

PERFORMANCE EVALUATION IN PUBLIC ADMINISTRATION: CHANGING DIAGNOSIS

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ABSTRACT:

Two decades after the introduction of service classification in public service, the Law 10/2004, of March 22th, turned an important page in the Public Administration Reform, creating the Performance Evaluation Integrated System (SIADAP).

The prior system was accused of lack of credibility, in view of results obtained. Regardless of the causes for the problem – the model itself or its deficient implementation – and after years of impasse, it seemed impossible to separate the solution from the relegation of the system and resorting to a new model that would guarantee credibility of evaluation credits, finally allowing accurate oversight of the workers real performance, crucial for developing of an effective human resources management policy.

The SIADAP has followed a new perspective, adopting the management by objectives method, guided by the accomplishment of pre-determined working goals.

The objectives should function as optimizers of the workers motivation, stimulating their active participation, thus enhancing the quality of the services and the organization's productivity.

Presently at an implementation stage, it seems pertinent to analyse the system, its functional parameters and components, assessing strong and weak points, anticipating its reformulation, already announced by the government to take place next year.

This model presents advantages and handicaps, and it will be essential to manage its balanced execution, which may act as a safeguard for both rights and

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duties of the workers, as well as for the major guidelines of administrative activity, promoting an attitude of constructive accountability by the working individual, as part of an effective and productive organization pursuing public interest.

Keywords:

- *Performance evaluation*
 - *Human resources management*
 - *Management by objectives*
 - *Public Administration*
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1. Management evolution in public services

Throughout the last decades, the corporate sector has become a stage where successive revolutionary transformations took place, increasing productivity through process and working methods improvement and cost optimization, allowing the management of resources with significant effectiveness.

The fierce competition experienced in this sector and the struggle for survival present opportunities for reinventing new strategic solutions in productive organization, resulting in the development of new management tools, flexible and innovative.

On the contrary, public services, generally without any sort of competition in their domain of activity, given the fact that a parcel of the State's Budget assures their sustainability, have grown into a posture of continuous drowsiness, keeping inadequate management models and procedures.

Hence, the needs of the State, as an organization, have been satisfied with the adoption of the **bureaucratic model**. And, as it is evident today, bureaucracy, as an organizational paradigm, has progressively stopped meeting the demands of effectiveness and efficiency in services rendered, thus failing in satisfying citizens needs.

Organizational management in the public sector, without the flexibility that characterizes the private entrepreneurs, has evolved in a more conservative fashion, as shown by the following features of the bureaucratic model:

- **Power centralization**, concentrating authority and decision making in remote directors, away from problems and workers;
- **Strongly defined hierarchy and subordination**, air-tight chain of command deeply rooted in organizational culture, leading to communication problems – formal and distant – between levels;
- **Rigid set of functions and procedures**, without critical analysis or evaluation.

Depersonalized working relationships, lack of motivation and failure to identify with the organization are symptoms of this state of things, but, curiously, allied to a self-indulgence nurtured by generations of public servants, lead to a strong resistance to any trend of change.

Therefore, even today, we have a Public Administration characterized by the handicap of its information systems, by the lack of rigorous evaluation, whether of people or organizations, or even by the notorious lack of co-ordination between services, direct consequences of rammed functional routines, instead of a planned management, based on the accomplishment of objectives and accountability on results achieved.

In the last decades of the XX century a new model of public management made its appearance: the **entrepreneurial model**, characterized by professional management, fragmentation and ability reinforcement of the administrative units, by the adoption of private management mechanisms, the strategic definition of performance levels, by the focus on the results to be accomplished, and by the importance given to the rational and effective use of available resources.

2. Public Administration and reforming trends

The Public Administration reform, designed to modernize inadequate models and procedures, in view of the public entities present conjuncture, has given birth to an innovative legal framework, gifting public services with instruments similar to the ones used in the private sector.

However, it is not enough to incorporate market mechanisms into Public Administration's regulations, it is imperative to adapt those tools having in mind the specific nature of public service and administrative activity, since the quantification of results and procedure regulation are very differently oriented, when comparing each sector to another.

The so-called *new public management* presents concepts, procedures and mechanisms known from corporate management, such as unit autonomy and responsibility, management by objectives, result accountability,

personnel and service evaluation, differentiation based on merit, among others.

