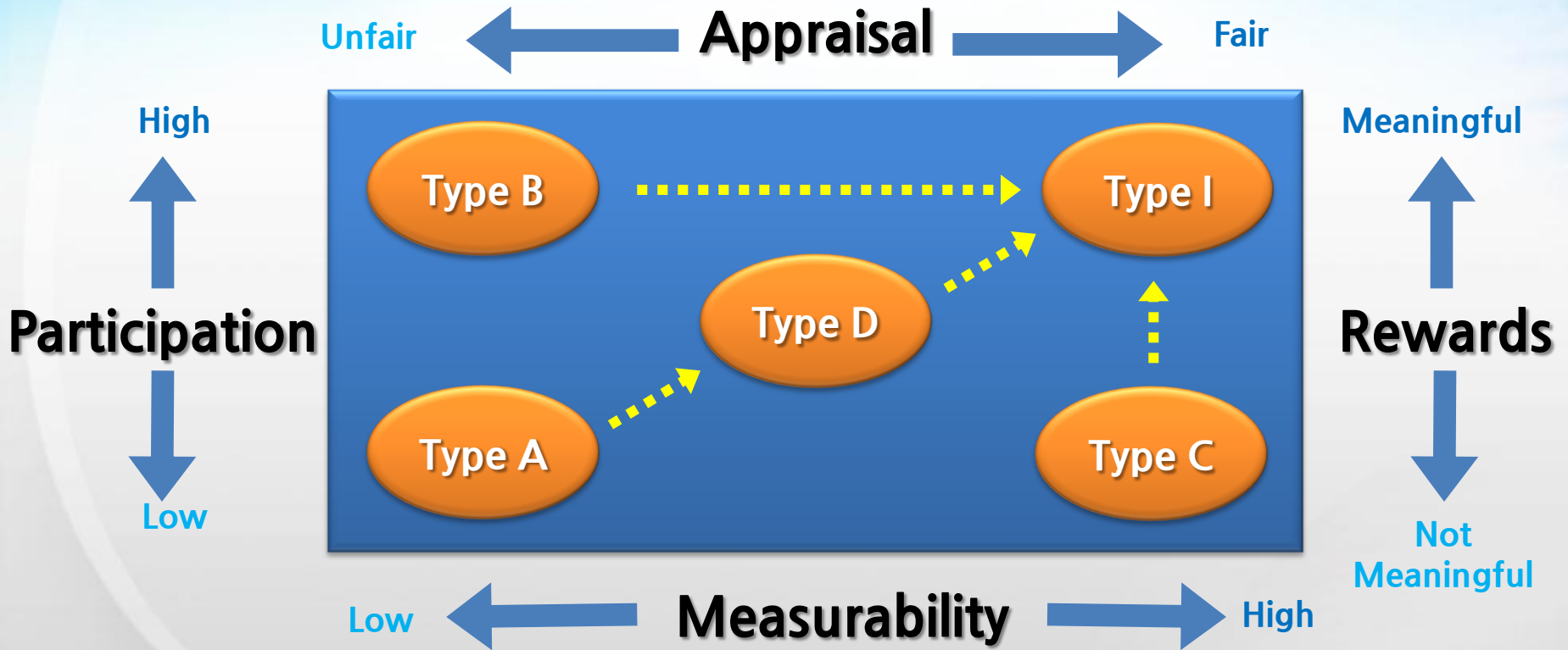
Champion

Mediocre

# Obstructions in Implementation of PRP Schemes

- Lack of Experience in Utilization of PRP
- Union's Resistance and Egalitarian Culture:
- Insignificant Monetary Value and Failure of Differentiation among Performers
- Supervisors' Bias and Poor Performance Measures:
- Side-Effects of Competition

# Strategies to Utilize PRP Schemes: Develop a Model Case





# Strategies to Utilize PRP Schemes

- Improve Pay System for Government Employees
- Establish Effective Appraisals and Analyze Jobs
- Differentiate among Performers
- Break “Their” Culture and Communicate with Employees
- Avoid Distorting Behavior

# Capacity Deficit and Capacity Building

- More complex
- More diverse
- More fragmented
- More interdependent
- More time-consuming
- More transparent
- More blurring
- More decentralized
- More stakeholders/  
conflicts or dilemmas...

