International Journal of Business and Management
www.ccsenet.org/journal.html
Vol. 4, No. 4
April 2009

A Case for Performance Management in the Public Sector in Nigeria

Bassey B. Esu (Corresponding author)
Department of Marketing, University of Calabar
PMB 1115 Calabar, Nigeria
Tel: 234-8034-740-556 E-mail: esubenjamin@yahoo.com

Benjamin J. Inyang
Department of Business Management, University of Calabar
PMB 1115 Calabar, Nigeria
Tel: 234- 8033-773-403 E-mail: benji1955.unical@yahoo.co.uk

Abstract

The public sector in Nigeria has suffered setbacks which are largely attributed to ineffective and inefficient management. Performance management is a tool which focuses on managing the individual and work environment in such a manner that an individual/team can achieve set organizational goals. It is a relatively new concept in human resource management. The paper gives a perspective of the public sector in Nigeria and presents the performance management system as one such tool that can enhance the performance of the public executing agencies.

Keywords: Performance management, Motivation, Organization, Individual, Human resource, Nigerian public service

1. Introduction

Businesses exist to meet the needs and wants of a society. A business is any activity that seeks to make profit by providing goods and services to others (Nickels, McHugh and McHugh, 1999). Businesses used inputs from the environment and transformed them into outputs such as food, clothing, housing, medical care, transportation as well as other things that add meaning to human existence (leisure and recreation). There are different types of business organizations - the profit and the not-for-profit organizations. The former is interested in making monetary gains for its owners, while the latter do not seek monetary gains for its owners.

The performance of these businesses is predicated on several factors. Many businesses have failed to meet the objective or purpose of its formation. This has been the experience in all economies. It is more worrisome in the developing economics of the world where managers lack the requisite managerial skills in management. It is one thing to formulate individual and organizational objectives, and another thing is to achieve the set targets, sustain task-level and later improve on performance. The fact that most of the businesses (both large and small scale business) that we saw in our communities, states and country are no more in existence, means that something is wrong somewhere.

Although there is a plethora of studies on the reasons why businesses failed (Esu, 2003; Abram, 1981), this paper argues that most public sector businesses failed because of ineffective and inefficient performance management system. Drawing from the above, we opine that the reasons for the failure of most of the public sector enterprises in Nigeria are not because of its public or government ownership status. The Wall Street Journal (2003) quoted Michael Klein, the World Bank's Vice President for private sector development as saying that, 'now it doesn't matter so much whether infrastructure is in public or private hands'. The inference from Klein's statement is that what matters in business is not the ownership status, but the quality of management. It is on this premise that the authors argue for the implementation or adoption of performance management system as a tool for increase efficiency of the Nigerian public sector executing agencies.

Performance management is a new concept in human resource management. In Nigeria the performance of staff of executing agencies or public enterprises is limited to budget monitoring and annual performance evaluation. However, experts are of the view that there is no linked between employee performance and financial data (Pollitt and Bouckaert, 2004).

This paper therefore seeks to elaborate on the meaning, purpose, design, development and implementation of performance management system. It is our hope that it will position today's Nigerian public sector managers to efficiently set performance management systems that will offer the citizenry all the deliverables for individuals, organizations and the society at large.

The information used for this paper was based on an extensive literature review of local and international materials available to the authors. This paper has five main objectives:

1) To explore the historical antecedents of the public service in Nigeria;

2) To identify the theoretical under-pinning of performance management;

3) To capture the taxonomy of performance;

4) To highlight the benefits to be derived from the implementation of a performance management system; and

5) To propose a model for the implementation of performance management system in Nigeria.

