I. RATIONALE

Human resources are an agency’s most valuable asset. They define the efficiency, effectiveness and over-all quality of service in any industry. The government sector is no exception. The need to establish an effective system that accurately evaluates the performance of its workers for the purpose of determining tenure, transfers or promotions, and appropriate incentives is of absolute urgency.

While policies and systems for employee performance evaluation have long been in place in government, there has been an increasing demand to review the existing system, i.e. demand for public servants to produce tangible results by “making a difference” instead of “just keeping busy”, demand for increased accountability by performing the mandate of the organization, the need to correct the notion that a permanent appointment guarantees security of tenure. Hence, the call for the Philippine Civil Service Commission (PCSC), as the HR (Human Resource) manager of the government, to revisit and, as necessary, re-invent the performance management system of the bureaucracy.

II. BACKGROUND

In 2003, the PCSC, on a funding from the United Nations Development Programme (UNDP), embarked on the re-assessment of the existing Performance Evaluation System (PES), the appraisal system of the PCSC, and development of a new tool/instrument that will establish a culture of performance and accountability in the bureaucracy. The Performance Management System (PMS) was developed which meaningfully and objectively links employee performance vis-à-vis its Organizational Vision, Mission, and Strategic Goals.

The PMS employs the concept of performance contracting. In the private sector, performance contracting, also known as pay-for-performance, is the practice of linking pay to performance indicators mutually agreed upon by the contractor and the contractee. In business, CEOs are paid on the basis of their performance—they get a bonus if profits increase; a decrease for ailing financial results. The user of performance contracts, at least insofar as the business sector is concerned, has demonstrated – repeatedly and frequently – how accountability and consequently, results are assured when pay is tied to performance.

In a similar manner, CSC contemplates the institutionalization of performance-based security of tenure in government. It endeavors to purposely link
performance with one’s security of tenure in the service as a means of professionalizing the Civil Service and in so doing, redeem the perverted notion of security of tenure as the shield and protector of incompetence in the bureaucracy.

In the last quarter of 2003, the PCSC Chairperson led the team in testing the new tool developed to assess the performance of Division Chiefs (DCs) of its own offices. This strategy was employed by the PCSC for new HR mechanisms/programs before rolling out these HR Programs to the bureaucracy to test primarily the doability of proposed HR Programs and to refine mechanisms along the way.

The DCs, as middle managers, were chosen as a focal point because it was recognized that they are the “fulcrum” in agency operations and are pivotal in the organization’s success. Being the fulcrum, the DCs provide both support and balance; on one hand, the management or their director-superiors demands them to execute strategy and deliver results; and on the other, subordinates expect them to develop, lead, motivate and inspire them to perform exceptionally. The DCs are situated at the intersection of almost all horizontal and vertical transactions in the government.

The tool was pilot tested to thirty one (31) DCs of twelve (12) offices in the Central Office of the PCSC. The DCs were asked to prepare their performance contracts using a prescribed format that among others required them to classify outputs according to routine and project, identify their outputs and outcomes of each commitment, use standards of quality, quantity, and timeliness agreed upon with their supervisors. The Performance Contract between the Rater (Office Director) and the Ratee (Division Chief) set the expectations on the work to be done and results to be attained as well as measures to monitor, review, and assess performance. It contained a written agreement describing what outputs to be produced and how well an output must be accomplished in order to meet expectations. In writing the technical standards, the results were described through the following general and specific measures: Quality, Quantity, and Timeliness.

However, only a very small percentage were able to comply satisfactorily with the expected quality and comprehensiveness of the performance contracts. Henceforth, the PCSC hired a consulting firm to assist the DCs in preparing performance contracts. In the first quarter of 2004, the orientation and pilot testing of the Performance Contract tool was done among DCs of PCSC Regional Offices. Due to the uniformity of organization and nature of work of DCs across Regional Offices, it was easier to standardize certain outputs. The use of the instrument to rate the performance was encouraged in the first semester of 2004. At the end of the semester, the results came back from the various offices of the PCSC.

The results posed a number of problems with performance review and feedback under the proposed system. Primarily, there was difficulty of
comparing the ratings across various offices since the outputs were assessed by different raters (Directors) and using different standards. Hence, the system went back to the drawing board.

