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Civil service reform and performance management in Ghana and Zambia since 1990

In brief

- Both Zambia and Ghana have tried repeatedly since 1990 to link civil servants' performance to incentives by introducing performance management systems. Despite these efforts, there have been no cases in either country where individual performance has been successfully and sustainably linked to rewards or sanctions.

- To understand patterns of individual performance, the researchers argue that performance management should be thought of as a repeated and interdependent cycle of target-setting, assessment, and incentives.

- The results suggest that even without any incentives, some workers say that the process of setting targets in conjunction with their superiors and then assessing them has been useful – but the promise of incentives, and then failure to deliver them, undermines the usefulness of these aspects of performance management systems.

- Governments should reconsider their goal of linking significant incentives to performance and focus on enhancing the parts of performance management that stimulate discussion, communication, and culture change.

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Overview of the research

The idea that a lack of individual incentives is at the core of poor performance has been widely taken for granted by reformers working in and with civil services in Africa. Performance management policies to operationalise such incentive schemes have been at the core of many of the efforts at civil service reform that have taken place since the late 1980s. In Ghana, for example, nearly every significant reform from 1987 (World Bank 1987) to the present (Government of Ghana 2017) has emphasised the need to link individuals' performance to rewards and sanctions. This carrot-and-stick approach to improving performance is intuitive, but despite all these efforts to introduce the performance-linked pay, the continued demand for such systems suggests that past reforms have been less than successful. How often have governments tried to put such reforms into practice? How often have they succeeded? And why?

We address this gap by documenting the patterns of performance-oriented civil service reform since 1990 in two countries that have undertaken numerous such reforms: Zambia and Ghana. We identified and collected data on two dozen reform episodes in Ghana and Zambia over the last 30 years, interviewing nearly 60 civil servants and reviewing almost 300 project documents and academic studies.

While the details vary across schemes, they share a common ideal-type: at the start of each year, individuals agree on objectively measurable targets with their supervisor; these are then assessed at the end of the year; and based on their measured performance, individuals are rewarded or sanctioned through means such as pay, career progression, and/or contract renewal. Ghana's 2013 Performance Management Policy sets out the vision of these reforms: "every individual including Heads of the Public Services, Chief Executive Officers/Chief Directors, Heads of Departments and Directors are to have annual performance targets whose attainment will be enforced by appropriate combinations of incentives and sanctions." (Public Services Commission N.D., 3).

Results

While there are occasional reports of a handful of individuals being disciplined or receiving non-financial rewards, these are few and far between. Much more common are sentiments like the civil servant in Zambia remarked that the annual staff appraisal system "was not taken seriously. If you have an appraisal, you need incentives," (Interview ZAM7, May 2019) while another explained that the system "has mainly been used for administrative convenience…I have never seen someone be demoted due to bad performance." (Interview ZAM17, May 2019). An external evaluation remarked "The result in many instances is a report replete with inconsistencies, contradictions, and very little assessment of performance that bears little relation to a real work plan and virtually none to the

organisational and strategic plan." (Universalia 2008, 27).

What has happened to all these incentive systems? The results are striking: over 30 years across both countries, we observed zero successful examples of incentives being systematically and sustainably linked to individual performance. Even when the systems were fully introduced, the promised incentives and punishments never materialised, and the system was viewed largely as a formality disconnected from meaningful consequences.

Why is this pattern so strong and consistent? Case studies of each reform identify specific reasons why each one failed in isolation, but the overall pattern suggests that something more fundamental is going on.

Perfomance management

We argue that to understand this, one has to think of performance management as a repeated and interdependent cycle of target-setting, assessment, and incentives – as summarised by the diagrams below. Every step of this process has to work correctly for the system to work as intended, which means that a problem affecting (for example) delivering rewards and sanctions will also undermine the target-setting and assessment stages.

We document a set of interlinked causes and consequences of the absence of incentives. These are summarised in *Figures 1* and *2,* which starts in *Figure 1* with the simplified model performance management cycle that these reforms aimed to create. To this model, we have added a set of key assumptions which underlie the steps that were supposed to be taken at each point in the cycle, based on the evidence we present in *Figures 1* and *2.* Below, in *Figure 2*, we have mapped out what tended to happen in both countries under these performance management systems.

