

Chapter 5

Implementing Effective Performance Management in a Public Service Organisation

Patrick Nomo, Director-General of the Internal Audit Agency, Government of Ghana

Introduction

Implementation of performance management in the public sector of Ghana has been a challenge since the 1980s. Successive governments have tried without success to get the public service to implement an effective performance management system. Managers who have the responsibility to ensure performance as well as employees whose performance must be monitored, reviewed and rewarded have borne the effect of ineffective performance management in the public sector. The challenge in Ghana partly stems from managers' inability to deal with socio-cultural aspects of the performance management process.

This case study presents how the Internal Audit Agency of Ghana, a public institution, designed, implemented and sustained its performance management system to support the achievement of the agency's statutory and organisational goals. The case highlights lessons learned and concludes that effective performance management is crucial for creating and maintaining the required environment for achievement of statutory and organisational objectives.

The challenge of public sector performance management in Ghana

Performance management in the public sector of Ghana has been ineffective and has not been improved since the 1980s. What remains of the system of performance management is a form-filling exercise for the records, based on a standard appraisal form designed before 1985. This form is hardly completed by anybody until it is required as an attachment to documentation in preparation for a promotion interview or a similar purpose.

Targets for individual employees are hardly defined and agreed. Personal accountability is therefore lost in the existing public service performance appraisal system. Chief directors of ministries and chief executives of state owned enterprises are made to sign performance agreements with their ministers and boards respectively. The review process for these agreements is yet to be regularised.

Sector performance reviews are also held to assess sectoral performance against agreed targets (usually with development partners). Unfortunately, these sectoral reviews rarely have

the participation of central government agencies like the Ministry of Finance and the Public Services Commission. The reviews therefore become a dialogue with development partners to explain why targets could not be achieved and why additional resources are needed to implement planned activities.

The solution by the Internal Audit Agency

The Parliament of Ghana passed the Internal Audit Agency Act (Act 653) in 2003. The act was implemented in 2005 by the establishment of the Internal Audit Agency. It became clear that the Government of Ghana wanted to improve risk management, control and governance processes in the public sector. As part of the process of improving governance within the Internal Audit Agency itself, a performance management framework was approved by the board of the Internal Audit Agency in 2007. This was intended to stimulate and guide accountable performance across the agency.

The agency's performance management framework was implemented for the years 2007 and 2008 with great passion, professionalism and integrity.

The performance management framework of the agency involves:

- Strategic planning;
- Annual planning;
- Performance indicators and targets;
- Performance agreements;
- Institutional performance reviews;
- Staff performance reviews;
- Operational systems;
- Risk management tools;
- Financial management tools;
- Internal and external audit management tools;
- Audit report implementation committee; and
- ICT management tools.

The following outlines how the agency's performance management framework works.

Strategic planning

The board of the agency understands that it is critical to have clarity of purpose and a full understanding of priorities in order to effectively manage performance. Systematic and consistent arrangements for linking vision and strategy with practical implementation throughout the agency are crucial in ensuring that all personnel of the agency know

exactly what they are required to achieve, and what needs to be measured in order to assess performance.

The strategic plan of the agency which spans a five-year time frame, its concomitant annual programme of work and the performance indicator matrices are all products of the planning and review process under the agency performance management framework.

As a living document, the strategic plan is modelled to reflect the long-term thinking and orientation of the board and management to achieve the objectives of the agency. The plan is reviewed annually to maintain its relevance in providing direction to the agency's efforts at fulfilling its role as a change and improvement catalyst in the management of public resources and good governance. As a governance tool, it is aligned with the Government of Ghana's priorities as reflected in the Growth and Poverty Reduction Strategy (GPRS II).

Annual planning

In order to ensure systematic progress towards the achievement of the agency's strategic objectives, an annual work plan is prepared by the agency and reviewed and approved by the board. The work plan specifies the activities to be carried out in a year. These activities are prioritised within the constraints of the agency's annual budget and other resource constraints. The annual work plan forms the basis of monitoring annual performance of the agency. The work plan is designed to show the expected dates of activity completion, the responsible official, and resources allocated to the activity.

The agency implements its plans and policies using a result-based project team approach. There are four main divisions headed by directors, who are assisted by sectional heads and their teams that are responsible for key deliverables required under the work plans. Teams are assembled and reassembled for special assignments based on the skill set required for the execution of the job. Occasionally external experts are brought in to assist.

