



ReSPA

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Towards Effective Performance Appraisal in the Western Balkans:

How to develop performance?



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November 2020



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The Regional School for Public Administration (ReSPA) is an inter-governmental organisation for enhancing regional cooperation, promoting shared learning and supporting the development of public administration in the Western Balkans. As such, it helps governments in the region develop better public administration, public services and overall governance systems for their citizens and businesses, and helps prepare them for membership and integration into the European Union (EU). The ReSPA Members are Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia, while Kosovo* is a beneficiary.

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The initiative goes back to 2018 and is a follow up to the Baseline analysis, which assessed the quality of implementing individual staff performance appraisal (ISPA) in central public administration in the Western Balkans, which was also commissioned by ReSPA. This initiative included two surveys, conducted among managerial and non-managerial staff, and was also informed by valuable inputs received from the members of the ReSPA Working Group on Human Resources Management and Development. We would like to especially thank the members of the ReSPA Working Group on Human Resources Management for their support and collaboration throughout the project. We would further like to thank Wojciech Zieliński at SIGMA for valuable input into the process of developing the guidelines. We would also like to thank all the civil servants who participated in the surveys and contributed to our better understanding of the challenges in the field. Production of the guidelines was a holistic endeavour as it aimed to include regional perspectives, country specifics, good practice and available research evidence on potential effective approaches in the area of staff performance appraisal.

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1

Introduction: Why does performance appraisal matter?

The objective of these Guidelines is to review practices, provide practical examples and to present new trends, which can enhance implementation of individual staff performance appraisal (ISPA) in the public administrations of the Western Balkan countries. It mainly follows different stages of the ISPA cycle, including setting of objectives, continuous coaching and monitoring of performance, and final and mid-term reviews, where applicable. At the end of each key section, we provide **checklists** as tentative frameworks, which are aimed at helping partners adopt good practices and making ISPA more purposeful for the overall development of employees and their organisations.

ISPA is a core function of performance management as a broader concept, which aims to foster the development of an organisational culture and work environment encouraging the continuous improvement of individuals' skills, behaviours and consequently overall organizational performance.¹ There are various definitions of performance appraisal, and they largely reflect the method and sources used for the assessment of employees. For the purpose of this publication, we adopt the definition, which goes **beyond performance appraisal as a simple numerically expressed measurement practice**. In other words, we see performance appraisal as “**assessment against a set of predetermined criteria** of the economy, efficiency and effectiveness with which an organization or an individual carries out a particular activity or range of activities”² but also as the **assessment of behaviours, knowledge or skills of an employee and of her or his overall contribution to the organizational objectives**.

1 Staroňová K.; Ahmetovic, D.; Ivanova, M.; Qeriqi, H.; Radevic, R.; Shundi, A.; Vljakovic, V. 2018. *Individual Performance Appraisal of Employees in Central Public Administration in Western Balkans*. Danilovgrad: ReSPA Publications. ISBN 978-9940-37-030-5

2 Definition traditionally adopted by the Organization for Economic Cooperation and Development

Therefore, performance appraisal is much more than differentiating and grading performance of employees on a rating scale. It is an important mechanism for engaging employees in the wider organization's mission, but is also an essential source of information for making other human resource management (HRM) decisions and building organizational culture. Apart from regular performance appraisal, there are more specific procedures which usually have different guidelines due to the more specific objectives they are designed to achieve. Among them, performance appraisal of probationary periods of recently recruited civil servants is especially important as it provides an important linkage between recruitment and overall career development procedures.

Some of the most relevant aspects of performance appraisal are:

- **providing coaching and ongoing feedback to the employee:** rather than simply executing agreed targets, employees need to understand their achievements and receive guidance on how to do their jobs effectively;
- **planning further professional and career development of the employee** is a natural follow up to the properly conducted performance appraisal, as it should reveal areas for improvement or strengths in capacities and competencies and inform the overall human resource management strategies at both the organizational and individual levels. These plans could consider such questions as; what additional training is needed; how the best performing employees should be rewarded and what should be done to improve knowledge and skills of poor performers. These are just some of the questions which can be answered following a properly conducted ISPA;
- **engaging employees:** even in more developed countries, performance appraisal is often seen as subjective and unfair. However, if properly implemented against the predetermined organizational and individual objectives, ISPA should give a sense of wider purpose to the employee. Instead of a traditional top-down approach, it should be bottom-up and provide an opportunity for the employee to formulate her or his individual objectives and, consequently, to contribute to achieving the mission of the organization;
- **increasing the transparency and legitimacy of human resource management decisions.** This is more likely to be achieved if the objectives and procedures of ISPA are clear and predictable;
- **improving accountability of public administration:** without an effective assessment of their performance, employees cannot be held to account for achieving their work objectives or for their behaviour;
- **improving services of public administration:** if ISPA is implemented effectively, it should result in the improved delivery of public services and more satisfied citizens – this is the overall strategic objective public administration reform is designed to help achieve.

countries, formulated by SIGMA, stress the need to ensure professional development of civil servants, including fair performance appraisal, regular training and mobility and promotion based on objective and transparent criteria and merit.³ However, baseline analysis to assess the quality of implementation of ISPA in the central public administration in the Western Balkans, which was conducted by ReSPA in 2018,⁴ demonstrated that the current situation falls short of achieving the previously listed principles. The study revealed, among other things, that there is a management culture, which does not support performance appraisal as a key performance management tool, thus, leaving it isolated without a clear purpose. Moreover, employees are rarely given opportunities to set objectives and they do not receive well-documented, ongoing feedback. In addition, individual actors lack necessary skills to implement performance appraisal effectively. Given these flaws, current ISPA fails to have a significant positive impact on performance.

A survey conducted among managerial and non-managerial staff to inform these guidelines confirmed these weaknesses. Institutions to which the survey was sent out were selected based on their previous track record of cooperation with ReSPA. The survey was conducted among 163 managers and 195 non-managers from Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia. Although the survey results are not representative, they do indicate specific challenges to implementation and the perceptions of civil servants. They suggest that infrequent provision of feedback, difficulty setting measurable objectives and lack of purposeful use of the results of ISPA are among the key challenges in the field which are shared by both managerial and non-managerial staff. An additional five interviews were conducted with representatives of the ReSPA Working Group on Human Resources Management and Development to collect more information on new trends and developments in ISPA in the region.

The outbreak of pandemic of COVID-19 in March 2020 brought to the fore novel challenges regarding performance appraisal. Due to the Government-imposed measures, all the countries faced prolonged lockdowns, many civil servants had to work from home and faced additional challenges of balancing their professional and private lives. In such a situation, performance appraisal has proved to be even more difficult to conduct, while none of the countries could fully utilise digital tools to ensure tracking of remote work.

Building upon the general recommendations provided in the 2018 ReSPA Baseline analysis on ISPA in the region, as well as taking into account the results of two surveys and new issues brought about by the outbreak of COVID-19, the objective of these guidelines is to review practices, present new trends and present examples of best practice, which can enhance the implementation of ISPA procedures and make them more effective. This applies to all aspects of ISPA cycle, which has been contextualised to take into account the specific situation among the Western Balkan countries. Therefore, it should serve as the key analytical framework for detangling the different aspects of ISPA. Where applicable, available research was also used to identify potentially effective approaches in the field.

³ SIGMA – Joint initiative of OECD and EU. 2017. *The Principles of Public Administration: 2017 edition*. Available at:

<http://www.sigmaweb.org/publications/principles-public-administration-eu-candidate-countries-and-potential-candidates.htm>

⁴ Staroňová K.; Ahmetovic, D.; Ivanova, M.; Qeriqi, H.; Radevic, R.; Shundi, A.; Vljakovic, V. 2018. *Individual Performance Appraisal of Employees in Central Public Administration in Western Balkans*. Danilovgrad: ReSPA Publications. ISBN 978-9940-37-030-5

The remainder of these guidelines are structured as follows: in the **second** section, we outline the ISPA cycle, which serves as a framework for presenting the key aspects of best practice. The **third** section outlines preconditions for effective ISPA, while the **fourth** one deals with setting objectives, which helps establish expectations, a key starting point for effective performance appraisal. Due to the increased use of competency frameworks in Western Balkan countries, the **fifth** section is dedicated to their use. Practical challenges of continuous monitoring and providing feedback to the employee are covered in the **sixth** section. Conducting final performance interviews and assessment are the subject of the **seventh** section, which is followed by the overview of the challenges and recommendations for maintaining effective ISPA procedures in emergency situations in the **eighth** section.

We also provide **checklists** as tentative frameworks, which can be used during the implementation of each key stage of the ISPA. These checklists are *non-exhaustive and indicative*. They are based on the latest best practice and research evidence about what works well in the field. In addition, the **conclusion and annexes** at the end of the publication offer more practical examples for conducting performance appraisal in the public administrations of the Western Balkan countries.

2

Cycle of performance appraisal: Key stages

For the purpose of these guidelines, and to better understand the nuances of effective ISPA procedures, we present four key stages of performance appraisal, which are presented in Figure 1. They encompass specific features of the procedures applied in the Western Balkan countries.