2. Public Service in Nigeria

The Nigerian public service "is a product of colonialism, established as an instrument of the British colonialist, from the late 19th century" (Inyang, 2008a: 52). According to Tokunboh (1990), the system of state enterprises begun in 1898 when the British colonial administration undertook the railway transport project from Iddo in the capital city of Lagos to the hinterland. This was followed by coal mining, electricity and marine ports. All these enterprises were established primarily as administrative organs for facilitating trade and commercial activities of the colonial government. In 1949, The Fitzegerald Commission into the colliery trouble articulated the idea of public corporation. This concept was borrowed from the British Labour Party rationalization of British Coal in 1947, electricity in 1949 (Tokunboh, 1990). Subsequently, in 1950s, the following public corporations were established in Nigeria: Nigerian Coal Corporation; Electricity Corporation; Nigerian Cement Company, Nkalagu; Nigerian Railway Corporation, and Nigerian Ports Authority. All the corporations were managed by Boards. Since then more corporations have been established based on national interest. Some state governments have also established public corporations to actualize their developmental interests.

There is a general opinion that most of the public enterprises have failed to deliver on the purposes for which they were established. Management ineffectiveness and inefficiency have been advanced by practitioners and researchers of public enterprises as the bane of the Nigerian public sector (Tokunboh, 1990). The former president of Nigeria, Olusegun Obasanjo (2003) observes that: "Nigerians have too long been feeling short-changed by the quality of public service. Our public offices have too long been showcases for combined evils of inefficiency and corruption, whilst being impediments for effective implementation of government policies. Nigerians deserve better. And will ensure they get what is better". Agagu (2008: 243) asserts that "the public service which was seen as the custodian of rules and regulations and the engine of the development had lost its prestige and confidence. The aftermath of this is the invention of series of reforms which, have led to privatization, downsizing and right-sizing of the public service and even minimizing the role of the public sector in the national life"

In Nigeria, we are living witnesses of the fate of commercial banks in the 1990s, the inability of the re-branded National Electric Power Authority (now called Power Holding Company of Nigeria) to meet the power requirements of the country, the inability of Nigerian National Petroleum Company and other parastatals in the oil and gas sector to provide quality and regular supplies of petroleum products, the failure of our national shipping lines and airlines to provide quality services and remain competitive globally, to mention but a few.

The concept of privatization is old fashion. It was based on the notion of superior private sector efficiency. Evidence from studies done by the International Monetary Fund (IMF) (2004) shows that there is a consistent stream of empirical evidence consistently and repeatedly showing that there are no systematic significant differences between public and private operations in terms of efficiency or other performance measures. The theory behind the assumption of private sector superiority is also being shown to have serious flaws.

3. Theoretical framework

The concept of performance management is theoretically under-pinned on the theory of motivation. There are several motivational theories in the literature: Maslow's needs hierarchy theory, Herzberg's two-factors theory, expectancy theory, goal setting theory, McClelland's needs achievement theory, etc. (Bateman and Zeithaml, 1993; Inyang, 2008b; Kreitner, 1998). Of all these theories the goal setting theory fits the performance management concept best. This is because performance standards are antecedent situations in the employee's work environment. Goals are performance levels which individuals and organizations have agreed upon as performance standards.

Philosophically, the goal setting theory is based on the assumption that people have conscious goals that energized them and direct their thought and behavior toward one end (Bateman and Zeithaml, 1993). People obtained the positions they

are today (whether in profession, politics, athletics or community service) because they were goal-oriented. Many organizations have been turned into empires and conglomerates because they are/or were goal-oriented. Lessons from researchers in goal setting theory show that properly conceived goals trigger a motivational process that improves performance (Locke, 1981). A general goal setting model has four components: goal, motivation, improved performance and feedback on performance.

Goals motivate by directing employee's attention, encouraging effort, encouraging persistence and fostering goal attainment strategies and action plan. For there to be a performance measurement, there must first be a goal setting.

4. Case studies on the implementation of performance management system in public sector management

Barry (1997), reports that Mecklenburg County Performance Management System individualized each component of the work task to suit the particular needs of the department. It involves three steps: performance planning, performance coaching and performance summary.