Performance indicators and targets

Selected outputs from the annual work plan are used to develop indicators for the purpose of monitoring the overall performance of the agency. Indicators are developed for each level of performance measurement. The indicators are carefully selected to ensure that indicators cover all key performance areas of the agency. Indicators are also developed for the personal development plans of individual staff.

Targets are set for staff using the work plan related to each employee's expected outputs and related indicators. The targets are proposed by the employee and discussed with sectional and divisional heads and eventually with management. The targets are influenced by national targets set by the board and top management.

Performance agreements

The agency uses performance agreements to formalise responsibilities for agreed performance targets at the following levels:

- Level 1: Internal Audit Board and Director-General;
- Level 2: Director-General and Deputy Directors-General;
- Level 3: Deputy Directors-General and Divisional Directors;
- Level 4: Divisional Directors and section heads; and
- Level 5: Section heads and unit heads / team members.

At each of the above levels, performance agreements are signed to reflect the respective authority and responsibilities for ensuring monitoring and attainment of agreed performance targets. The levels of performance agreement listed above also represent the levels of direct accountability within the agency.

Institutional performance reviews mid-year

The agency's institutional performance is reviewed periodically. The following mechanisms are used to monitor and review performance:

- Quarterly meetings of the board;
- Mid-year review programmes; and
- Annual review programmes.

Quarterly meetings of the board

The board of the agency meets quarterly to consider management and operations reports of the Director-General prepared for the board. These report progress made by the agency towards achievements of its annual objectives as stated in the work plan. Challenges and action required of the board are also highlighted.

Mid-year review programmes

Mid-year reviews of the agency's performance are undertaken in July/August each year. This enables any shortfalls to be corrected to mitigate any risks to the achievement of annual targets. This enables comparison to be made between the first half of the year and the second half of the year. The mid-year review may result in reallocation of resources to enhance performance. The mid-year review forms the basis for the preparation of the ensuing year's work plan, budget, performance indicators and performance agreements. Internal audit reports covering the first half of the year are an important input to the mid-year review process.

Annual review programmes

A review of the agency's performance in the immediate past year is undertaken in January. This helps to identify achievements, challenges, strengths and weaknesses. The results of the annual review process are used to improve implementation of the ensuing year's work plan.

Staff performance reviews

The agency recognises that its staff are its most valuable asset. Effective management of the workforce is therefore critical to the achievement of the agency's vision, strategies and plans. A performance-enhancing organisational structure is a key element in its performance management framework and the organisational structure must be kept under regular review to ensure that management controls are aligned to strategic leadership in the most effective manner. The current management structure is based on function-related departments, which are represented at management team level by directors. Each director has divisional management responsibilities. The structure below the management team is 'flat' across the agency and each manager has unit management responsibilities.

The critical importance of effective management of human resources in delivering its objectives is not lost on the agency. It tries to use 'best practice' management tools such as team briefing, staff appraisal, staff briefing and regular meetings between the management team and the senior managers to ensure effective flow of communication within the organisation. Employees are encouraged and supported in undertaking professional training where appropriate, and a wide variety of 'general competencies' training are included in the agency's staff training and development plan.

Annual staff performance appraisals enable the strengths and weaknesses of the individual staff member to be identified. They also enable individual's weaknesses to be addressed and their strengths leveraged to improve performance. Staff performance is evaluated at two stages. Stage 1 occurs after completion of each assignment covered by specific terms of reference. Stage 2 staff appraisal occurs at the end of each year and covers agreed institutional and personal performance targets.

The 360° panel appraisal method

The '360 degrees multiple-rater' method of appraisal is used for all staff appraisal in the agency. Under this system, appraisees are assessed by their supervisors, subordinates and peers. Staff are also given the opportunity to appraise themselves.

The averages of the results are then collated to determine the level of performance. This system helps minimise the rater biases associated with single-rater appraisal. The combined effect of this appraisal system aids in boosting staff confidence levels.

Panel composition

The panel for each staff member's appraisal is composed of:

- The immediate supervisor;
- The supervisor's supervisor;
- A colleague of the staff member;
- A subordinate of the staff member;
- A technical expert in the profession of the staff member; and
- The Director-General.

Secretariat support

The panel is supported by a team made up of:

- The manager responsible for monitoring and evaluation; and
- The manager responsible for capacity planning.

Documents required prior to panel sittings include:

- Profile of the appraisee (CV, joining date, positions held in the agency over reporting period);
- Job function of the appraisee; and
- Performance agreement of the appraisee (including agreed targets).