- Most of the countries in the region require the **setting of objectives** for employees at the very start of the process, with Montenegro being the exemption of not explicitly requiring this stage. Serbia recently introduced a new practice where key work objectives are set only at the level of the respective organizational unit, and not individually for each employee. This stage is the most challenging, as it is very difficult to define measurable individual objectives and connect them to the overall organizational objectives, vision and mission.
- All the countries stress the importance of continuous **monitoring** of performance, although they are rarely prescriptive in the methods to be used for ensuring the ongoing monitoring and feedback. This stage is especially dependent on the internalization of performance management values by senior civil servants, the managers who coach staff and ensure ongoing communication with their teams in order to engage employees and help them do their best. However, this stage is often overlooked due to the fact that the process is often interpreted in a formalistic way, which has too much focus on the final stage, and on providing a final numeric score without proper justification.
- Some countries, such as Albania and North Macedonia recognize the **mid-term review**, as an intermediary step within the ISPA cycle. The purpose of this stage is to ensure a

more frequent provision of feedback. The evidence suggests that, in order to contribute to the more effective implementation of ISPA, this stage should be accompanied by internalization of the core values by leadership and ongoing effective communication between managers and employees.

- The timing of **final** assessment varies among the countries: most of the countries require ISPA to be conducted on an annual basis while Albania and Bosnia and Herzegovina have bi-annual ISPA cycles at state level. This stage is essentially a formal closure of one ISPA cycle but it should be well documented, and based on the continuous coaching of employees and effective communication. In addition, instead of being overly retrospective, it should be future-oriented.

The cycle below should be understood solely as a conceptual aid since all these stages are interconnected. The link to the overall professional and career development of an employee needs to be ensured throughout all the stages. For example, monitoring of performance should provide information on potential areas for improvement and training needs while the final review should inform planning and establishment of targets for the upcoming period/ the following ISPA cycle.

Figure 1: Cycle of individual staff performance appraisal



“There is nothing so useless as doing efficiently that which should not be done at all.”

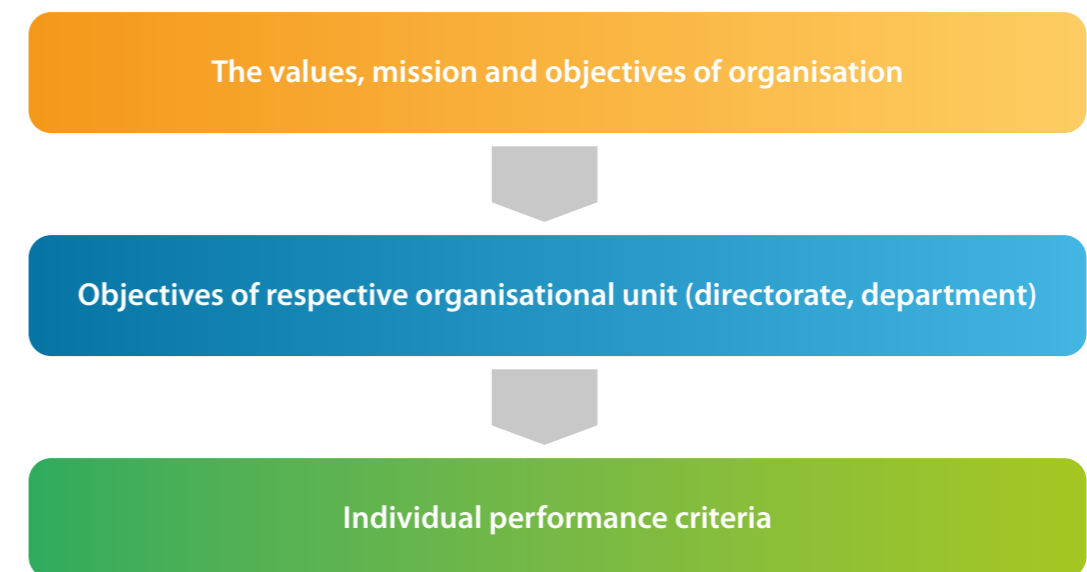
- Peter Drucker

3

Preconditions for effective performance appraisal

The converse of this quote is a good illustration of the necessary preconditions of effective performance appraisal: the vision and mission of the organization has to be clear and well defined in order for the individual performance of each employee to be assessed properly. In other words, a vertical integration of the performance management system (including ISPA), which links individual employees to the mission and strategy of the organisation, needs to be in place.

Figure 2: Vertical integration of performance management



Nonetheless, this is one of the key weaknesses identified by participants in the survey conducted among managerial and non-managerial staff for the purpose of this publication. Respondents noted the following poor practices in ISPA; a lack of a clear mission and vision for the institution; misalignment between employees' job descriptions and their work objectives; as well as imprecise work objectives. The 2017 assessment of public administration in the Western Balkans, conducted by SIGMA, also found a lack of measurable targets for organizational performance as one of the key weaknesses.⁵ Hence, the key precondition for effective ISPA is to redesign the work planning of public administration bodies in the Western Balkans. However, the region is only at the initial stage of reforming strategic planning in government institutions. For example, recently, **Montenegro** and **Serbia** have introduced special manuals for strategic and mid-term planning of public administration departments, which include practical advice on the definition of strategic and organizational objectives.⁶

More recently, **Serbia** has gone a step further, by establishing a more direct tie between individual performance and organizational objectives. Because of the difficulty of establishing individual objectives against which performance could be appraised, the new legislation required that all employees of a given organizational unit be uniformly assessed for achievement of job objectives. These objectives are defined at the level of organizational units (sectors, departments). The overall ISPA of each employee differs depending on the assessment of competencies, which are defined by a separate Decree.⁷ This is a unique and innovative method of reconciling the difficulty of linking individual and organizational objectives in the region.

Serbia started implementing this new bylaw on ISPA in 2019 so it is too early to assess the effectiveness of the system. Nonetheless, it is aimed at overcoming one of the key weaknesses of ISPA in the region that is the divergence between assessment of individual and organizational performance. An interviewee from Montenegro, for example, noted that there were cases where organizations had not achieved half of their objectives, but these organisations also had large proportions of employees whose performance was assessed as excellent. The ReSPA baseline study on ISPA in the region also noted the practice of inflating grades, which was confirmed by the responses to the two surveys commissioned for this project.

The Serbian initiative, although in its early stages, provides an illustrative example of the importance of linking the performance of each employee to the vision, mission and objectives of entire organization. Moreover, it highlights the importance of having measurable objectives defined at the organizational level, but also of establishing sound reporting on work. Only by having transparent reporting on organizational performance, can ISPA procedures be implemented effectively. Still, regional monitoring reports compiled by the group of civil society organizations within the WeBER project, demonstrate that Western Balkan governments fall short of adequately and comprehensively disclosing their performance information. It warned that available reports are overly focused on

⁵ Monitoring reports are available at the following link: <http://www.sigmaweb.org/publications/monitoring-reports.htm>

⁶ <https://rsjp.gov.rs/wp-content/uploads/Priruc%CC%8Cnik-za-izradu-srednjoroc%CC%8Cnih-planova-09032020.pdf>

⁷ Uredba o određivanju kompetencija za rad državnih službenika ("Sl. glasnik RS", br. 4/2019). Available at: <https://www.paragraf.rs/propisi/uredba-odredjivanju-kompetencija-rad-drzavnih-sluzbenika.html>

activities, while they rarely display data on achievements of concrete results.⁸

Moreover, in order to ensure horizontal linkage of performance management with HR processes and activities, information on ISPA could be used for planning horizontal HR strategies, including recruitment, development and training activities, career planning, rewards, transfers, termination of employment, and counselling. **Competency frameworks**, as structures defining each individual's competency, and preferably listing all the positive and negative indicators for each competency, are often cited as tools, which can help in ensuring this horizontal linkage. For example, if "leadership" is defined as a competency required for senior civil servants, the skills and behaviours of prospective civil servants should be tested against this competency during the recruitment procedure. Once they are recruited into the senior civil service, they should also be assessed using similar indicators, e.g. whether they are accountable for their decisions, or provide the necessary support and incentives to their teams to achieve organizational objectives. Depending on the assessment of senior civil servants along the previously defined competencies, their strengths and weaknesses can be identified as the basis for planning of their overall professional and career development. This is just an example of how various HRM tools and practices are interconnected, and it underlines the need for a holistic approach towards performance appraisal. The potential use of competencies in ISPA procedures is discussed in more detail in the fifth section.

There is also a **third dimension** of effective performance and competency management; it implies consistent implementation of the rules across different levels of the civil service and organizations.⁹ In the context of the region, this means that norms (laws, bylaws) should not sit on shelves, but rather that they should be enforced in practice. HR units within each organisation, as well as central civil service management institutions, have an especially important role in this respect. Apart from the administrative support, e.g. provision of assistance and supporting materials (such as ISPA forms), they should also monitor the implementation of ISPA.

Interviews conducted for the purpose of this publication reveal that most of the central civil service management institutions in the region collect aggregate ISPA scores for public administration organisations, but that they neither receive nor monitor actual decisions on ISPA, thus, they have no insight into the actual forms the appraisal takes or the justifications for final scores. Some countries have plans to introduce specific initiatives within Human Resource Information Systems to allow direct uploads of ISPA decisions, which could significantly enhance the monitoring role of central civil service management institutions. Another significant means of ensuring consistency of ISPA is an effective inspection system of implementation of procedures. In addition, carrying out employee satisfaction surveys is recommended to assess the overall well-being of civil servants. Such surveys could include questions on effectiveness and perceived fairness of ISPA. The inputs obtained through surveys could then be used to assess and upgrade current performance appraisal practices and norms.