Challenges



Capacity

Capacity Deficit

- Public Sector Capacity was declined:
  - Shrinking Role of the State
  - More Complex Problems
  - Lack of Resources
  - Increasing Cost of Governance
  - Critical citizens & *resistance culture*
  - Increasing public expectation.....

- **Doing more/better with less**
- – “*Deep Gap*” between new demands and existing capacity → “**Lack of Public Capacity**” (capacity deficit)
- Need “**Capacity Building**”
  - Individual level (your duty)
  - Organizational Level
  - System Level

# Capacity Building

The United Nations Educational, Scientific, and Cultural Organization (UNESCO) undertook capacity–building for many years

The main areas of capacity–building are: policy formulation and implementation, institution building, planning and management, curriculum development and materials design, teaching and learning strategies and methodologies, training of trainers and facilitators, developing support structures and mechanisms, and learner performance assessment.

In the field of public administration: new initiatives equipping individuals with the understanding, skills and access to information are needed

# The UNDESA/IASIA Task Force (2008)

Underscores the importance of the following capacities:

- (1) visionary leadership and strategic thinking
- (2) policy coordination (including design of appropriate information and knowledge management systems)
- (3) **performance management** (including design and implementation of service delivery systems to enhance access to water, health, sanitation, education, poverty eradication and other services, and application of appropriate monitoring and evaluation mechanisms)
- (4) management of change (with emphasis on conflict and diversity management, reconciliation of paradoxes and ambiguities, team-building, and negotiation)
- (5) containment of major pandemics and monitoring and evaluation of impact of intervention measures
- (6) leadership succession planning (including the development of succeeding generation of leaders, and empowerment of subordinates).

# Standards/Criteria for Evaluating Excellence in Public Administration Education & Training

**UNDESA–IASIA’s report (2008) lists up 8 key elements:**

- (1) public service commitment
- (2) advocacy of public interest values
- (3) combining scholarship, practice and community service
- (4) the faculty are central
- (5) inclusiveness is at the heart of the program
- (6) a curriculum that is purposeful and responsive
- (7) adequate resources are critical; and
- (8) balancing collaboration and competition.

# The [American] National Association of Schools of Public Affairs and Administration (NASPAA)

NASPAA shows 7 categories of standards:

- (1) managing the program strategically (mission statement, performance expectations, program evaluation)
- (2) matching governance with the mission (administrative capacity, faculty governance)
- (3) matching operations with the mission: faculty performance (faculty qualifications, faculty diversity, research, scholarship and service)
- (4) matching operations with the mission: serving students (student recruitment, student admissions, support for students, student diversity)
- (5) matching operations with the mission: student learning (universal required competencies, mission-specific required competencies, mission-specific elective competencies, professional competencies)
- (6) matching resources with the mission (resource adequacy)
- (7) matching communications with the mission.

# Criticism from Government Employees

1. People dislike to evaluate as well as to be evaluated in general.
2. The seniority-based system might be still prevalent in many organizations so that it is hard to change perception and behavior in the short term.
3. It is difficult to develop performance objectives and measurable performance indicators because the nature of public affairs is often hard to quantify.
4. These systems appear to require more paperwork and increase both performance pressure and stress.

# Future Direction of PM

## Difficulties in the public sector's PM

- Performance measurement is difficult.  
It is difficult to develop a quantified Performance indicator
- The public sector tends to be generous with evaluation.
- The public sector lacks awareness of competitiveness and performance , compared to the private sector.

## Measures for development of PM

- Develop and supplement performance indicators consistently
- Set a standard for objective evaluation and expand the participation of outside experts
- Encourage an organization's members to participate in the process of PM and use the organization's performance to enhance Individual capabilities



# Suggestions

- The strong will and support of the head of organization is important for the success of PM
- Consensus-building among organization members regarding PM
- Linkage between organization's mission, goal with individual's mission
- Efforts to develop more objective performance indicators
- Development and implementation of various financial and non-financial reward methodology

- PM is a tool, not an objective; no single best solution.
- The objective of PM is to improve individual performance and enhance the productivity and competitiveness of the whole organization.

# Concluding Remarks

- Government must invest in human capital and provide more opportunities for further human resource development
- Motivated people are central to the operation of any agency that wishes to function well in the new age
- A decade of organizational restructuring, reinventing, and reengineering has produced employees who are more exhausted than empowered, more cynical than self-renewed.
- Management needs to develop the engaging and motivating culture necessary to attract, excite and retain well-performing employees in government.