3. Management by objectives (MBO)

It is precisely in the scope of management by objectives, as a methodology guided by the agreement on goals to be achieved, having in mind the available resources and the time period in which those goals are to be reached, that we will concentrate our attention, identifying its fundamental features, especially focusing on the motivation issue.

This organization management method, first outlined by Peter Drucker in 1954 in his book « The Practice of Management », is about, essentially, the adoption of a management system based on a set of indicators, being the accomplishment of pre-defined objectives an important priority.

There are many definitions advanced in specialized literature, but we can describe MBO as a participated process, by which workers and managers in an organization, considering available resources, identify together common and individual objectives, define vital areas of action, targets to attain and time lines for completion. MBO includes ongoing tracking and feedback in the process to reach objectives.

The principle behind MBO is to make sure that everybody within the organization has a clear understanding of the aims of that organization, as well as awareness of their roles and responsibilities in achieving those aims.

MBO also introduced the SMART method for checking the validity of objectives, which should be 'smart' :

- Specific
- Measurable
- Achievable
- Realistic
- Time-related

The master features of this management philosophy are:

a) **Planning** – establishment of objectives considering the organization's specific situation and the environment in which it operates, this feature involves an external perspective, not an inside look on the organization, closed on itself. The very concept of objective as something clearly quantified that, after negotiation and agreement, you are set to achieve, referring to a determined time period, creates the need to articulate organizational goals, cascading objectives from the strategic level to the individual level;

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b) **Participation** – the people that carry out objectives should participate actively in its own definition, instead of being determined by superior deciding brass, and it shouldn't be a mere sounding out or auscultation, but an authentic concerted process between employee and manager (naturally oriented towards the accomplishment of ambitious but realistic objectives), taking full advantage of each worker's creative potential.

c) **Motivation** – the level of commitment from workers will depend a lot on the development of a management system where satisfaction of individual objectives is strictly related to the accomplishment of organizational goals, and the rewarding of dedication to its fulfilment. As motivating factors in MBO, we can point out :

i) Motivation by *money*, adopting a payment system according to results attained, trying to create a nexus between effort and reward, as a way to stimulate commitment;

ii) *Recognition*, strongly motivating component introduced by MBO, as an answer to the individual need for feedback on the respective professional activity, gives meaning to the effort expended at work and reinforces confidence, when it is recognized as successful, or leading to corrective actions, in case it is not. Although money is one of the instruments more widely used by organizations to motivate personnel commitment, it is now acknowledged that it is considered by workers as a satisfaction factor, rather than a true motivating factor as recognition;

iii) Human and professional *fulfillment* is an important motivation factor, since every single stage successfully overcome intensifies the will to conquer new and superior levels of self-completion.

d) **Self-control** – participation of every element in the organization extends to the stage where you monitor achievements against objectives, being every single worker a part of his own evaluation process, jointly with his manager. Workers know what is expected from them, the targets they must attain to be positively evaluated, which allows them to self evaluate along the execution process, introducing themselves the necessary corrective measures in order to ensure greater effectiveness. Hence Drucker's idea that each worker has to be a self-manager. On the other hand, organizations worry largely about obtaining specific results, and public organizations are no exception. Systematic objective definition provides data which, allowing an evaluation based on results achieved, make possible a more effective strategic management, as well as a rigorous control.

Substantiating the thinkers conceptual framework, we have, through the institution and implementation of the Performance Evaluation Integrated

System, one of the main signs that clearly show the State's administrative machine reformers receptiveness to Drucker's ideas.

4. The SIADAP

Two decades after the introduction of service classification in public service, the Law 10/2004, of March 22nd, has turned an important page in the Public Administration reform, creating the **Performance Evaluation Integrated System (SIADAP)**.

4.1. Background

The prior system, object of discussions on its merit and fragility, was accused of lack of credibility, in view of the results obtained. Regardless of the causes for the problem – the model itself or its deficient implementation – and after long years of impasse, it seemed to be no longer possible to separate the solution from the relegation of the system and the recourse to a new model that would guarantee the credibility of the evaluation credits, finally allowing an accurate oversight of the real workers performance, crucial for the developing of an effective human resources management policy.

Answering this problematic conjuncture, the Performance Evaluation Integrated System (SIADAP) has followed a new perspective, adopting the MBO method, guided by the accomplishment of pre-determined working goals.