⁸ Lazarević, M. and Đinđić, M. 2018. *Western Balkan PAR Monitor 2017/2018*. European Policy Centre – CEP. Available at:

https://weber-cep.s3.amazonaws.com/data/attachment_914/western_balkan_par_monitor.pdf

⁹ Organization for Economic Co-operation and Management. 2010. *Managing Competencies In Government: State of the Art Practices and Issues at Stake for the Future*. Available at: <https://www.oecd.org/gov/pem/paper-managing-competencies-in-government-state-of-the-art-practices-and-issues.pdf>

In general, it is important to understand that the effectiveness of performance appraisal procedures is very context-dependent. Therefore, evaluation of the implementation of ISPA procedures is recommended to produce evidence-based adaptations. **Albania** conducted such an evaluation of its ISPA procedures in 2019, and, as a result of the findings, decided to improve the system and practices in the field, which is a good example of evidence-based policy design and implementation and it reflects the constant evolution of performance appraisal.



Checklist of preconditions for effective ISPA procedures:

- ✓ Does the organisation have a clear mission, vision and objectives, which are clearly communicated to employees and are accompanied by measurable indicators?
- ✓ Does the organisation regularly prepare and publish performance reports, which contain clear and specific information on achievement of key organisational objectives?
- ✓ How aligned are the ISPA objectives with the overall objectives of the respective organisation?
- ✓ How aligned are the ISPA results with the overall results/performance of the respective organisation?
- ✓ Are ISPA procedures consistently applied across the civil service, following the same principles and general rules?
- ✓ Is there a professional HR unit capable of supporting the ISPA procedures?
- ✓ Do the central civil service management institutions and HR units have the necessary resources and power to effectively monitor the implementation of ISPA procedures?

“The reason most people never reach their goals is that they don’t define them, or ever seriously consider them as believable or achievable. Winners can tell you where they are going, what they plan to do along the way, and who will be sharing the adventure with them.”

- Denis Watley

4

Establishing expectations: Connecting individual objectives to organisational objectives

Performance means **“something accomplished”**.¹⁰ Hence, in order to assess performance, it is crucial to know what needs to be achieved, or in short, managers need to know the objectives of their organizational units, while employees need to know what is expected of them. The use of measurable objectives in the management of an organisation is an important difference in comparison to the bureaucratic approach, which focuses on inputs and procedures such as formal adherence to laws and regulations, and utilises a managerial approach, which focuses on performance and results.¹¹

Objectives are definable achievements that employees are expected to accomplish. Objectives should be fair, accurate and reflect the tasks employees actually carry out. They should focus on areas where the employee has control over the output. Job descriptions are a good starting point in identifying what employees should be reasonably expected to achieve in their roles. This suggests that job descriptions should be further “translated” into the work objectives to be achieved by the person working in a given position during the performance appraisal period. This connection between what is expected of an individual and the formulation of performance objectives is important as it enables ISPA to examine the quality of implementation of recruitment practices, in particular effective competence screening and efficiency.¹²

¹⁰ <https://www.merriam-webster.com/dictionary/performance>

¹¹ Staroňová K.; Ahmetovic, D.; Ivanova, M.; Qeriqi, H.; Radevic, R.; Shundi, A.; Vlajkovic, V. 2018. *Individual Performance Appraisal of Employees in Central Public Administration in Western Balkans*. Danilovgrad: ReSPA Publications. ISBN 978-9940-37-030-5

¹² Meyer-Sahling, J.-H.; Mikkelsen K.S.; Ahmetovic, D.; Ivanova, M.; Qeriqi, H.; Radevic, R.; Shundi, A.; Vlajkovic, V. 2015. *Improving the Implementation of Merit Recruitment Procedures in the Western Balkans: Analysis and Recommendations*. Danilovgrad: ReSPA Publications. ISBN-13 9780853583189

Respondents to the surveys mostly thought that legal criteria and benchmarks for performance appraisal corresponded to a given job description and encompassed most of the relevant aspects of the employee's performance. Those who disagreed with this statement noted the problems of frequent and unjustified changes on the organization and systematization of public administration bodies. Some respondents recognized that actual performance goes beyond job descriptions and some thought that job descriptions were not specific enough. All of these observed shortcomings should be avoided in a thorough HRM in an institution, whose aim should be to implement an effective ISPA.

Individual performance objectives agreed as part of performance appraisal are expected to link through to the organisational targets at several levels: at the intermediate level of objectives of a given organizational unit (e.g. department, directorate) as well as at the level of the entire organization. Therefore, it is crucial for the vision and mission of the organisation to be clearly defined and easily "translated" into the annual work programmes and longer-term strategic objectives. An example of an organizational mission, values, and objectives and the related the individual objectives are presented in the **Annex 1** of these guidelines. It is an example provided by the Civil Service Agency of the Federation of Bosnia and Herzegovina for these Guidelines.

In the following sub-sections, the key guidelines for the set-up of objectives are presented. Nonetheless, it is important to bear in mind that a degree of flexibility needs to be ensured, since, for example, not all the tasks in every job position are easily quantifiable or predictable. One of the frequently reported undesirable and unintended consequences of performance management is the over-reliance on the measurable aspects, which results in neglect of those aspects that are not (or cannot be) measured. **There is no one-size-fits-all approach.** On the contrary, "performance management systems are inherently complex, with different approaches to control being appropriate in different organisational functions, in varying organisational environments, and at different hierarchical levels".¹³ Therefore, while aiming to set up as specific result-oriented objectives as are possible (the so-called hard objectives), soft objectives and competencies are often needed to cover less measurable aspects of overall individual performance.

4.1. How to define SMART objectives

Whenever possible, both organizational and individual objectives should strive to be **SMART**. In other words, objectives should be:

Specific - generalities and ambiguities should be avoided; for example, if an objective states that an employee is expected to ensure that Freedom of Information (Fol) requests are processed "swiftly", this objective is too ambiguous as it does not define what would "swiftly" entails; on the other hand, if an objective states that employees are "to ensure that all Fol requests are processed within the legal deadline of 15 days", this objective is formulated in a more specific manner;

Measurable – this aspect is closely interconnected with how specific our objectives are; if they are sufficiently specific then they can be measured;

Achievable/Actionable/Attainable – an employee should be able to achieve the objective with their available resources, knowledge and skills; for example, if an objective states that an

13 Franco-Santos, M. and Otle, D. 2018. Reviewing and Theorizing the Unintended Consequences of Performance Management Systems. *International Journal of Management Review*. Vol. 20, pp. 696–730

employee should ensure that zero appeals should be lodged against his or her decisions, this is very difficult objective to achieve and does not fully depend on the employee's resources, knowledge and skills, but also on other external factors;

Relevant – regarding the quote cited in the second section of this publication, doing something that should not be done is a waste, which explains why objectives should be relevant;

Time-bound – to put it simply, an employee needs to know the deadline for any task.

Interviewees contacted in the development of these guidelines noted problems with setting measurable objectives in advance due to the unpredictability of the job-related tasks. For example, if faced with the task of providing opinions on organisation and systematization of public administration bodies, one would not know how many opinions would be issued within the given time period. Although not quantifiable in advance, objectives can still be formulated in a manner, which is specific, measurable, actionable, relevant and time-bound. For example, if an employee is presented with the following objective:

"To ensure that justified opinions concerning the organisation and systematization of public administration bodies are issued in a timely manner, within the maximum period of 10 working days upon the submission of these drafts";

she or he would still have a clear understanding about performance expectations with regard to this specific task.

Another observation regarding the practice of formulating objectives in the region is that they are very often **confused with activities**. However, it is important to know that formulations such as

"preparing and publishing public procurement calls";
or
"handling requests for issuing personal documents"

are **not objectives**. Nevertheless, they can be associated with certain objectives, such as, for example,

"to provide transparent and up-to-date information on available public procurement calls";
or
"to ensure that public service users are satisfied with the politeness, timeliness and efficiency in handling requests for issuing personal documents"

Ideally, **indicators** should accompany objectives to ensure that they are SMART. For example, indicators might look like the following;

"80 per cent of public service users report that the handling of their requests for issuing personal documents was conducted in an efficient, timely and polite manner"
or
"requests for issuing personal documents were processed within the five days on average"

These can be used to measure the objective associated with the task of handling requests for issuing personal documents.

4.2. Setting up of objectives: the best opportunity to engage employees

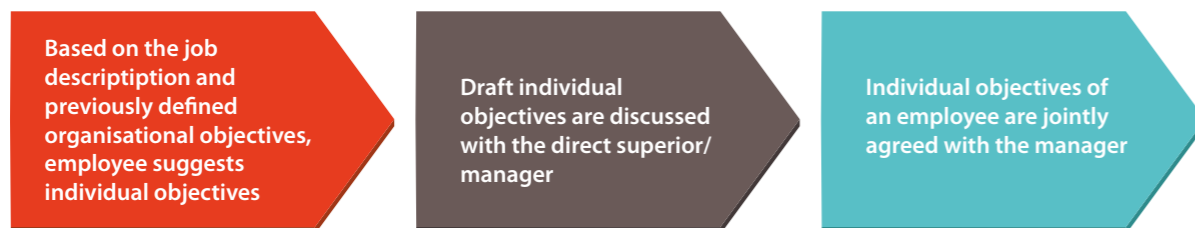
*"Culture is about performance, and making people feel good about how they contribute to the whole."
- Tracy Streckenbach*

The involvement of civil servants in the process of setting work objectives should increase the civil servants' motivation and level of commitment concerning fulfilment of these objectives. It is also a good method for reengaging disengaged employees, who can be recognized by their lack of enthusiasm and cooperation and, most importantly, by the poor service they provide to citizens. The rationale for a more engaged employee is exemplified by statistics from the private sector. Gallup's research based on the 82000 business units indicated that teams scoring in the top quartile for employee engagement tend to outperform teams scoring in the bottom quartile by demonstrating, among other things, 21% higher profitability, 20% higher sales, 17% higher productivity and 10% higher customer metrics.¹⁴

Agreeing on work objectives will result in additional advantages such as promoting the independence of civil servants, improving the degree to which civil servants identify with their work objectives, making the performance appraisal more transparent, assisting in the determination of priorities and enhancing the dialogue and co-operation between civil servant and their appraisers.

