

Performance management of public sector

[Business](#), [Management](#)



Introduction

The concept of performance management has come a very long way from just measuring the past performance of the employees to a more novel and practical approach of improving the potential output and future performance of employees and groups by integrating the management mechanisms into the planned, predetermined evaluation exercise. As an increasing number of private enterprises have found ways to put performance management for value for money, it started grabbing the attention of public organizations as well. Advanced management techniques including strategic decision making, developing effective performance measurement tools, devising ways to monitor and reward performance, and customer-driven behaviors across organization have become more and more visible in the public sector enterprises in the last decade. The positive outcomes of such techniques have shown to be of significant importance especially in the introduction of administrative reforms in many countries across the globe. This has lead for better growth of an organization, improved process, efficient outcomes, and reduced wastages.

Theoretical Framework

Theoretical framework of the paper has been prepared after reviewing existing theories that support the given research endeavor. The underlying theories and perspectives have been adapted to the given research needs and a theoretical framework has been developed according to the research requirements. Institutional Theory proposed by Meyer and Rowan (1977), Institutional Isomorphism by DiMaggio and Powell (1983), Theory of Bureaucracy by Max Weber (2005) and Structural Instrumental and

Institutional Perspectives (Christensen, Laegreid, Roness & Rovik, 2007) have been utilized to describe the behavior and dynamics of performance management in Public Sector Organization of Pakistan.

The very foundation of individual performance appraisals lies in the control philosophy of Weber (1917) and Taylor (1947). The control philosophy is weaved into the assumption that any work can be divided scientifically into distinct, quantifiable and measurable steps. Finer (1941) propose the same control philosophy as ‘making the managers manage’. This approach requires that at all levels, managers are provided with consistent and elaborated descriptions against all criteria of performance (Behn, 2001).

This, when applied in the

complex setup of a bureaucracy, becomes an intricate system with excessively detailed rules, plans and timelines.

In the context of public management, however, there has been much hype of New Public Management (NPM) that calls for the accountability of individual public managers regarding the outcomes of their performances. Hood (1991) outlines seven doctrines of NPM.

- Firsthand professional management,
- Focus on discrete and well-defined performance measures,
- Emphasis on the results, not on the procedures, to ensure the quality of outputs and outcomes,
- Breaking down of larger and more complicated units in the public entities to smaller and more manageable units to improve efficiency,

- Using contracts and tenders to increase competition within public organizations,
- Incorporating systems and tools from the private sector into the public sector to enhance performance,
- Using resources with increased frugality and discipline.

These theories have been integrated using the Open System Theory (Katz & Kahn, 2005). Knitting all these theories and perspectives into a coherent whole, a theoretical framework has been developed. Each of the theories and perspectives has been discussed briefly to put the discussion into proper perspective.

Administrative reintegrate in Public Sector Organization of Pakistan

Pakistan's bureaucracy has been tainted with political interferences, institutionalized malpractices, ethical crisis and exploitation from both within and outside its ranks. All this has aided in institutionalizing inefficiencies and administrative malpractices. This also presents the main reason why administrators might not be motivated to introduce more effective accountability and performance management reforms. The inherent dichotomy of the scheme of affairs presents as the biggest challenge in bringing change in the bureaucracy of Pakistan and should be the starting point to address the challenges in implementing pro-accountability reforms (GoP, 2001).

Performance management and its consequences

Effective performance management now a day's are critical to achieve desired results, value for public finances. To gain the public's confidence that taxes collected by the governments are being used effectively & efficiently

for the purpose they are collected and for the benefits of the general public at large.

Strategic Gaps in Public sector organization

Administrative centre of public sector organizations does not effectively coordinate their strategy across other public sector organization, which impedes public sector organization's ability to set effectively its overall priorities and translate those into desired outcomes.

Today's challenge and opportunity ahead

The fiscal crisis is not only the opportunity to recalibrate, what collective services the public desired and are prepared to pay taxes for. When tools like lean thinking & process mapping are used, the public sector organization can redesign their services, achieve specified public requirements and exceed their expectation for value for taxes collected and invested.