At the time that the PMS was undergoing revision, the working group under the direct guidance of the PCSC Chairperson, was also developing the Office Performance Evaluation System (OPES), which uses the concept of a points system to measure the collective performance of people under an office. In the 2005 Directorate’s Conference of the PCSC, the Chairperson presented the OPES (for full description of the OPES, please see Section VI) to all Central Office and Regional Office Directors for validation. By the second semester of 2005, the common standards for common outputs across divisions, offices and regions were incorporated in the OPES Output Table.

After noticing that the OPES points system is easier to understand and implement, the original PMS for Division Chiefs was revised to incorporate the points system with the performance contracting concept to measure the performance of the DCs. The system was then used as the standard in PCSC offices to rate 2005 performance.

Encouraged by the success as indicated by the fast imbibing and use of the system by the offices and persons involved in PCSC, the PCSC by the first quarter of 2006 decided to pilot the PMS in seven agencies in government, among which the CESPES tool was earlier pilot-tested. When the PCSC Chairperson presented the PMS in government agencies in various fora, the working group received requests from a number of agencies not originally identified as pilot agency to be included in the pilot-testing. As of third quarter of 2006, the PCSC is presently pilot-testing the system to 14 agencies. The lessons and experiences from the pilot-test in these agencies were used to further fine-tune the system, in preparation for the full roll-out and installation bureaucracy-wide this year.

III. THE PMS AND ITS OBJECTIVES/GOALS

The PMS Concept

Performance management is defined in several ways. Some are stated as follows:

- Performance management is the process through which managers ensure that employees’ activities and outputs contribute to the organization’s goals.¹

- Performance management is a scientifically based, data-oriented management system. It consists of three primary elements—measurement, feedback and positive reinforcement. Although each of these elements can exist along, all three must be present before you have true Performance Management.²

- Performance management is the activity of tracking performance against targets and identifying opportunities for improvement - but not just looking back at past performance. The focus of performance management is the
future - what do you need to be able to do and how you can do things better?\(^3\)

- U.S. Office of Personnel Management defines performance management as the systematic process by which an agency involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission goals. It includes:
  - **planning** work and setting expectations
  - continually **monitoring** performance
  - **developing** the capacity to perform
  - periodically **rating** performance in a summary fashion
  - **rewarding** good performance\(^4\)

Richard S. Williams, in his book “Performance Management: Perspective on Employee Performance” mentioned that one of the things that writers on performance management agree about is that performance management is difficult to define though it is possible to discern three main perspectives or types of model:

- as a system for managing organizational performance;
- as a system for managing employee performance;
- as a system for integrating the management of organizational and employee performance.\(^5\)

The CSC’s Performance Management System (PMS) falls under Williams’ third type of performance management system model. The CSC’s PMS is a system which would meaningfully and objectively link employees performance vis-à-vis the agency’s Organizational Vision, Mission and Strategic Goals. It is a technology composed of strategies, methods, and tools for ensuring fulfillment of the functions of the offices and its personnel as well as for assessing the quality, quantity and timeliness of the accomplishments.

The PMS introduces the concept of performance contracting. The use of performance contracts, at least insofar as the business sector is concerned, has demonstrated – repeatedly and frequently – how accountability and consequently, results are assured when pay is tied to performance. The objective is to demonstrate the efficacy of performance contracting in the public sector, particularly as a tool to institutionalize performance-based, meaning contribution, commitment or accountability-based security of tenure.

The system is also seen as a significant link in the entire process of attaining the Commission's goals because it aims to produce information useful in planning, management and decision-making processes and to help address crucial management issues and constraints.

The PMS hopes to successfully implement a contribution-based and accountability-based security of tenure and meet the ever increasing clients’ demands and expectations for excellent service from the highly initiated corps of public servants.

Currently, the Commission uses the term PMS to denote the integrated evaluation system which composes a set of different sub-system that
measures the performance of the offices (collective performance of the individuals), the Directors, the Division Chiefs, and other office staff.

**The PMS Objectives**

The following are the objective of the PMS:

1. To align individual performance goals with the organization’s strategic goals/vision;

2. To ensure organizational effectiveness by cascading institutional accountabilities to the various levels of the organization’s hierarchy;

3. To have performance management linked to other HR systems; and

4. To link agency overall performance to the Organizational Performance Indicator Framework, to the Agency Strategic Plan, and to the Medium-Term Philippine Development Plan.