The appraisee is the one who should propose individual objectives, which should be connected to the organisational objectives and indicators. Once she/he enters a draft of the objectives on the performance appraisal form, the objectives should be discussed with the line manager and finalised. In this way, ownership is ensured, and an employee can more easily identify herself or himself with the organization's mission and vision. Figure 3 presents a potential method for engaging employees in the setting of objectives.

Figure 3. Potential method for engaging employee in the set-up of work objectives



Since the ISPA should engage employees and also change one of the key negative perceptions of the process – i.e. that it is seen as a patronising, formalistic exercise – it is important to ensure that no major achievements or contributions of the employee pass unnoticed. In responses to the survey, it was also stated that project-related work, which does not necessarily fall under the scope of a specific job description, is not encompassed by the ISPA and, thus, employees' work may not be recognized. This challenge prompted **North Macedonia** to incorporate all the other tasks employees have carried out into the ISPA form (such as participation in commissions and working groups, projects etc.). To ensure flexibility, apart from the predetermined objectives, ISPA should include additional remarks about specific objectives or achievements which were not necessarily planned but which contributed to the organizational objectives. Yet, it is important to bear in mind that nothing makes an employee's work more difficult than "unclear performance targets, constantly changing targets or conflicting goals".¹⁵

Checklist for the setting of employee's objectives:

- Has the employee been involved in setting individual objectives?
- Are they derived from the organizational objectives?
- Are individual objectives connected to the job description of the position occupied by the employee?
- Are they:
specific,
measurable,
attainable,
relevant,
and time-bound?
- Is the setting of objectives flexible enough to include additional achievements of the employee?

“Performance is not only a question of what people do, but also how they do it in interaction with other people.”

- Organisation for Economic Cooperation and Development

5

Towards competency frameworks: Differentiating “hard” from “soft” objectives

Globally, since the late 1990s, there has been a shift from measuring performance, e.g. mere completion of work-related objectives, towards the assessment of competencies, which comprise “skills, approaches (beliefs and values), abilities, and capabilities (means and resources) that the employee can possess and can utilise in reaching personal and organisational development”.¹⁶ Furthermore, it is important to understand that competency enables employees to fulfil professional duties to the required level but also helps the employees in their future development and increases their potential for improved performance.¹⁷

This notion of competency suggests the further direction ISPA in Western Balkan should take; rather than being an annual exercise, which solely measures completion of the work related objectives, it should be a genuine tool for planning overall professional development and HR strategies in a given institution. However, competencies are different to objectives and require a slightly different approach, as the usual indicators are not appropriate. If we consider the two basic types of objectives, **hard and soft**, competencies can better be translated into soft objectives, and they are, thus, more difficult to specify and measure.

Hard objectives are about measuring performance; e.g. whether an employee had managed “**to ensure that all received Freedom of Information requests are processed within the deadline of 15 days**”. Soft objectives, on the other hand, are usually more difficult to measure because

¹⁶ Shikova, N. 2020. *Competency based management in Public Administration*. Available at: https://link.springer.com/content/pdf/10.1007%2F978-3-319-31816-5_3923-1.pdf

¹⁷ Ibid.

they are concerned with the employee's conduct, attitude, relationships etc.¹⁸ For example, when an employee is expected **“to build constructive working relationships through cooperation, acceptance and respect for others”**, this is a soft objective, which can be placed under the competency of “teamwork”. Grasping this difference is crucial for integrating competencies into the ISPA. A competency framework, with clear indicators of achievement for each selected competency, can be a good way to integrate both hard, performance-related objectives and soft objectives and to facilitate the measurement of these. A simple transfer of the competency framework into the objectives without taking the differences between performance and competency into account is not recommended.

5.1. Understanding the link between competency and performance

Given the previously presented concept of competency, it is important to understand that while competency correlates with performance, it is not performance. It can be more easily understood as an “input” or “contributor” to achieving specific performance objectives. Therefore, in a competency-based appraisal, the focus would not be only on achievement of quantifiable objectives, but also on behaviour, skills and knowledge associated with the specific job objectives.

Within the recent reform of ISPA procedures, Serbia has placed a special caveat on assessment of competencies. **Behavioral competencies** are considered to be the key factor, which differentiates between the individual performance of civil servants within the given organisational unit. While assessment of achievement of work objectives is the same for all teams within the organizational unit, the final score of the ISPA largely depends on the assessment of behavioural competencies, which are more closely defined within specific bylaws.

If assessing an employee who is tasked with making first instance administrative decisions in a specific field, a performance appraisal **without competencies** would focus on the following: “Your goal was to complete first instance administrative procedures in five days on average. You missed that objective by taking twice the number of days allocated to complete the administrative procedure”. A **competency-based appraisal** would also take into account the missed objective, but it would link it to specific weaknesses in competencies, approaches to daily work and employee's behaviour.

This example illustrates the benefits of integrating competencies into performance appraisal, especially for employees who are over-performing or under-performing: only by understanding factors which contribute to the achievement of objectives (or lack of such), can further development / training / career planning for a specific employee take place.

Many Western Balkan countries, recognize *de facto* both competencies and work objectives as criteria for performance appraisal. For example, **Serbia and Albania** define behavioural competencies and achievement of

work objectives as two distinctive criteria for performance appraisal. Recently, the **Federation of Bosnia and Herzegovina** has also followed their lead. In North Macedonia, the only country in the region to have introduced the so-called 360 degrees model,¹⁹ where competencies are assessed by external actors, colleagues and other associates of the appraisee. Other countries and entities, although they do not necessarily define competencies, include them in ISPA practices. For example, **Montenegro** introduced *innovation and creativity, oral and written expression, communication skills and team work* as other “abilities” of civil servants, which are assessed alongside the set of criteria associated with the work objectives (efficiency, timeliness, workload). Nonetheless, these “abilities” are not defined nor is there a manual explaining their application in practice.

Despite the observed trend of developing competency frameworks in the region and their increased use in the period since 2018, they are still understood as a generic set of fixed competencies for the entire civil service rather than as a framework to be used flexibly by organisations.²⁰ The degree of flexibility is ensured by recognizing specific sets of competencies associated with certain job categories, or civil service levels; however, no variations between different organisations are foreseen.

For example, in **Serbia**, there is a decree, which determines behavioural, general and specific functional competencies and lists positive indicators associated with them. Behavioural competencies are defined as **desirable behaviours** required for efficient performance of duties in public administration, while functional competencies represent **a set of knowledge and skills** required for effective performance of duties in a state body and are divided into general functional competencies, required for all civil service positions, and special functional competencies, which are required in a particular area of work in a particular workplace.

Regarding the link between competencies and performance, Serbia has come up with a unique solution; as previously explained, all civil servants within a given organisational unit are assessed equally for reaching their work objectives. Nonetheless, their overall ISPA scores differ, based on the assessment of behavioural competencies. In other words, while all employees within one organisational unit are assessed the same for achieving their common work objectives, they do not receive the same assessment for competencies they have demonstrated during the ISPA cycle. Interviewees from Serbia noted that it is assumed that, since behavioural competencies imply the application of knowledge in practice, they contribute to the achievement of work objectives. Therefore, while the team shares joint responsibility for achieving common organisational objectives, competencies, as inputs for achieving those objectives, are assessed at an individual level. Nonetheless, the relevance of competencies for the overall ISPA score varies depending on the civil service level: managers are mostly held accountable for reaching the work objectives (80 per cent of their overall ISPA score), while civil servants at the lowest positions are mainly assessed for their behavioural competencies (80 per cent of their overall ISPA score). The key features of the Serbian competency framework and its use in ISPA procedures are explained in **Annex 2**.

¹⁹ This model entails the use of multiple sources of information about the employee's performance, rather than solely relying on assessment conducted by manager/supervisor.

²⁰ Staroňová K.; Ahmetovic, D.; Ivanova, M.; Qeriqi, H.; Radevic, R.; Shundi, A.; Vljakovic, V. 2018. *Individual Performance Appraisal of Employees in Central Public Administration in Western Balkans*. Danilovgrad: ReSPA Publications. ISBN 978-9940-37-030-5

**Checklist for use in competencies in ISPA procedures:**

- ✔ Does performance appraisal encompass both work objectives and competencies - knowledge, skills and behaviours needed for successful completion of work objectives?
- ✔ Are the definitions of competencies flexible enough to encompass specific tasks and objectives of different types of job positions and public administration organisations?
- ✔ Are the lists of competencies internally elaborated to ensure that they respond to the specific needs of each organisation and avoid the perception of them being externally imposed with no added-value for performance development?
- ✔ Is there an inter-linkage between assessment of the achievement of work objectives and competencies, which contribute to the civil servant's performance?
- ✔ Is a framework of competencies used to define the potential factors contributing to the under-performance or over-performance and for planning further development of each civil servant?
- ✔ Is each competency well defined and explained, e.g. by providing positive and negative indicators associated with each competency?