Figure 1: Intended performance management cycle in Zambia and Ghana

Targeting

What is supposed to happen:
- S.M.A.R.T. targets cascaded from org/ team workplan
- Targets align with tasks worker will be responsible for

Key assumptions:
- Worker and supervisor invest time in developing meaningful targets
- Org/team targets are S.M.A.R.T.
- Org/team targets are divisible into individual tasks
- All/most tasks can be foreseen at start of year

Incentives

What is supposed to happen:
- Rewards for good performers
- Sanctions for bad performers

Key assumptions:
- There is differentiation in assessed performance
- Applying sanctions is politically feasible (team dynamics, party politics and media)
- Resources available to fund rewards

Assessment

What is supposed to happen:
- Workers evaluated objectively against targets
- Good performers score well, bad performers score badly

Key assumptions:
- Targets are S.M.A.R.T. enough to be assessed objectively and verifiably
- Target completion not undermined by factors outside worker's control (resources/ logistics, complementary tasks)
- Supervisor willing to grade workers differentially (team dynamics, party politics and media)

Source: Authors' synthesis.

Figure 2: Actual performance management cycle in Zambia and Ghana

Targeting

What actually happens:
- Targets are too easy or too hard
- Targets are vague, incomplete, and/or not aligned with actual tasks

Why?
- If incentives are expected, workers push for easy targets
- If incentives not expected, workers and supervisors don't take targeting process seriously so targets are vague/ incomplete
- Many key tasks are unpredictable or depend on external factors

Incentives

What actually happens:
- Performance-based rewards are not given
- Sanctions almost never applied

Why?
- Little differentiation in assessed performance
- Applying sanctions is not politically feasible or in the interest of individual supervisors
- Rewarding everyone who scores highly would be too expensive

Assessment

What actually happens:
- Almost everyone scores highly

Why?
- Targets were not S.M.A.R.T. and/or did not align with individuals' actual tasks
- Necessary resources and/or complementary inputs were not provided, so individual accountability feels unfair
- Scoring everyone highly avoids accusations of bias and discord within the team; supervisors have no incentive to score anyone poorly

Source: Authors' synthesis.

Targeting stage

At the targeting stage, for workers to set SMART targets aligned with both their workplan and the tasks they will be responsible for during the year, the following conditions (*Figure 1*) must hold:

- Both workers and supervisors must invest adequate time in developing meaningful targets;
- Organisational or team targets from which the individual targets are derived, must themselves be SMART;
- Organisational or team targets must be divisible into individual tasks so that lines of responsibility can be clearly defined; and
- All or most of the key tasks that individuals will undertake during the year must be able to be foreseen at the start of the year.

However, in reality, most workers ended up with targets that were vague, incomplete, or disconnected from their actual duties. In most cases, this was because the promise of incentives were not credible – particularly after they had failed to be delivered before – and so workers and their supervisors did not think it was worth investing time into developing a meaningful set of targets. In the rare cases when the promise of incentives was credible, workers then had an incentive to set up relatively easy targets that would be easy to overperform on. Furthermore, the work of most civil servants is difficult to predict comprehensively, and so workers and supervisors found it necessary to retain some degree of ambiguity to accommodate unexpected tasks.

Assessment stage

At the assessment stage, the overwhelming trend in most cases was that almost everyone scored very highly – except for performance contracts for Permanent Secretaries in Zambia, where everyone scored poorly. Both outcomes arguably arise from failures at the target-setting stage: since targets were not SMART they could not be objectively evaluated, and the dependence of many civil servants' tasks on external factors like budget availability or stakeholder cooperation made it unfair to penalise civil servants for many of their failures to meet their targets. Supervisors' path of least resistance was, therefore, typically to score (nearly) all workers as performing well, to avoid bad feelings, accusations of bias, and discord within their teams.