Hall (2002), also reports that most American counties have institutionalised approaches for improving organisational performance. Performance management is one tool that provides idea for implementing Government Performance and Results Act (GPRA). GPRA is a law that focuses on interpreting strategies and resources to get the outcomes needed for unique missions. The focus of the GPRA through the President's Management Agenda (PMA) is a citizen-centred government that is accountable for results.

Reports from an Australian organization revealed that Performance Management System (PMS) had a more positive impact on performance than it did on employees. The work groups that were already performing well benefited from PMS, whereas those that were not, had a more negative attitude to PMS and was less positive about its impact on performance (Harper and Vilkinas, 2005).

5. Expected benefit of Performance Management System (PMS) implementation

A survey from literature indicates the following benefits of PMS:

1) Performance management facilitates the implementation of business strategy by indicating what to measure, determining appropriate means of measuring, setting targets and linking the measure with organisational performance (Scheiner, Shaw & Beatty, 1991).

2) Performance management improves the organisational performance (McDonald & Smith, 1995).

3) Improves processes within the organisation (Rummler & Brache, 1995).

4) Improves employee performance (Egan, 1995; Longenecker & Fink, 1999)

5) Improves team performance (Kenett et al., 1994; Lawler, 1994)

6) Eases implementation of change in the organisational culture (Wellins & Schultz Murphy, 1995)

7) Improves customer satisfaction (Bilgin, 207)

8) A competitive advantage is obtained (Bilgin 2007)

9) Improves quality of supervision (Bilgin, 2007)

6. Meaning and scope of performance management

The concept of performance management was first used by Beer and Ruh (1978). The concept was popularized in the mid 1980s (Akata, 2003). Armstrong and Baron (1998) and Armstrong (2004: 477) describe performance management "as a strategic and integrated approach to delivering sustained success to organisations by improving the performance of the people who work in them and by developing the capability of teams and individual contributors." Akata (2003:14) considers it as "a systematic and holistic (all-embracing) process of work planning, monitoring and measurement aimed at continuously improving the teams and individual employee's contribution to achievement of organizational goals". Oladimeji (1999:51) defines performance management as "a means of getting better results from the organization, teams and individuals by understanding and managing performance within agreed framework of planned goals, objectives and standards".

The three definitions show that performance management has the following characteristics; strategic (concerned with the broader issues facing the business), systemic, systematic and holistic. It is integrated in four ways: vertically aligning business teams and individual objectives; functionally integrated; human resource integration and integration of individual needs.

To increase our understanding of performance management, we draw from the definition of the word performance by Brumbach (1988) that: performance means both behavior and results. Behavior emanates from the performer and transforms performance from abstraction to action. As instruments for result, behaviors are also outcomes in their own right - the product of mental and physical efforts applied to tasks - and can be judged apart from results. The scope of

performance is broader than performance appraisal. Performance appraisal according to Fajana (2002:283) "focuses on the extent to which an individual is carrying out assigned duties, as well as joint actions that can be taken by both the supervisor and the subordinate to manage observed variances between set standards and actual performance", while performance management deals with the processes and activities of the organization that enhance the design, development, implementation of performance technologies. It embraces all formal and informal methods adopted by an organization and its managers to increase commitment and individual and corporate effectiveness. Performance appraisal is reactive while performance management is proactive.

7. Establishing performance management system

A performance management system enables individuals and organization to achieve strategic ambitions through processes that are both systemic and systematic (Watkins, 2007b). Performance improvement management systems in the public and private sectors have no differences between them. This is because they both seek to achieve goals - micro or macro. Performance management focuses on future performance planning and improvement rather than on retrospective performance appraisal (Armstrong, 2004). There are several studies that deal with performance management process. Watkins (2007b) offers us the most comprehensive model of performance management system that could be used in the public sector. The system has seven components (see figure 1).