A perfect performance management systems map for public organization

Performance management and accountability must be incorporated throughout the public sector in Pakistan. There is no one size fits all performance management system, but if organizations follow basic principles, they can avoid effects such as corrupt practices, wastage of resources or dysfunctional behavior. Some top-down strategies are necessary to improve the relationship between measures and the implementation of strategy; but top-down strategies should be kept to a minimum to avoid disproportionate effort in collecting and reporting the desired data, as compared to the resources invested in improving performance. Utilization of advance technologies is not the end in today's

transformed Information based world, where technology and innovation can be used for highest level of accuracy and precision.

Private sector organizations insight out

The public sector is no doubt much more complex than the private sector's, which has the luxury of a single dominant objective, that of profit maximization. The public sector's organization are hugely complicated by shared or sometimes conflicting objectives, number of beneficiaries, the expectation of public and the influence of politicians.

Responsibility Accountability

Performance measurement targets alone are not a sharp edge for achieving improvement. A performance culture needs to spread throughout an organization; and managers need to be held accountable for their performance achievement, understanding that dismissal may be a consequence for not performing up to the mark.

Desired Skills and expertise for the coming century

The public sector should recruit efficient leadership strategy. There are many approaches to cost reduction and improving the overall outcomes, including but not limited to process innovative efficiencies, economies of scale and scope, standardization, digitalization, outsourcing, out of the box thinking, collaboration and gradually establishing a culture of cost consciousness throughout an organization. These will be vital competences for the public sector organizations in the foreseeable future. We must act accordingly to prepare and time is running out.

Recommendations

1. Importance of performance management

Every public sector organization should be straightforward about its objectives, and its strategy in order to achieve its objectives, and to retain governorship supported by commanding public finance workforce.

Addressing way forward to Public sector organization strategic gap

Government should agree a 'whole of government strategy', to which individual departments should align their business plans. The Controller general of accounts in every government department should have full board membership, bestowing on them corporate (i. e. collective) responsibility and accountability.

Response to the current situation in public sector organization

Public sector organizations must use the critical period as an aperture for smarter fiscal consolidation. Incremental change is no longer appropriate. Conventional ways of working need to be appraised and challenged to the providers who need to consider whether elements of their service are not obsolete in the other sectors, either private or public. Public sector organizations should withstand the inclination, to pursue a slash and burn approach, to cuts & impose a salami-slicing regime. Either this would be a retrograde step.

Blueprint of performance management systems

Performance targets should be the measures used naturally by those delivering services to monitor their effectiveness against the predetermined.

Working within public sector departments with interdependencies between different elements of the public sector must be supported by appropriate governance and strategic targets, to avoid silo thinking. Consideration should be given to amending in the departmental Code's to make department personally responsible for value for money.

Insights from the private sector

The public sector should be open to learn from the out of the box thinking of the private sector, whose cost effective leadership and performance management practices can be instructional. If there is a greater recognition of the contribution offered by young recruits with private sector experience, who can challenge the status quo for the long standing obsolete practices and bring more insight into the public sector or public-private partnerships. Recruitment practices in the public sector should done in timely manger to recognize time spent in the private sector when specifying length of experience required; and mentoring programs or work shadowing between public sector senior management and their equivalent in the private sector should be encouraged for the way out.

Skills and expertise

The public sector, specifically public sector organization must gain more expertise in cost reduction through digitalization. A culture of cost consciousness should pervade throughout every organization, so that the entire workforce understand that cost control is the responsibility of all employees. The public sector organization should improve their financial

literacy of public finance managers and strategy adopted to enhance their skills for the future requirements of organizations.

The Ten Commandments of Performance Management:

No one should design their own incentive plan (Segregation of duties)

The manager, or someone other than the individual receiving the incentive payments, should design the scorecard.

The frequency of measurement feedback is as important as the incentive amount

The more frequently the measures can be reported, the more effective the measures will be in guiding behavior. Try to implement measures that, at a minimum, provide monthly feedback.