**IV. COMPONENTS OF THE PMS**

Initially, CSC used the term Performance Management System for the system it developed for managing the performance of the DCs. However, as the development of the OPES, the term PMS is now used by CSC as the integrated system for managing performance composed of the following sub-systems:

1. Career Executive Service Performance Evaluation System (CESPES) – This is an evaluation system for measuring the performance of the Directors or the third level officials of the Bureaucracy.

2. Performance Evaluation System (PES) – This is an evaluation system for measuring the performance of the second level employees of the government. There are two different tools currently being employed for this purpose. One is for measuring the performance of the Division Chief (DC-PES) and the other is for measuring the performance of the staff below the DC level position, the Rank-and-File employees (RF-PES).

3. Office Performance Evaluation System (OPES) – This is a system for measuring the collective performance of the individuals in the office or divisions. It involves using a point system to simplify the measurement process.

**V. THE PMS CYCLE/PROCESSES**
1. **Performance Planning and Commitment** – This is done at the start of the performance period where all division heads will meet with their staff and agree on the employee’s Performance Contract for the period based on the Office Work Plan finalized and approved during the Performance Planning which was usually conducted on the last quarter of the previous year. For the DC-PES, it must clearly define expectations in terms of performance objectives or technical outputs (80%) and managerial competencies (20%).

- Performance objectives and expectations
- Methods/mechanisms for performance tracking

**Sources**
- Work and Financial Plan
- Performance Continuum
- OPES Output Table
- PMS Calendar

2. **Performance Monitoring and Coaching** – This is the phase where the rater monitors the work activities by periodically checking on the progress and quality of work output of the employee. The rater is expected to address factors that either help or hinders effective work performance and design tracking tools or monitoring strategies as may be needed.

- Monitoring of performance
- Provision of feedback, coaching; promoting development

**Sources**
- Work and Financial Plan
- Supplemental Contract
- Monitoring Report
- PMS Calendar

3. **Performance Review and Feedback** – This phase aims to measure employee’s commitments in the performance contract. The rater objectively determines the gaps between the actual and desired performance using tracking tools. This is also composed of the Performance Rating Scale and the Managerial Competency Rating Scale through the ePMS, a computer-based questionnaire that measures the managerial competence of Division Chiefs.

The ePMS measures the managerial competence of DCs in four areas: (1) technical competence, (2) management of work (planning and programming, monitoring, problem solving/strategizing), (3) management of people, and (4) management of funds and resources.

- Reviewing performance and assessing progress

**Sources**
- Work and Financial Plan
4. **Performance Evaluation and Development Planning** – in this process, employees are ranked within clusters and categorized based on complexity of work and accountability. This also forms part of the discussion between the rater and the ratee where they assess competency-related performance gaps and the opportunities to address these gaps, career paths and alternatives.

- Analyzing and comparing/ranking performance results
- Career Planning, Reward and Recognition

**Sources**
- Work and Financial Plan
- Validated Accomplishment Report
- Performance Review Report
- Supplemental Contract
- Performance Continuum
- e-PMS Results
- OPES Output Table
- PMS Calendar

VI. **THE OPES CONCEPT**

The unique component of the PCSC’s PMS that differentiate it with other performance management system is the Office Performance Evaluation System (OPES) and the use of the points system. The OPES is a system for measuring the collective performance of the individuals in an office. The main idea in the OPES is the use of points system to facilitate performance evaluation simplifying the measurement process.

The OPES seeks to capture the totality of performance by the similar units (Division and Field Offices), to compare similarly situated units, to compare large operational units, to identify performance gaps and corresponding interventions for improvement, and to be a significant link in the entire process of attaining the Commission’s goals because it aims to produce information useful in planning, management, and decision-making process.

By using points system, offices can objectively compare each unit’s productivity even if there are differences in the type of outputs. Moreover, it also assists in setting objective and comparable expectations from different offices based on the number of personnel in each office.
A major activity in the development of the OPES is the creation of the PMS Output Table which is the listing of the different outputs of the offices together with the corresponding points per output, performance indicators, and operational definitions. The PMS Output Table is a major tool for measuring the performance of the offices. The points per output is determined by using the conversion one (1) hour of work = one (1) point. In other words we give one point for every hour it takes to complete an output. It is based on the average time it takes to complete an output if performed continuously by an average, competent worker. (See attached example for determining the points of an output)

Based on the PMS Output Table, the accomplishments of the offices will be measured by counting the number of outputs it produced for a given period and calculating the corresponding points and then benchmarking it to the set target at the beginning of the rating period.