“... By the time feedback is shared during an annual review, it's much too late for deep learning to occur, or for the employee to address the issue in a timely manner.”

- Ben Wigert and Jim Harper

6

Providing ongoing feedback: Leaving no surprises

Monitoring of performance and provision of ongoing feedback to employees are crucial phases of an effective ISPA. Most of the Western Balkan countries stress the importance of ongoing monitoring and provision of feedback to the employees in relevant legal acts. However, this phase tends to be overlooked in practice, although it is vital for transparency, legitimacy and effectiveness of the process.

The logic behind providing ongoing feedback is quite simple: infrequent communication with the employee regarding her or his performance prevents managers from accurately recalling details of performance throughout the year. As a result, they rely on more recent actions (the so-called **“recency effect”**) in assessing performance. In addition, the ISPA procedure tends to become overly retrospective instead of being future and strength-oriented, which is precisely the new focus of performance management, which aims to turn it into “performance development”.²¹

It is not possible to prescribe all the potential methods of collecting information on individual performance and of providing feedback. Formal meetings are not the only method. E-mail, phone, hallway conversations, and videoconferences are all potential methods of providing feedback. As suggested, simple conversations with employees about how their day is going or thanking them for recent good work builds trust and engages employees.²² Practice from the business sector even suggests that weekly conversations are the best method for engaging employees. Although, depending on the size of the organisational units, such frequent communication may not be always

²¹ Wigert, B. and Harter, J. 2017. *Re-Engineering Performance Management*. Gallup

²² Ibid.

feasible, it is important to know that the more frequently managers provide feedback on performance to employees the more engaged employees are likely to be and the less surprises and frustration the final review will bring.

The UK-based Chartered Institute of Personnel and Development (CIPD) lists the following key elements, which should be covered by performance conversations:

- *How well the employee has performed and **what they have achieved** since the last meeting;*
- ***Factors** that have helped or hindered performance and how employees can become more effective now and in the future;*
- *What practical **support and learning or development** will help the employee;*
- *How the employees' current role and longer-term career may be **developed**;*
- ***Objectives** for the next review period and a plan for how they can be met.²³*

Along with engaging employees in setting objectives, it is important to ensure the involvement of employees in performance conversations. A high level of involvement helps employees to reflect on their own needs and development, but also makes them feel supported and fairly treated, which helps them respond well to the review and perform better as a result.²⁴

6.1. How to turn feedback into coaching: “Feedforward”

In the latest thinking on performance management (development), **line managers are seen as coaches**. This shift is mirrored in the increased focus on employees' strengths and development needs rather than on “fixing mistakes”. Despite the limited scientific research, there is an emerging literature confirming the advantages of such an approach.

The strengths-based approach is based on the theory and practice of ‘appreciative inquiry’, whose starting premise is that people have an unhelpful tendency to be deficit oriented when looking for improvements, naturally honing in on failures and weaknesses.²⁵ Based on interview evidence, Kluger and Nir developed the so-called feedforward interview (FFI), as an alternative to the traditional performance appraisal. The FFI is aimed at enhancing performance by focusing on the positive aspects of employees' experiences. In short, it is about celebrating success and understanding the conditions, which brought about these success stories for each employee. By understanding these conditions, further success and positive performance can be fostered. As such, it is the opposite of the so-called “deficit model”, which is focused on employee's weaknesses and making improvements to these.

²³ CIPD (Centre for Chartered Institute of Personnel and Development). 2019. *Performance reviews: Understand the basics of performance reviews and how to ensure the process adds value to the organization*. Available at:

<https://www.cipd.co.uk/knowledge/fundamentals/people/performance/appraisals-factsheet#6546>

²⁴ Ibid.

²⁵ Cooperrider and Srivastva. 1987. according to: Chartered Institute for Personell and Development (CIPD). 2017. *Research Report: Strengths-based performance conversations: an organisational field trial*

The technique, as summarized by the CIPD, includes three key stages:

- 1) *eliciting a specific success story from the employee;*
- 2) *helping them articulate their ‘personal code for success’;*
- 3) *the ‘feedforward question’: challenging employees to reflect on how they can apply this code in the future.*

The first notable effort to examine the effect of this technique *vis-à-vis* traditional performance appraisal was a field experiment, which found that the performance of employees with whom FFI was conducted was rated significantly higher than the control group, which received traditional performance appraisal.²⁶ It also showed that part of the reason for the better performance was that “feedforward” was perceived to be a fairer process.

The core questions used in the field experiment, which can be regarded as a framework for conducting FFI, are the following:

- 1) *“No matter how bad the past year was, everyone has had one or more positive experiences. Please tell me about a specific incident where you felt especially good about attaining a goal?”*
- 2) *“What were the circumstances that enabled you personally to be effective?”*
- 3) *“What exactly did you do that made you feel full of life and energized?”*
- 4) *“What can you do this coming year to create conditions/circumstances that will enable you to think, feel, and behave on an on-going basis the way you did in the incident you described?”²⁷*

These general questions can be reformulated to reflect the personal style of each manager, but overall, they cover all the previously listed aspects of the FFI.

Further efforts to examine the effects of a strength-based approach was undertaken by the CIPD. While the 2015 research focused on a small sample from a private sector firm in Canada, the 2017 CIPD research focused on three government organisations.²⁸ The research design was more robust and it included a group randomised trial which entailed a smaller-scale intervention (a one-off workshop promoting strengths-based performance management) in two government organizations, and a more robust intervention (including additional training workshops, aligned changes in HR policy, supporting resources and wider communication) in the third one. Control groups, which did not undergo interventions, were also created to analyse the differences between the two groups. The study found that interventions resulted in more frequent **personal conversations** between managers and their staff – for example, on personal issues, career ambitions and non-job-related

²⁶ Budworth M-H., Latham G. P, and Manroop, L. 2015. Looking Forward To Performance Improvement: A Field Test Of The Feedforward Interview For Performance Management, *Human Resource Management, Vol. 54, No. 1. Pp. 45–54*

²⁷ Ibid.

²⁸ Chartered Institute for Personell and Development (CIPD). 2017. *Research Report: Strengths-based performance conversations: an organisational field trial*

chat. Some qualitative findings also suggested that managers may have changed their approach, focusing more on helping staff build strengths rather than fix weaknesses, but the authors stress that further research is required.

The introduction of the strengths-based approach requires new skills and a more holistic effort. Yet, understanding its positive aspects can help in the implementation of current ISPA procedures within the existing legal framework in the Western Balkans. The logic is again quite simple: providing conditions for employees/civil servants to perform tasks they are the best at can be very beneficial for the organisation as a whole. Also, studies conducted to understand the effects of interventions *vis-à-vis* control groups, demonstrated that even small interventions – such as relatively short workshops, can have a lasting impact. Therefore, it is worth (re)designing current training programmes for managers to develop skills which can facilitate a strengths-based approach to performance management. It is important to stress that this approach does not exclude discussion of negative performance. How to provide negative reviews, and what follow-up actions to undertake, are discussed in more detail in **the seventh section**.

6.2. Mid-term review: a useful step if accompanied by other feedback methods

In order to ensure that performance of civil servants is closely followed, and that the feedback is provided more often, some countries opt for a formalized mid-term review. **Albania**, for example, recognises the stage of mid-term review in a six-months ISPA cycle. This means that, by law, managers have to provide feedback in a formalised manner on a quarterly basis. On the other hand, **North Macedonia** also recognises the mid-term review, but the overall cycle is longer – it stretches over the year.

Experiences from these countries indicate that having a formalised mid-term review to improve effective provision of feedback should be accompanied by other, more regular methods of feedback. Although it does not plan to abandon the interim stage, North Macedonia is set to introduce monthly performance meetings as another means of ensuring more frequent communication between managers and civil servants. Interviewees from Albania suggested that the mid-term review stage is often omitted or poorly documented. Therefore, it is important to ensure that ongoing feedback and coaching become an inextricable aspect of performance culture within each organisation, alongside formal requirements to summarize assessment within a specific time period. Moreover, it is important to ensure that formal requirements do not pose a considerable administrative burden to ISPA systems, which, surveys suggest are already perceived as overly complicated and time-consuming.



Checklist for providing performance feedback to employees:

- ✓ *Have the employee and manager had opportunities to frequently discuss individual performance during the year?*
- ✓ *Have these performance conversations been conducted “both ways”; by allowing employee to state their concerns, needs, achievements etc.?*
- ✓ *Have these conversations been focused on specific behaviours and achievements and factors contributing to the employee’s performance?*
- ✓ *Did these conversations provide a better understanding of employee’s strengths and their overall professional and career development needs?*
- ✓ *Did these conversations examine conditions required for employees to be effective?*
- ✓ *Have these conversations resulted in the setting of objectives/development plans for the upcoming period?*

“Good managers know how to build strong teams, empower and enable people to succeed, and deliver on results.”

-Josh Bersin

7

Final review and performance interview: How to conduct it?

The final review is the stage, which formally ends one ISPA cycle, but, if conducted in line with the “performance development” approach, it should set out the key areas for further career and professional development of civil servants. In all the Western Balkan countries, this stage should be preceded with the performance interview – a conversation during which the overall assessment of civil servant should be discussed. Nonetheless, the way these interviews are framed in the existing legislation in the region suggests that they are rather “defensive”, aimed at legally safeguarding managers’ decisions, rather than being constructive and aimed at providing a deeper understanding of civil servants’ performance and development needs.

