

Performance Management and Performance Appraisal in the Public Sector

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Contents

1. Introduction
2. Performance Appraisal as Performance Assessment
3. Competency Framework
4. Incentives for Performance
5. Obstructions in Implementation of PRP Schemes and Strategies to Utilize PRP Schemes
6. Capacity Building through Education and Training.
7. Conclusions

The purpose of this paper is to review and discuss public performance management in general and performance appraisal and pay for performance specifically. Performance is a topic that is a popular catch-cry and performance management has become a new organizational ideology. In general, performance management includes activities that ensure that organizational goals are consistently being met in an effective and efficient manner so that it involves shared vision, management style, employee involvement, incentives and rewards, competence framework, team work, education and training, attitudes, and dialogue. Generally, there are four steps in performance management: (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), and (4) performance review and feedback. Among these steps, this paper focuses on performance assessment in terms of performance appraisal for government employees. Although there are substantial variations among the countries, it might be fair to say that the performance evaluation system has been widely introduced and government employees' awareness on performance has been gradually improved since the 1980s. However, a number of limitations are also salient for the time being. Recently, performance appraisal and performance measures faced criticism from government employees for various reasons. Accordingly, the performance appraisal scheme should be well designed and practiced in a way that places its legitimacy beyond any doubt. This has many meanings. Among others, it signifies that the performance appraisal scheme should imply a fair and balanced system of allocation of individual responsibilities within the organization, a transparent mechanism for setting organizational objectives and to make them known by the incumbents, an individual evaluation procedure pre-established in legal instruments or in clear internal guidelines, a possibility of internal and external review and oversight over the procedure and results of the appraisal, and finally individuals need to be reassured that the results of their evaluation will be used correctly. Last but not least, government must invest in human capital and provide more opportunities for further human resource development.