Preparation by appraisees

Staff appearing before an appraisal panel must prepare to demonstrate the following:

- Description of their job function and how it relates to the agency's objectives;
- Performance in the reporting period;
- Targets achieved;
- Innovations introduced;
- Challenges faced;
- Missed opportunities;
- Collaboration with other staff, sections, divisions, departments and organisations;
- Job-related training obtained;
- Job-related training needed;
- Career objectives achieved;
- Careers objectives for next period; and
- Job-related targets for next period.

Scoring criteria

The standard criteria to be used to assess the performance of each staff are made known to all staff before the appraisal. In fact, staff have the opportunity to make inputs into the criteria before starting the appraisal process.

Time budget

A time budget is developed to show the total number of working hours required to appraise all staff of the agency. The time budget provides the number of persons in each staff cate-

gory, the estimated duration for each appraisal in the category and the resultant duration required to appraise that category of staff.

The time budget is converted into an appraisal calendar and shared with all staff. The appraisal calendar shows clearly dates and time when each staff is expected to appear before an appraisal panel. Care is required to ensure that a staff member is not empanelled on a day he or she is also expected to appear before a panel.

Implementation work plan

An implementation work plan is developed to list all the activities that need to be undertaken to ensure that the staff appraisal is completed smoothly and on time. A typical implementation work plan is reproduced below.

Activity	Date	Output
Compile table of appraisees and panel	30 Sept	Appraisal panel table
Develop appraisal timetable	07 Oct	Appraisal panel table
Design score sheets	10 Oct	Score sheets
Obtain and compile current profiles of the appraisee (CV, joining date, positions held in the agency over reporting period)	15 Oct	Appraisee folder
Update job functions of appraisees	15 Oct	Job descriptions
Obtain performance agreement of the appraisee (including agreed targets)	15 Oct	Performance agreements
Assemble dossier on each appraisee for each panel member	24 Oct	Completed appraisee folder
Invite panel member (including external experts; with timetable)	24 Oct	Mail invitation letters (appraisee folder to follow later)
Call a general meeting to inform staff about appraisal dates.		
Educate staff as to what to expect as appraiser/ appraisee.	27 Oct	Minutes of General Staff Meeting
Arrange and set up venue	31 Oct	Venues ready for interviews
Commence appraisal	03 Nov	Attendance sheet
Complete appraisal interviews	04 Dec	Draft appraisal report
Review and issue report	23 Dec	Appraisal report

Reward and sanctions

The agency's performance management framework provides the basis for rewarding good performance while appropriate sanctions are applied to challenge staff towards good performance.

Various rewards/awards are given to staff that score 75 per cent or above. The rewards/awards are decided by management and range from a personalised, handwritten letter of commendation/recognition from the Director-General, to token cash prizes.

Communication

Ongoing performance communication is a vital process in the agency. There are a variety of reports that are churned out monthly, quarterly and annually to track progress and identify problems or barriers to performance. These reports are made available to staff to keep them current. In addition, there are short monthly divisional meetings and quarterly general staff meetings during which progress and challenges are discussed, as well as informal communication channels where directors and managers walk around and chat with employees.

Lessons learned

The key lessons learned by the agency while implementing its performance management framework are provided in the following paragraphs.

Orientation and preparation of staff prior to commencement of performance appraisals is vital. It helps to reduce the tensions that go with the appraisal process. It also enables staff to make suggestions to improve the process and results in greater employee buy-in.

It is important to assess the level of information technology support required by the performance management system and how to provide this within the context of available resources. Manual systems of scoring and computation of scores result in avoidable errors and tensions. Spreadsheets were found useful but a tailor-made software for performance management would add value significantly.

Appropriate administrative support for the appraisal process is as important as the appraisals themselves. Communication with all stakeholders prior to the appraisal days, reminders to panel members and appraisees as well as site preparation for the appraisal sessions are equally important.

Employees need to see that the reward system within the agency is aligned to the performance management process. Any perception of a disconnection between performance and reward in the agency is likely to affect staff motivation and consequently performance. There is therefore the need to carefully think through any reward or sanction actions to ensure that they are transparent and that they complement the performance management system.

Conclusion

Effective performance management is crucial for maintaining the required environment for delivering organisational and statutory objectives. Staff have personal objectives that may vary widely from the organisation's objectives. A well-designed and effectively implemented performance management system helps to narrow the gap between organisational and personal objectives. This provides the required staff resources for achievement of organisational objectives and rewards staff performance while assisting staff to achieve theirs.