The flaws of the current approach are also mirrored in the fact that, often, a specific justification is only required in the case of negative reviews (e.g. **Federation level in Bosnia and Herzegovina**), or for performance which either exceeds or fails to meet expectations (e.g. **Serbia**). Another problematic feature in the region is the tendency to express ISPA in a **numeric form** and, thus, the ISPA is focused on **measurement** and calculating **the final grade** rather than on discussion. Assessing competencies,²⁹ which are complex sets of skills, knowledge and behaviours, using only numerical-based assessment, should be avoided. Such approaches are reported in most of the countries in the region and, if maintained, this can render meaningless the positive developments of ISPA reforms of procedures in the region to date.

As explained, rating scales alone cannot cover all the actions, moments, behaviour and results that

²⁹ Staroňová K.; Ahmetovic, D.; Ivanova, M.; Qeriqi, H.; Radevic, R.; Shundi, A.; Vljakovic, V. 2018. *Individual Performance Appraisal of Employees in Central Public Administration in Western Balkans*. Danilovgrad: ReSPA Publications. ISBN 978-9940-37-030-5

define performance, nor can they describe the impact or value that each civil servant may bring.³⁰ Therefore, although there might be a formal necessity to express the final review on a rating scale, it is the discussion of the final review with a civil servant and follow-up to the results of the review what make an effective ISPA procedure. Also, if ongoing feedback and coaching are provided, it is more likely that the outcome of the final review will not come as a surprise. Hence, all the aspects of feedback provision described in the previous section are valid for the final review and the interview. However, the final performance interview is a formal event. It should be more than simply providing informal feedback and it requires special preparation. It is necessary to ensure appropriate conditions and timing, so that the interview can be conducted in privacy and without any interruptions.

Good practice for managers in government bodies conducting performance interviews, can be summarized as follows:

- start with **positives** to provide a relaxing atmosphere. This should increase a civil servant's responsiveness to the review, and, therefore, positive aspects of her or his performance should be discussed first;
- guide the interview, but as an active listener, not the dominant speaker: rather than providing a retrospective of the civil servant's performance in a lengthy monologue, managers' key aim should be to **understand** the key drivers/obstacles to a civil servant's performance and her or his development needs;
- appraise results, behaviour, knowledge or skills, **not the person**; one reason why reviews, especially the less positive ones, are often perceived as subjective or unfair is partially due to the fact that appraisers sometimes cross professional boundaries by criticising the person and not the performance:

instead of saying

"You are too stubborn whenever you need to reach a compromise within your team",

refer to the observed behaviours and situations:

"When your team was supposed to reach an agreement on the key objectives of your department, you were the only one who failed to agree on most of the strategic objectives. Why was it so hard to compromise on that?";

- be **specific**:

instead of simply stating to the civil servant:

"your performance exceeded expectations"

or

"you continuously fail to deliver results",

use specific examples or aspects of positive or negative performance:

"the satisfaction of citizens who were served by you has been rated as considerably high"

or

"it seems that, despite the effort you invested in enhancing efficiency in handling citizens' requests, you still have not reached the optimal time for completing the request. Could you reflect on the potential reasons for that?";

- **involve** civil servants in the review by allowing them to self-assess results and competencies/behaviours, skills and knowledge and state potential factors affecting performance;
- **focus** on key performance issues and the most critical objectives;
- set the path for **future** performance: the final review and interview should not be a simple checklist to align ISPA procedure to legal requirements. They are a valuable source of information needed for the upcoming period on both the organisational and individual performance; although it is generally recommended that separate conversations should be organised to set the objectives for the next period or to plan the individual development of each civil servant, the final review and interview should set the tone for these further discussions and provide a solid basis for them.

Ultimately, ISPA is a subjective procedure, in the sense that it is implemented by a manager or other persons whose personal traits and style affect the overall process. Yet, managers should strive to conduct reviews in as objective a manner as possible. In doing so, they should keep in mind potential "traps" which are presented in **Annex 3** is recommended.

7.1. Providing negative review: How to be constructive?

Despite the advantages of focusing on positives, managers sometimes need to provide negative reviews and feedback to their employees, especially to the ones who are under-performing and may face severe sanctions as a result (e.g. the loss of their jobs). Managers have to ensure that the negative performance is discussed as soon as possible after it occurs, and that measures are put in place to improve the performance of the respective employee.

The legal framework in the Western Balkan countries has improved with respect to situations of poor performance. In most cases, poor performance does not automatically lead to dismissal, as was often the case before.³¹ For example, in most of the region, **after the first negative review**, the employee has to undertake a specially designed training programme. Hence, there is a remedy to the negative performance, at least on paper. However, there is more to providing negative feedback other than just trying to "fix" it.

The strengths-based approach does not simply mean that discussion of weaknesses should be abandoned. On the contrary, it is strongly recommended that weaknesses should be discussed, but in a manner, which will concentrate on employees' knowledge and skills, rather than talents,

³¹ Staroňová K.; Ahmetovic, D.; Ivanova, M.; Qeriqi, H.; Radevic, R.; Shundi, A.; Vljakovic, V. 2018. *Individual Performance Appraisal of Employees in Central Public Administration in Western Balkans*. Danilovgrad: ReSPA Publications. ISBN 978-9940-37-030-5

because the former is much easier to change. In short, the rationale justifying such an approach is that “knowledge and skills can be learned and improved, while talents are typically inherent to the individual.”³²

However, in a number of situations, lack of talent needs to be addressed as well. Aguinis, Gottfredson and Joo reiterate the importance of the following five suggestions to address this issue:

- *Help employees try to improve on the desired talents with an understanding that employees are unlikely to substantially improve the talents that they lack;*
- *Create a support system that will serve as a crutch for a weakness in talent. Encourage employees to see how their strongest talents can compensate for their weaker ones;*
- *Make it easier for employees to work with colleagues who possess the talents that they lack;*
- *Re-design jobs for employees who are deficient in certain talents, and give other employees the responsibilities that require talents that certain employees lack.*³³

The last suggestion, obviously, requires a degree of flexibility, which is often lacking in public administration organisations. Nonetheless, understanding the performance gaps from a wider perspective of the team and providing learning and development support is illustrative of an effective ISPA system.

7.2. Final review should be future-oriented: How to use performance information

The use of information obtained during the ISPA cycle is critical for its effectiveness – it is crucial for ISPA not to be an annual formal summary of individual performance, but rather a future-oriented tool aimed at further developing and utilising employees’ strengths and to identify additional training and capacity-building in specific areas. Yet, ISPA in the region is not positively perceived by both managerial and non-managerial civil servants. Survey results indicate that they often see ISPA as an administrative burden which does not have any effect in practice, since it is neither used to motivate and award good performers, nor conducted in a manner which distinguishes good from poor performers.

The 2018 baseline study outlined how the ISPA information is used in the region. The overall conclusion was that legislation puts an emphasis on ISPA as the basis for identifying **poor performance** with subsequent severe sanctions that may lead to the termination of employment. Needless to say, this is exactly the opposite of strength-based approach and it is the main reason why ISPA is often seen as a demotivating and ineffective tool. In addition, this legally entrenched demotivating aspect of ISPA leads managers to avoid categorising their staff as poor performers across all of the countries of

32 Aguinis, H., Gottfredson, R.K. and Joo, H. 2012. Delivering effective performance feedback: The strengths-based approach, *Business Horizons* 55, pp. 105—111

33 Buckingham and Clifton, according to: Aguinis, H., Gottfredson, R.K. and Joo, H. 2012. Delivering effective performance feedback: The strengths-based approach, *Business Horizons* 55, pp. 105—111

Western Balkans, and ISPA scores are often inflated in practice.³⁴

In addition, ISPA is often used as a basis for **promotion**. This function is also recognised in the region, but mostly indirectly, with legislation stipulating that ISPA results should be considered during transfer or promotion decisions.

All the Western Balkan countries formally recognize the potential for identifying the **training needs** of civil servants through the implementation of ISPA procedures. Although the baseline study found that this aspect is not implemented in practice, it should be the core function of the ISPA for further developing strengths and addressing weaknesses of civil servants in the region.

A more controversial link is the one between ISPA and **pay decisions**: an automatic link is not recommended since it can negatively affect the development function of ISPA and performance discussion. Placing too much focus on pay incentives can be counter-productive, especially since it can shift employees’ focus from absorbing developmental feedback to worrying about their pay. In addition, it is argued that “**extrinsic motivation**”, which drives performance through external factors, such as expected rewards, has a weaker impact on work quality than “**intrinsic motivation**”, which is established when civil servants are engaged through the act of setting personally meaningful goals.³⁵ Therefore, while the overall sense of purpose and trust in ISPA procedures among civil servants can be enhanced by the greater use of ISPA results for other HRM decisions, it is still important to see performance appraisal as a tool for engaging employees and linking their individual performance to the wider mission of the organisation.