The objectives should function as optimizers of the workers motivation, stimulating their active participation, thus enhancing the quality of the services and the organization's productivity.

4.2. Pros and cons

Like other models designed to measure performance, this method also holds, as a theoretical solution, advantages and disadvantages:

Advantages

- Determining specific and challenging objectives, the worker's motivation, as well as his performance, will increase ; objectives will constitute the groundwork upon which the evaluation process is executed;
- The systematic definition of objectives allows organizations to strategically plan ahead more effectively ;

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- Evaluation based upon results achieved provides organizations with useful feedback on procedures and performance;
- Workers know what is expected from them and the goals they must attain to be positively evaluated.

Disadvantages

- The exaggerated attention given to results may reflect itself on the way they are achieved, with the respective evaluation process developing negative repercussions to the organization, such as a lack of control on how those results are obtained, and through what means. In order to prevent this sort of situation, evaluators and managers shouldn't neglect their intervention at orientation level;
- Comparison between working performances is troublesome, requiring special focus on levels of objectives achieved and degree of difficulty involved. Therefore, implementation of this method implies careful evaluators training on objective definition and performance interviews.

4.3. System characterization

Objectives defined in the beginning of each annual time period subject to evaluation are determined in systematic consistency:

☛ *Strategic Objectives* (top-level directors/managers)

☛ *Tactical Objectives* (intermediary directors)

☛ *Individual Objectives* (workers)

Objectives aren't static, they may be subject to a new orientation, due to supervenient events. The system requires constant follow-up, through a dialogic process between evaluator and evaluated persons, directors and workers, promoting a sense of responsibility on everyone involved in the accomplishment of objectives.

One of the pillars in this system is the principle of accountability, based on concepts introduced in the administrative lexicon such as « shared responsibility » and « participated management ». Through joint definition of objectives, it is possible to achieve an attitude of constructive accountability by the worker, as a part of an organizational whole effectively pursuing public interest.

4.3.1. Evaluation components

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The Public Administration performance evaluation process falls upon the following components : objectives, behavioural competences and personal attitude.

Objective evaluation is about compromising workers with organizational strategic objectives and result accountability. Objectives should be agreed between evaluator and evaluated persons in the beginning of the evaluation process, prevailing, in case of disagreement, the evaluator's position.

Assessing behavioural competences means evaluating relatively stable personal characteristics that differentiate the levels of performance in a given capacity.

Evaluation of personal attitude generally appreciates the way professional activities have been executed by the worker, including aspects such as effort, interest and motivation shown.

It is evident that only in the first component you can really have an accurately objective evaluation criteria, thus allowing its comprehension, recognition or even validation to elements involved in the process. On the other hand, evaluation of personal characteristics, in the other two components, necessarily and clearly subjective, will depend a lot according to each individual.

4.3.2. Differentiation and recognition

Accomplishment of objectives should ideally be connected to a reward system, which leads to one of the most controverse issues in the present evaluation system : the recognition of merit and excellence. SIADAP's enforcement implies performance differentiation in a perspective of quality maximization in services rendered, having been set maximum percentages (or 'shares') for the highest classifications in each organism : 20% for *Very Good* and 5% for *Excellent*, to apply equitably to the different professional groups.

The classification of *Very Good* for two consecutive years grants the worker the reduction in one year to the time period legally required for promotion in his professional career.

The *Excellent* classification gives workers reduction in one year to the time period legally required for promotion in his professional career, or to direct promotion without contest, in case the worker is in the final year of the time period necessary for promotion.

However, it is advisable not to forget the following : facing the notorious ageing of the working population in Public Administration, as well as a consequent and generalized occupation of career top positions, the effectiveness of this incentive may be somewhat compromised. After all, what's the use in getting high performance classifications if you're already at the top of your career ?

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It is important to input yet another consideration on the highest classifications : this system may eventually lead to the inadequate lower classification of an exceptional working performance, in case the percentages have been entirely taken. Having in mind preventing this type of situation, it is necessary to exercise good judgement on these matters, especially differentiating and recognizing merit and excellence.

A final note on the shares subject : when appealing to higher hierarchy about the performance evaluation and classification, the final decision, to be issued by the service's maximum director, isn't conditioned by maximum percentages, in respect for constitutional rights regarding those mechanisms. With a final decision conditioned by the existence of percentages, wouldn't make much sense to appeal anyway...