Incentives

These failures at the targeting and assessment stages had knock-on effects that made it impossible to allocate meaningful incentives. Since everyone scored well and there was little differentiation in performance, rewards would be prohibitively expensive or infeasible and sanctions would be unfair. Even in the rare cases when there was strong evidence that an individual was performing poorly, both governments found it politically difficult to punish people. This was both due to individual managers' hesitancy to get involved in messy and time-consuming fights, as well as to political interventions

and the desire to avoid accusations of bias or politicisation. This absence of incentives then undermined the next year of the cycle, since officers and their supervisors had even less incentive to invest energy into developing meaningful targets and so on. This has led to some degree of scepticism around the impact of these reform efforts: "We've done performance management reforms, the project came, we've trained people on the instruments and so on, but have we got our money's worth? I'd say not." (Interview GHA13, December 2018).

Impact

While this study provides strong evidence that the dominant model of performance management has not been successful in Zambia or Ghana, it also suggests that these reforms have had some positive impacts to the extent that the target-setting and assessment stages have been successful at convening conversations around responsibilities and performance that would not otherwise have happened. Numerous civil servants at all levels of seniority emphasised during interviews that these conversations were valuable and attributed them to the performance management process. While we lack the large-scale evidence and counterfactual that would be necessary to be certain that the performance management process caused these conversations to happen, this is nonetheless suggestive evidence that the target-setting and assessment stages of performance management can have positive effects on performance even without hard incentives.

It's also important to note that the patterns we observe in Ghana and Zambia are broadly consistent with the evidence on performance management systems in civil services in high-income countries, which are mostly sceptical about the history of and prospects for performance-linked incentives, while nevertheless emphasising that the conversations and culture change sparked by performance management systems can still be beneficial, even without the actual incentives (e.g. Radin 2006; Rainey 2006; Heinrich 2007; Moynihan 2008; Heinrich and Marschke 2010).

Most importantly, this finding poses a question for the designers of future performance management reformers: if linking performance management systems to incentives is unlikely to succeed and risks undermining the parts of the system that do create benefits – at least for middle- and upper-level civil servants – is it still worth building these systems around the assumption that their benefits come from carrot-and-stick incentives?

Policy recommendations

General

- Even without incentives, many people find performance management systems useful because they stimulate conversations with their superiors and stakeholders that they would not have otherwise. Governments should consider how they can design and implement the performance management process to maximise these types of

exchanges and get officers and their supervisors and stakeholders to participate honestly and openly.

- To facilitate this, Governments should reconsider whether systematically linking incentives to individual performance should be a goal of their performance management systems. The lack of successful examples of such incentive systems in Ghana, Zambia, or high-income countries suggests that this may not be an achievable goal, even if one thinks it would be desirable in principle. While some types of incentives and sanctions may be appropriate in certain cases, there is no evidence to suggest that creating an objective scheme with automatic rewards and punishments is a realistic goal.
- Governments should simplify its staff appraisal template to make it easier for officers and supervisors to engage with. Ghana's recent revision to its appraisal template is an example of how this can stimulate engagement.
- Governments should focus training on the appraisal system, not on how to come to the "correct" score at the end, but on how supervisors and subordinates can use the process to help with having open and frank conversations throughout the year.
- Rather than seeking to create new mechanisms that use objective indicators to allocate rewards and sanctions, governments should seek to strengthen the implementation of existing processes, such as promotion interviews, transfers, and delegation of important responsibilities as a way to differentiate between high and low performers.

Ghana

- The Chief Director Performance Agreement system is widely admired, with rank-and-file staff expressing its positive impact on management – even without strong incentives attached to the scores.
- The usage of the annual appraisal system has improved in recent years, but its implementation is still uneven and staff are still overly focused on following the letter of the process rather than its spirit. Further training focused on using the appraisal process to spark conversations about responsibilities and performance could be beneficial.

Zambia

- The APAS system is widely viewed as a formality. Following Ghana's example, there may be scope to introduce a simplified version which focuses on setting realistic targets, establishing meaningful responsibilities and scope of work for each employee for each year, and stimulating dialogue about performance and professional development.
- The Permanent Secretaries' Performance Contract system is widely admired in principle, but the targets are unrealistic because they are taken too directly from the National Development Plan, which cannot always be implemented exactly each year. While good in principle, this undermines the whole system. The target setting process should be revised to focus on a smaller number of priority outputs that are feasible to deliver. Ghana's Chief Director Performance Agreements system may be an example in this regard.

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