Design ideal measures, then compromise

Determine the strategic results of a job position and the key performance dimensions (productivity, quality, sales, etc.). Design the scorecard to improve these results without regard to what data are available. Then capture the data or compromise. Don't design the scorecard exclusively to what data are currently available.

The performance measures should “mirror” the real world

Try to design scorecard measures as though the participants are franchised or in business for themselves.

Where possible, design measures for small teams and individuals rather than large groups

Individual measures have more impact on performance, are more equitable, and can more readily convert to leveraged incentive pay. Team measures

may be combined with individual measures on the same scorecard, when appropriate.

Measure only controllable job outputs

Design measures that are largely under the control of the participants. Do not use broad financial or subjective measures affected by events the performer cannot control.

Balance quality and quantity

Never design one-dimensional scorecards that focus only on work quantity or quality. Make sure the two dimensions are balanced in terms of the economic consequences and the impact on long-term objectives.

Design “linked” measures to encourage employees in interdependent jobs to cooperate

When the performance of one employee group consistently affects another employee group, you can improve cooperation by including one or more scorecard measures from group A’s plan in group B’s.

Provide equity of opportunity, but not necessarily equity of result

All participants should have an equal opportunity to achieve the maximum incentive, but not necessarily every employee, nor every month. Employees should never come to see maximum achievement as guaranteed, or as an entitlement.

Try it, then fix it

All the variables that may affect performance will only surface after implementation. Scorecards should be piloted using non-monetary

recognition, or low payout opportunity “ capped” cash plans. Once you test the plans and make adjustments, increase or remove the incentive caps.

Public sector organizations often work under predefined rules and regulations. Behn (1995) explained that bureaucratic structure of public sector organizations is normally backed by the political system of the country that often prefers bureaucracy over participative management. The possible hurdles in implementing the strategic management in public sector organizations are:

1. Lack of leadership
2. Political influence in recruitment and setting organizational goals
3. Lack of professionalism in public sector organization
4. Conflict of interest
5. Lack of strategic goals setting
6. Lack of consistency of policies
7. Conflict between departments
8. Conflict of interest between departments
9. Dysfunctional performance management system
10. Lack of performance based system
11. Lack of motivation
12. Too much centralized decision making system
13. Status-quo strategy
14. Lack of coordination between departments
15. Ambiguity of goals
16. Too much Government interventions

17. Major purpose is to serve higher management, not profit orientation
18. Corruption, non transparent public expenditure.
19. Wrong performance evaluation technique
20. Red type Employees
21. Political meddling
22. Extraneous factors
23. Lack of job descriptions and seriousness
24. Control political intervention
25. Lack of competitive market based remuneration
26. Lack of incentivize performance
27. Absence of appraisal interviews
28. Boss prospective thinking for promotions.
29. No out of the box thinking in Public sector organization
30. Lack of Digitalization in the Public sector organization

Strategic Management in the Public Sector Organizations of Pakistan

Above all are the hurdles in the public sector organizations. Now, the question is that how can we overcome it? So, following are the recommendations for managers in public sector organizations.

1. Top core management should be given at least for 3 to 5 years to perform and implement their policies and strategies of the organization to measure the performance of the top management.
2. Manager should initiate the culture of suggestion/participative management; hear new ideas for the betterment of the system.

3. Communication should be improved at all the level of organization, goals of the organization should be communicated to all the employees to get them on board at each and every matter.
4. The major lack in public sector organization is the lack of motivation in employees. They knew that they will get nothing if they perform well, so they perform averagely. Which means public sector employees are under utilization or ' Red-tape' for the organization
5. All the managers at top level should be give autonomy and authority to take some initiatives, to bring some changes in the organization, and there should be also announced some competition amongst the public sector organization. This will be providing some challenges and motivation to the managers to perform well.

Government organization have an edge & can work better than private organizations, if Government just depoliticize the organizations, communicate the purpose of the organization in employee's mind, implement on merit based policies, redesign the salary structure, use pay for competencies system, encourage the contributor and recognize their work, reduce the number of official rules and formalities. Simplify the process and reduce number of transactions in a process. Delegation of powers should be used to reduce the time period for performance management.