4.3.3. Intervenients

As intervenients in the evaluation process, we have the evaluated worker, the evaluating superior and the service's maximum director. There's also an advisory instance : the evaluation coordination council.

The evaluation coordination council is composed of the following members : the service's maximum director, presiding, the top-level directors and the 1st degree intermediary directors, as well as other superior staff depending on the service's maximum director.

With this composition in mind, it may be pertinent to question its coherence in face of the orienting principles of « shared responsibility » and « participated management »...

Among other functions, the council executes the following tasks :it harmonizes classifications, validates the highest classifications, and, in some exceptional cases, may actually classify working performances.

It also issues a strongly binding report on evaluation appeals. Why binding ? At the very least, the cause is rooted in the council's composition ; after all, it just doesn't make any sense that the service's maximum director, executing his own competences, decides an appeal against a report issued by an advisory council to which the maximum director himself presides !...

4.3.4. Evaluation interviews

Among the several stages in the evaluation process, we'll highlight the evaluation interviews, destined to assess previous self-evaluation, to give the worker knowledge of the evaluation made by his superior, and to jointly establish the objectives to be reached the following year.

This stage seems divided into two probably incompatible sides : on one hand, self-evaluation is analysed and the classification is communicated to the worker ; unquestionably, a configuration of worker-superior subordination.

On the other hand, in the same interview, worker and superior have to come together in equal terms to negotiate future objectives (shared responsibility), prevailing, of course, the superior's perspective in case of disagreement.

The worker's disposition will be necessarily different according to the subject approached, and the joining of these two different matters in the same interview may reveal self-defeating or counterproductive. The evaluating interviewer must thereby carefully manage the different issues to address.

4.3.5. Training needs

SIADAP provides its managers important feedback on training needs, identifying a maximum of three training actions aiming the worker's development.

However, there's still a lot of unawareness regarding the evaluation process' objectives, responsibilities and specific characteristics, both from evaluated workers and evaluating superiors. It is urgent to mobilise a planned training intervention, oriented towards covering lack of knowledge organizationwide and working the evaluators attitude and skills, through a specific and comprehensive training program. We cannot forget that knowing how to evaluate is as important as knowing how to *be* evaluated, and through a thorough understanding of the process workers should cooperate better with superiors, become aware of the objectives to attain and replace the suspicion of menace by a sense of responsibility. In the end, anyone evaluating today may in turn be evaluated tomorrow.

4.3.6. Evaluation of directors and services

Evaluation of intermediary directors is something new to Public Administration, It aims the reinforcement of leadership and managing capacities. The process here presents some specific features, such as the absence of percentages or shares regarding the highest classifications and the exclusion of personal attitude from evaluation.

As for the top-level directors, responsible for the definition of strategic organizational objectives, their performance will also be subject to evaluation, through services and organisms evaluation. You can't separate the performance of a given organism from the performance of its maximum director. Therefore, when you evaluate a public service or organism, you'll be indirectly evaluating the performance of its top-level managers.

This type of evaluation is based on information regarding the accomplishment of strategic goals, allocation of resources, time lines and results, by means of self-evaluation, control and audit services, and resort to external evaluating entities.

4.3.7. Monitoring and control

Implementation of SIADAP will be object of monitoring and control management, through the following means :

Monitoring and control – in the end of each evaluation time period, each organisms must present its respective government member the annual statistic report on performance evaluation results ;

Data base – a data base will be created in the government's General-Direction of Public Administration. This organism will elaborate a global report on the system's application, on which the government will define its policy for public employment, as well as a human resources managing and development system ready to answer the Public Administration's needs and constant evolution.

Audit – it will be the Public Administration General-Inspection's assignment to conduct regular audits to SIADAP's implementation.

5. Experience

As a project, SIADAP soon raised a few doubts, presenting itself as a system which combined old intentions with as innovative sense of reform. With the solutions advanced in the project, it was important to achieve a balanced, monitored and controlled system implementation, safeguarding both rights and duties of workers, as well as the main principles of administrative governance.

After an implementation far from the comprehensive levels first outlined by the government, maybe too optimistic, and passed the process stages in a trail with some obstacles, now is the time to point out some of the hardships endured by public services and organisms involved in the system's application.

