

Society's ongoing digital transformation, rising incomes and education levels have changed citizens' expectations of public administration, with new demands on public sector performance. Building a performance culture in the public sector can start with effective performance management – fundamental for improving public service quality while carefully managing limited resources.

Performance indicators for policies and services can help define the employee's, manager's and organisation's objectives and responsibilities, as well as the government's overall priorities. This helps clarify staff's organisational goals, giving a better understanding of their role within the organisation and how to best contribute to its strategic objectives. Performance assessments incentivise better performance through individual and collective feedback. Assessments can also identify development objectives; gaps in skills; and feed into strategic HR planning and training.

As in most OECD countries, formal performance assessments are mandatory for almost all employees in SEA central governments. The composite indicator assesses the use of performance assessments to inform HR decisions, including formal requirements, tools used and implications for employees.

Singapore and Thailand integrate performance assessments into their HR decision making more than other SEA countries. In the others, performance appraisals are important for career advancement, remuneration or contract renewal, and meetings with an immediate superior can be every six months. However, in Cambodia and Lao PDR performance assessments feature less in HR decisions (i.e. for contract renewal or remuneration).

All SEA countries that responded to the survey collect employee performance data. In Malaysia, the Philippines, Viet Nam and Brunei Darussalam data are collected and aggregated centrally. In Brunei Darussalam, ministries are responsible for entering and updating data into a central government employee management system. While Singapore and Thailand collect and standardise data to hold at ministry level, in Cambodia, Indonesia and Lao PDR data are collected by individual ministries or agencies but not standardised. OECD countries in the region tend to collect data at ministry level.

Performance-related pay (PRP) is a common incentive in SEA and OECD countries. All surveyed SEA countries have one or more PRP mechanisms for most central government employees except Viet Nam, Lao PDR and Brunei Darussalam. In Singapore, which uses PRP the most in the region, PRP can include one-off performance bonuses, permanent pay increments or promotions, and make up to 65% of base salary – the highest in SEA. This is comparable to Japan, an OECD country that uses PRP to a greater extent. The other three OECD countries in the region also have PRP mechanisms.

PRP schemes can succeed if performance goals are clearly established, performance is solely dependent on

the efforts of the individual (or group) and if management carries out evaluations objectively. Without these conditions PRP could lead to “gaming” and lower employee motivation and engagement. As a result, to improve public sector performance, many OECD countries are now exploring ways to measure and manage employee engagement. Leading practices in this field are based on regular employee surveys and benchmarking reports.

Methodology and definitions

Data were collected through the OECD Strategic Human Resource Management Survey and refer to 2016 for OECD countries and 2018 for SEA countries. Respondents were predominately senior officials in central government HRM departments, and data refer to HRM practices in central government. The survey was completed in 2018 by the SEA countries except Myanmar, and in 2016 by 35 OECD countries. Data are not included for New Zealand for the performance assessment index.

The terms public and civil service/servants are used interchangeably in this chapter.

The index on performance assessment is composed of the variables: existence of a formalised performance assessment; use of performance assessment tools; performance assessment criteria; importance of performance assessment for career advancement, remuneration and contract renewal. The index on PRP is composed of the variables: use of a PRP mechanism and for which staff categories; use of one-off bonuses and/or merit increments; and maximum proportion of basic salary that PRP represents.

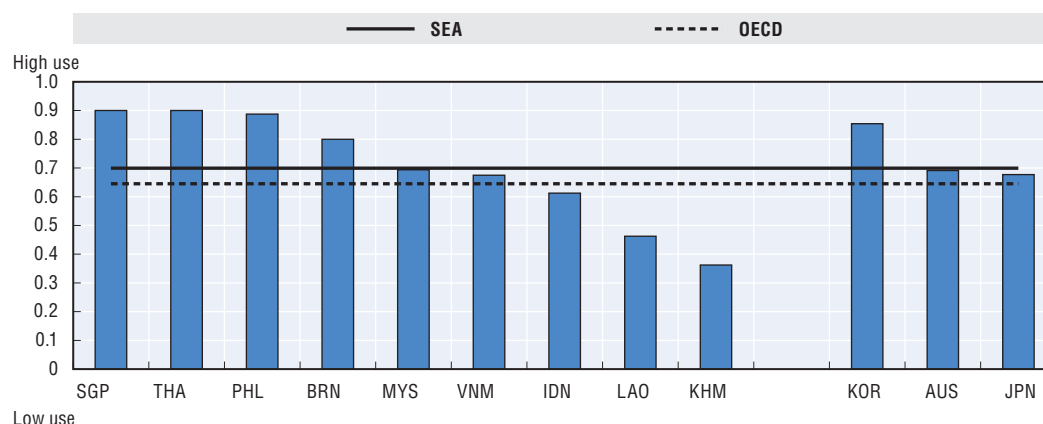
Indices range between 0 (low use) and 1 (high use). Missing data were estimated by mean replacement. Indices provide information on the formal use of performance assessments and PRP in central government, but do not provide any information on their implementation or the quality of work performed.