Target points are established by computing the number of working days in calendar year and transposing it into hours and then into points. This will serve as indicator for individual target points. Then office target is determined by multiplying the individual target points by the number of office personnel.

However, not all activities being done in the work place are output producing. Some activities such as answering phone calls, attending meetings, photocopying, faxing, etc. are necessary but indirectly adds value in producing outputs. Such outputs are called non-quantifiable activities since their contribution to the value chain is difficult to measure.

Therefore, considering the existence of non-quantifiable activities, which impact to the total office performance varies, the total target of an office is discounted by a certain percentage. This discount will account for the non-quantifiable activities.

In the Philippines Civil Service Commission, it was computed that the average working hours in a year of one employee is 1944 hours, which is equivalent to 1944 points. The target points for each office is then set by computing a certain percentage of the total working hours available for each office personnel and then multiplying it by the total number of personnel in that office. For central offices the target is 50% of the 1944 multiplied by the number of office personnel while for regional offices the target is 70% of the 1944 multiplied by the number of office personnel. The target for the regional offices is higher than that of the central offices given that there are less non-quantifiable activities performed in the regions and the work is considered more routine.
VII. THE PMS IN COMPARISON WITH OTHER PERFORMANCE EVALUATION SYSTEMS

Every organization that wants to develop and compensate its employees needs to have some systems for determining where they are doing well, where they need help, and what their job is “worth.” This is the job of performance appraisal or evaluation systems. Some of its uses include:

- giving feedback to employees
- giving directions to employees
- identifying training needs
- fostering communication between manager and employee
- providing evidence for promotion decisions
- providing a basis for compensation decision
- serving as a defense in legal cases associated with promotions or terminations

The traditional evaluation systems normally measures performance using a set of indicators such as input indicators, capacity indicators, output indicators, outcome indicators, efficiency and cost-effectiveness indicators, and productivity indicators. This seems to be a complex method since each employee will set unique indicators that will be used to evaluate his or her performance. By using the points system like in OPES, some of the indicators can be combined into a single measure or indicator. This makes the administrative work of performance evaluation system easier because one is able to concentrate only in one type of indicator.

The PMS aims to maintain and improve the ability of the organization to achieve corporate objectives through the development of strategies designed to enhance the contribution of manpower at all times. By having a set of evaluation tools that measure different group of employees, the tools tend to validate the result of each other.

Although as of the moment the PMS mostly measures outputs, the plan in the future is to improve the system to also measure outcomes which have a greater impact to the people that the Philippine bureaucracy serves. Using simple concepts as the points system, the PCSC hopes to achieve its objectives through simple methods that can be easily applied by other government offices.
VIII. DEFINITION OF TERMS

e-PMS – a computerized feedback survey instrument that gathers rank-and-file employees’ perception on the managerial competence of their Division Chief.

OPES Output Table – a listing of outputs and their corresponding points and operational definitions.

Performance – (1) the degree of accomplishment of the tasks that make up an employees job. It reflects how well an employee is fulfilling requirements; (2) the record of outcomes produced on specified job functions or activities during a specified time period.

Performance Continuum – is a chart indicating the levels or degree of accomplishment of an individual/office compared to the single or exact point, which is the “meet expectations” level. An individual may either go beyond expectations or fall below the expectations.

Performance Contract – also known as performance agreement, defines expectations—the work to be done, outputs to be produced or the results to be attained.

Performance Review Report – a form used by the Head of Office in rating the Division Chief.

Planning – a logical and systematic approach of formulating the objectives, programs, policies, procedures, budgets, rules and regulations, and other types of plans.

PMS Calendar – a guide which tells when and what reports must be submitted to which office and when PMS activities must be undertaken.

Supplemental Contract – a tool for revising what have been agreed upon during the performance planning and commitment stage.

Work and Financial Plan – a document indicating the activities that will be done as well as the deliverables that will be produced by an Office or Division. It also contains information on the resources that will be used in accomplishing the goal and objectives of the division for the year.
REFERENCES