Since the first day, resistance to change was clear, and the deadline for determining objectives, legally previewed to be concluded by the end of May 2004, was largely exceeded by most of the organisms – and many were the public organizations that didn't apply SIADAP at all. The obvious difficulty was to adapt to Public Administration context the procedures and instruments of corporate management, designed for a quantifiable productive process, not exactly thinking about public administrative services.

In fact, due to a large number of public organisms failing to apply the system, hence without performance evaluation since 2004, the government legislated to adapt those situations to the principles of the SIADAP (Law 15/2006, of April 26th), also defining percentages for the highest performance classifications.

5.1. Identifying and accomplishing objectives

Identification of objectives was a somewhat strange process, with services and staff trying to put in writing procedures which, though perfectly established and understood, weren't measurable in terms of quantity. Therefore the first experience in this field cannot be accounted for as entirely successful, since the determination of objectives was done based on counted registered processes, such as documents entries, time lines for decision, answering phone calls, etc., not giving much importance to quality criteria, such as, for example, decisions, informations or reports approved by hierarchy, instead of just done in time. Quantity overcame quality.

The problem of not knowing the evaluation process and its valuing components, quite common on workers, has made its presence felt also in the objective negotiation issue, with a lack of understanding of the dicotomy shared objectives / individual objectives, having arisen some resistance in assuming a shared responsibility with other working colleagues and being called to account collective performance.

Objective negotiation isn't clearly a process ending with an agreement between the parties involved, since, in case of disagreement, the evaluator's perspective prevails over the evaluated worker's position, and that was particularly noted at the level of ambition in objectives achievement ; it's true that objectives should be ambitious, but achievable. However, and having in mind the shares regarding the highest classifications – and it is impossible to separate these subjects – we have witnessed a considerable heighten of the bar when setting objectives, particularly in shared objectives.

This initial problem leads us to another complication : quantification of tasks and procedures undertaken by each worker. In services and organizations, like the University of Coimbra's administration, where quality management systems have been implemented, according to international standards, such as the ISO regulations, this kind of situation is handled more effectively.

In fact, resorting to indicators, created to measure and monitor the rendering of services, was a precious help to provide data regarding each worker's performance.

5.2. Evaluative subjectiveness

Another issue is the valuing of subjective components by evaluators. Behavioural competences and personal attitude, subject to a strictly subjective vision from the evaluator, end up being a « current stabilizer », in view of maximum percentages and limited number of vacancies for higher classifications. Excessive resort to these components, in an evaluation exercise showing a numerical line similar to an electrocardiogram, with

positive and negative variations, has notoriously allowed evaluators to maintain evaluated workers in a certain level of the classification scale.

This « methodology » has its origin in the application of the former evaluation model, since, for more than twenty years, the rigour and impartiality that should characterize the service classification were abandoned, and all eyes have witnessed passively the downfall of its credibility, along with the tainting of Public Administration's image, as an organizational whole, severely hit by the stains of incompetence and self-indulgence.

5.3. Shares (percentages)

Clearly, the real issue of discordancy was, since the first day the system was known, the maximum percentages for the highest classifications in every organism (the infamous « shares »), with union accusations of eventual discrimination, claiming this system would deny workers their right to be evaluated according to their real performance.

6. A new evaluation system?

Answering this and other criticisms, the current government is preparing to create and implement in 2007 a new system of performance evaluation in Public Administration, keeping the percentages for the highest classifications, but introducing flexibility elements, relating the workers' evaluation to the evaluation of the service itself, in order to avoid the rigidity the system presently gives evidence of.

We don't yet know which are the flexibility elements to be introduced next year in the evaluation system, but we hope they will be an asset in terms of equity and justice, resulting in more reliability and receptiveness to the system's rules.

In November 2005, in the 3rd Public Administration National Congress, organized by the National Institute of Administration, the Minister of Finance announced the adoption, in 2007, of monetary rewards related to the working performance in Public Administration. Apparently, performance evaluation will be directly connected to the remunerative system, which has also been revised and will be enforced in 2007.

With the configuration of such a reward system still unknown, we hope for a clear-sighted judgement in determining the objective, transparent and equitable conditions of the concession of performance awards.

After all, this paper's title should actually be « **Performance Evaluation in Public Administration : Changing Diagnosis... So Far** ».

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