See Annex A for further details on the methodology and factors used to construct the index. The variables composing the index and their relative importance are based on expert judgements. They are presented with the purpose of furthering discussion, and consequently may evolve over time.

Further reading

OECD (2016), *Engaging Public Employees for a High-Performing Civil Service*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264267190-en>.

5.3. Extent to which performance assessments in HR decisions are used in central government, 2018



Sources: For SEA countries, OECD (2018) Strategic Human Resources Management Survey. For OECD countries, OECD (2016) Strategic Human Resources Management Survey.

StatLink <https://doi.org/10.1787/888933841026>

5.4. Collection and aggregation of employee performance data, 2018

	Collected/aggregated centrally and updated regularly	Collected and held at Ministry level, standardised	Collected by ministries/agencies, not standardised
Brunei Darussalam	●	○	○
Cambodia	○	○	●
Indonesia	○	○	●
Lao PDR	○	○	●
Malaysia	●	○	○
Philippines	●	○	○
Singapore	○	●	○
Thailand	○	●	○
Viet Nam	●	○	○
SEA Total	4	2	3
Australia	○	○	●
Japan	○	○	●
Korea	○	●	○
New Zealand	○	○	●
OECD Total	12	4	14

Key:

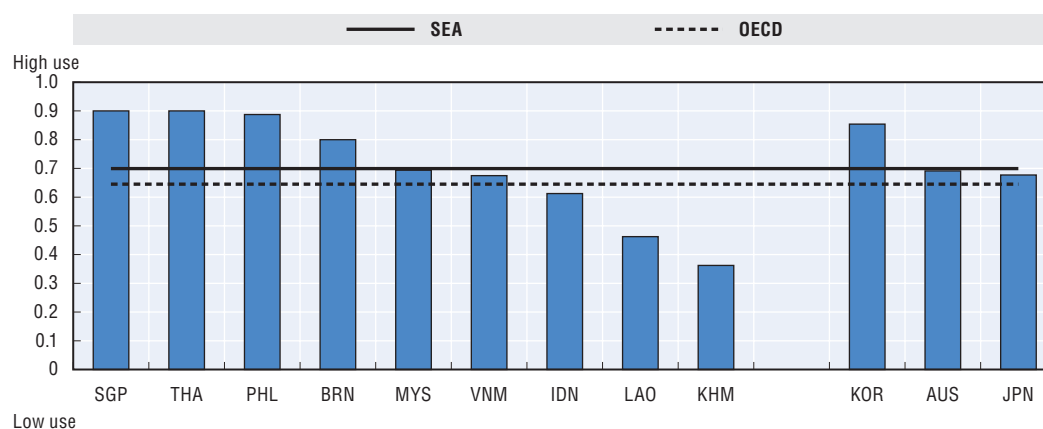
Yes = ●

No = ○

Sources: For SEA countries, OECD (2018) Strategic Human Resources Management Survey. For OECD countries, OECD (2016) Strategic Human Resources Management Survey.

StatLink <https://doi.org/10.1787/888933841045>

5.5. Extent to which performance-related pay is used in central government, 2018



Sources: For SEA countries, OECD (2018) Strategic Human Resources Management Survey. For OECD countries, OECD (2016) Strategic Human Resources Management Survey.

StatLink <https://doi.org/10.1787/888933840380>



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