Checklist for the final review and performance interview:

- ✓ *Has the final review been discussed between the manager and a civil servant?*
- ✓ *Has the final review been discussed with the civil servant in a clear manner, which specifically addresses the civil servant’s achievements, job-related behaviour, knowledge, skills and does it outline potential areas for improvement?*
- ✓ *Has the civil servant had a chance to present her or his self-assessment and discuss factors affecting her or his overall performance during the final performance interview?*
- ✓ *Is the negative final review followed-up by support aimed at addressing shortcomings in the civil servant’s behaviour, knowledge, skills, and, to some extent, talents?*

34 Staroňová K.; Ahmetovic, D.; Ivanova, M.; Qeriqi, H.; Radevic, R.; Shundi, A.; Vljakovic, V. 2018. *Individual Performance Appraisal of Employees in Central Public Administration in Western Balkans*. Danilovgrad: ReSPA Publications. ISBN 978-9940-37-030-5

35 Wigert, B. and Harter, J. 2017. *Re-Engineering Performance Management*. Gallup

- ✔ Did the final review and interview provide a better understanding of the employee's strengths and her or his overall professional and career development needs?
- ✔ Has the final review resulted in the setting of objectives/development plans for the upcoming ISPA cycle?
- ✔ Has the final review provided enough information, which can feed into decisions in other important HRM areas, examples of which are:
 - outlining training needs, which can feed into the design of a training programme for a respective organisation/types of job;
 - understanding the strengths and competency gaps within specific organisations and teams, which can inform workforce planning;
 - reward policies, which can further incentivize effective performers?

“Next-generation performance management depends on digital monitoring and tracking platforms to generate real-time analytic insights.”

- Michael Scharge

8

Performance appraisal during emergency situations: Lessons learned

In the current situation of the COVID-19 epidemic, public administration has faced numerous challenges such as organising a response to pandemic itself, optimising working processes to maintain its key functions and service delivery, but also to track the performance of the civil service and to rethink the tools, skills and competencies needed to respond to this and other similar emergencies.

The organisation of work has been very challenging in times when the number of available civil servants is constantly shifting due to Government-imposed measures, such as self-isolation and quarantine, and remote working, which has become a widespread practice during the epidemic. Performance appraisal of civil servants is especially an issue in a situation during which managers cannot directly oversee the work of their departments. As SIGMA notes, remote working requires not only technical infrastructure (hardware, internet connection, access to IT systems and paperless workflows), but also adjusted management skills, oversight arrangements and collaborative tools.³⁶

A large majority of respondents to the survey conducted among non-managerial staff stated that their performance has been monitored during the crisis. However, the appropriate arrangements and technical infrastructure, which would allow effective oversight and performance appraisal of civil servants are largely lacking in the region. According to the surveys and interviews conducted, none of the countries had fully utilised specifically designed software (project management or electronic document management systems), which would enable more effective online communication and

³⁶ SIGMA – Joint initiative of OECD and EU. 2020. *Public Administration: Responding to the COVID-19 Pandemic Mapping the EU member states' public administration responses to the COVID-19 pandemic (for EU Enlargement and Neighbourhood countries)*

tracking of civil servants' performance. Also, the mere fact that the ISPA procedures are largely conducted in a traditional manner, without online tools to conduct performance interviews or to fill in the ISPA forms, has further impeded effective performance appraisal. On the other hand, countries did try to adapt by widening the scope of communication and collaborative tools employed. They used already available platforms (Viber, Webex, Zoom, Skype, Microsoft Teams) to maintain communication. Also, a positive development in a number of countries and organisations has been weekly meetings or submission of weekly performance reports by civil servants. This practice aimed to fill the communication and work gaps caused by the shifting working conditions and the prolonged crisis.

The key implications of the ongoing crisis, which can direct further reform of performance appraisal in the region, are:

- **communication tools should be diversified** in order to track performance and provide feedback/ coaching to the civil servants: these can include online meetings and greater use of available online tools, and submission of online performance reports;
- the ISPA procedures should be **paperless**: legal obstacles should be removed and the technical preconditions put in place so that ISPA procedures can be conducted online, including, if necessary, online performance interviews;
- new **software** should be designed or available software upgraded with features which would allow online *check-in/check-out*, electronic archive/uploads of relevant documents, discussion threads etc.;
- training programmes and other **capacity building opportunities** for both appraisers and appraisees should be developed to enhance responsiveness of ISPA procedures to emergency situations.



Checklist for conducting ISPA in emergency situations:

- ✓ *Is there specifically designed software, which enables online monitoring of civil servants' performance and which allows for regular communication regarding the accomplishment of job-related objectives and tasks?*
- ✓ *Are conditions in place for ISPA procedure to be completed online?*
- ✓ *Is there a variety of communication tools utilised to ensure regular communication and coaching with civil servants of respective organisational units?*
- ✓ *Are appraisers and appraisees given the opportunity to enhance their skills and capacities for online implementation of ISPA procedures and for HRM in emergency situations?*

9

By way of conclusion: Way forward for ISPA procedures in the Western Balkans

Shifting the understanding of ISPA from a box-ticking type of managerial task into a useful tool, which can benefit the team and the entire organisation, is a complex undertaking, yet, achievable if the performance appraisal is conducted using a strength-based approach.

Performance appraisal, as demonstrated by the discussion of good practice above, is particularly dependent on the overall organisational culture and commitment to both the organisational and individual objectives. Hence, legal reforms, which are ongoing in the region, should be paired with capacity building and behavioural change in civil servants.

The eventual achievement of these goals is helped by the fact that Western Balkan countries are not starting from scratch. The need for improvement and development of overall HRM practices in terms of managerial capacities and skills has already been recognised. For example, in a number of countries, such as Bosnia and Herzegovina and Serbia, there are special training programmes or modules for managers. Among other things, they cover topics such as "individual coaching", and how to communicate organisational mission and objectives in a manner, which inspires employees, and incentivises them to develop talents and performance.³⁷ Also, there are specific education programmes in HRM. Montenegro introduced such a programme in 2018, and it encompasses significant aspects of effective ISPA.³⁸ Therefore, there is considerable potential to build upon to further reform practice in the region, which is largely a matter of improving practice rather than

³⁷ Nacionalna akademija za javnu upravu Republike Srbije. 2020. *Program obuke za rukovodioce za 2020. godinu*

³⁸ Uprava za kadrove. 2018. Program obrazovanja za sticanje ključnih vještina za upravljanje ljudskim resursima

changing the legal framework. What is more, in the long run, ISPA procedures should be less a strict formal requirement, but rather **a tool for building mutual trust** between managers and employees to enhance their **professional development**.

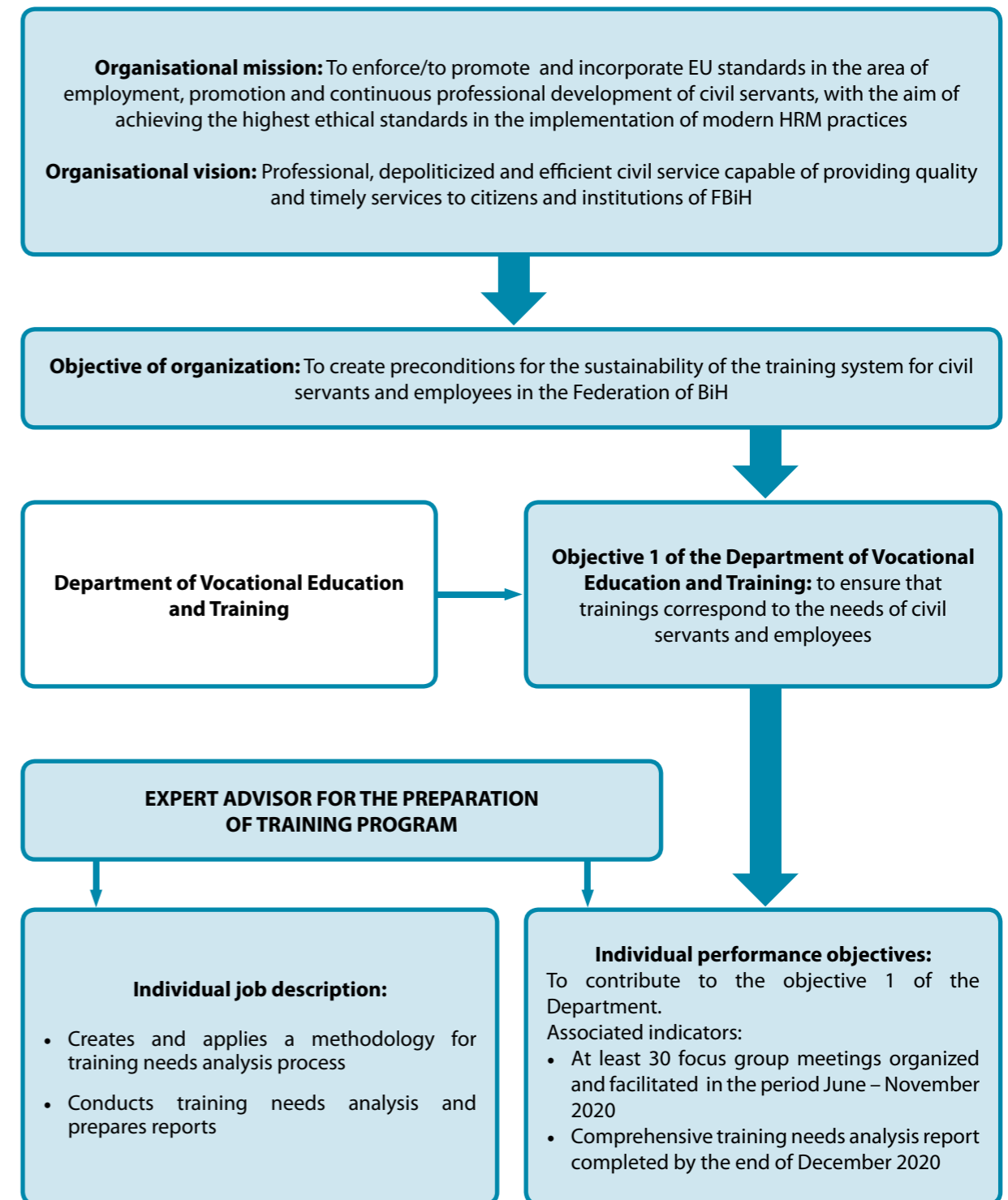
The trends and research evidence presented in this publication, along with the suggested checklists, can serve as a framework for enhancing key aspects of ISPA procedures. With the support of ReSPA, they could be developed into a comprehensive self-assessment framework, which would, similarly to the one developed in the area of merit-based recruitment, guide managers in their everyday work and lead to the improvement and development of the performance of civil servants.

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Annex 1:

Example of cascading objectives at the Civil Service Agency of Federation of Bosnia and Herzegovina



Annex 2:

Use of behavioural competencies in ISPA procedures in Serbia

ISPA procedures in Serbia are regulated by the Decree on performance appraisal of civil servants, which was adopted in 2019 (Official Gazette of Serbia, No. 2/2019-22, 69/2019-4). The competencies for performance of civil servants are defined by the Decree, which was adopted in the same year (Official Gazette of Serbia, No. 4/2019). Although there is distinction between behavioural and functional competencies (a set of knowledge and skills necessary the effective performance of work), the ISPA only takes into account civil servants' behavioural competencies.

Therefore, the two key criteria for the performance appraisal of civil servants are:

- 1) **behavioural competence;**
- 2) **work results.**

Behavioural competencies are a set of work behaviours necessary for the effective performance of all tasks in a state body, while work results are defined as the degree of achievement of the established annual organisational objectives.

There are five key behavioural competencies, which are applicable to all job positions. These are:

- 1) **Information management;**
- 2) **Task management and achieving results;**
- 3) **Orientation towards learning and change;**
- 4) **Building and maintaining professional relationships;**
- 5) **Conscientiousness, commitment and integrity.**

In addition to the five core behavioural competencies, there are an additional two, which are specific for certain job positions:

- 1) **Human resources management** - for the managers of organisational units and senior civil servants;
- 2) **Strategic management** - for senior civil servants.

The indicators are examples of desirable work behaviour, which indicate the presence of a given competency, and define each competency. It is interesting that these **indicators differ based on the civil service level**: they are different for executive staff, mid-civil service positions (managers of the smaller organisational units) and senior civil servants.

Below, we present the indicators for the behavioural competency of "building and maintaining professional relationships" for different civil service positions.

The competency "**Building and maintaining professional relationships**" refers to successful communication and cooperation with colleagues and stakeholders to develop long-term professional relationships.

The indicators by which a civil servant demonstrates this competency, are defined as follows:

For executive staff

- (1) civil servant is open, kind and patient with others
- (2) is a good listener, pays attention, understands and learns from what others say
- (3) is clear, eloquent and precise in presenting information
- (4) respects and appreciates others
- (5) involves others in the discussion, accepts and builds on the ideas of others
- (6) works effectively in a team and cooperates with others
- (7) builds quality relationships and encourages teamwork
- (8) contributes to group processes, suggests alternative approach if something goes wrong
- (9) communicates in a clear and constructive manner and is solution-oriented

For managers of smaller organisational units and senior civil servants

- (1) civil servant is approachable, kind and open in communication with others and respects diversity
- (2) clearly and calmly communicates both “easy” and “difficult” content to different interlocutors
- (3) provides constructive feedback in a timely manner
- (4) is diplomatic, tactful and makes an effort to diffuse tense situations
- (5) effectively manages conflict
- (6) manages and encourages the work of teams on the basis of mutual trust, support and open dialogue
- (7) is assertive and negotiates successfully
- (8) builds a network of professional relationships with colleagues and stakeholders
- (9) communicates in a clear and constructive way and is focused on solving and achieving goals

The behavioural competencies, defined above, are used in the ISPA procedures, by assessing the frequency of these desirable behaviours/ indicators. All indicators are graded on a four-point scale depending on how frequently they occur:

- 1) very rarely shows desirable behaviours in the workplace - 1 point
- 2) sometimes exhibits desirable behaviours in the workplace - 2 points
- 3) often shows desirable behaviours in the workplace - 3 points
- 4) always exhibits desirable behaviours at a level that significantly exceeds expectations - 4 points

Nonetheless, such assessment of competencies is not equally relevant for the performance appraisal of civil servants in all positions. It is the most relevant for the lowest positions, and comprises 80 per cent of the overall ISPA score, while it is less relevant for the senior civil servants positions (comprising only 20 per cent of the overall ISPA score). It is assumed that accountability for the second key criterion of ISPA – accomplishment of work objectives, has a greater weight for higher positions.

Work objectives are assessed at the level of organisational units. This means that unlike competencies, which are assessed at the individual level and, thus, lead to a different score for each civil servant, assessment of work objectives is the same for all the civil servants within a given organisational unit. Work objectives are assessed on the previously defined annual objectives of organisational units. Each annual objective has a specific “weight” based on its importance, while the sum of the total points for all objectives should add up to 100. The overall ISPA score, thus, depends on a special mathematic formula, which takes into account the special relevance of two key criteria (work objectives and competencies) for specific civil service positions.

Annex 3:

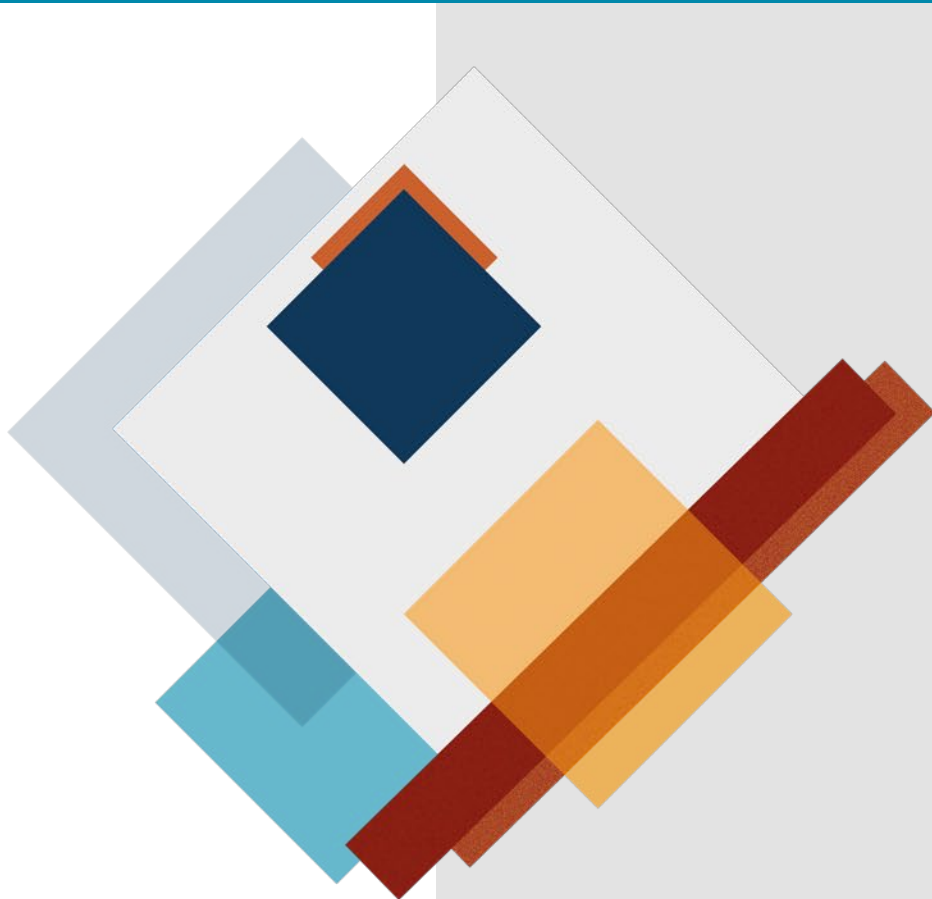
The most common biases during ISPA

Halo error	One element from the performance favourably determines the overall perception of the performance
Horn error	The opposite of halo error. Downgrading a civil servant across all performance dimensions exclusively because of poor performance in one dimension
First impression error	Developing a negative/ positive opinion of an employee early in the review period allowing this to influence later perceptions of performance
Recency error	The opposite of first impression error. Allowing performance (good or bad) at the end of review period to play too large a role in determining the entire period
Leniency error	Consistently rating someone higher than is deserved
Severity error	The opposite of leniency error. Rating individuals consistently lower than is deserved.
Central tendency error	Avoiding extremes in ratings across employees.
Clone error	Giving better ratings to an individual who is like the assessor in behaviour and/or personality.
Spillover error	Continuing to downgrade an employee for performance errors in prior rating periods

(Sources: Milkovich, G., Newman, J., and Gerhart, B. 2014. *Compensation*. McGraw Hill; Berman, E.M., Bowman, J.S., West, J.P. and Van Wart, M.R., 2016. *Human resource management in public service: Paradoxes, processes, and problems*. Sage)

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