7.1 Identify desired performance

Performance refers to the results to be achieved, while the process of achieving this performance is performing. This is achieved by defining the role profile of the role holder - what is the main output area of the role holder. Performance is a multi-dimensional construct, the measurement of which varies depending on a variety of factors. The desired performance is closely related to the organisation's vision: social responsibility, customer orientation, profitability, corporate image, etc. The desired performance of each employee should begin from the pre-recruitment stage. It should be clearly stated in the medium advertising the position for recruitment. This will help prospective recruits and employees of the organization easily identify with the aspirations of the organization at the point of entry. In the public sector, the vision and purpose of public enterprises are set by legislative instruments. It is the responsibility of the management of the executing agencies or the supervising department or ministry to highlight the desire performance areas of each position in the organization.

7.2 Define performance objectives

Performance objectives of each position are a joint responsibility of both the employee or role holder and the top management. Establishing standards of performance is not a new concept or process. Standards exist whether they are discussed or put in writing. The philosophy behind establishing performance standards is whether to accept or reflect the task/job performed by an employee. Armstrong (2004:488) defines objectives or goals (the terms are interchangeable) as "what organizations, functions, departments and individuals are expected to achieve over a period of time". Objectives could be in the form of targets (quantifiable result to be attained: return on investment, output, throughput, sales, service quality, customer satisfaction) and/or tasks/projects (to be completed by specified dates in the form of completion dates), etc. Objectives should be integrative. Good objectives have the following attributes: specificity/stretching, measurable, achievable, relevant and time framed (SMART).

7.3 Performance assessment

Performance measures are agreed when setting objectives. The crux of the matter is in knowing what to measure and how to measure it. Armstrong (2004) gives five guidelines and classification of performance measurement. These guidelines include:

1) Relating measurement to results and not effort.
2) The results must be within the job holder's control.
3) The measure should be objective and observable.
4) The data relating to the matter should be available.
5) Adopt existing measure where possible.

The following performance indicators are commonly used for performance assessment:

1) Finance (income, shareholder, economic value added etc).
2) Output (units produced or processed).
3) Impact (attainment of a standard, quality, level of service, etc).
4) Reaction (judgment by others, colleagues, internal and external customers).
5) Time (speed of respond or turn-around, achievements compare with time tables, amount of backlog, time to market, delivery time, etc.).

According to Hedge et al., (2007) task level performance standards can be identity through scientific methods that involve administering a job/task analysis questionnaire to representative members of the organization.

Performance is assessed at two levels - performance outcomes and behavior. It is the outcomes of individuals' or team's action or behavior.

7.4 Identify a solution set

Every organization, profit or not-for-profit is confronted with performance problems. These problems must be fixed in order to achieve performance goals or objectives. Problems can be identified using strength, weakness, opportunity and threat (SWOT) analysis. Ogden et al., (2007) develop a model that can help performance managers select solutions for complex problems. The model is called Solution Variable Analysis Tool (SVAT) and Decision Variable Analysis Tool (DVAT). SVAT is designed to assist in root cause analysis, identifying and narrowing possible solutions for root cause and also discriminating between root causes and solutions (Elliot, 1999; Robinson & Robinson, 1999). The SVAT and DVAT produce a set of intervention activities, technically called performance technologies. Secondly, the Human Performance Technology (HPT) Maturity Model can also be used in developing solution sets in the public sector business.

HPT maturity model is a model that guides the progression of an organization. According to the International Society for Performance Improvement (ISPI, 2003), HPT refers to the systemic and systematic identification and removal of barriers to individual's commitment and organizational results. A maturity model is a structured collection of elements that describe the characteristics of effective processes at different stages of development.

The concept of HPT maturity concept is strategically important to the public and private sectors. Pullen (2007: 10) asserts that it is the place to start when considering future growth and identifies necessary events and predictable transition challenges.

HPT maturity model can be used at two levels of a public sector organization. First, lessons from the model can be useful for legislative or funding bodies, oversight agencies or high- level program managers. Secondly, the ideas can be used within an organization that has implemented HPT and wishes to understand more fully the decisions it will use in its performance improvement system. Pullen's HPT maturity model has a five-by-six grid with horizontal and vertical axes. The horizontal axis measures the progression of the organization along a scale of increasing levels of maturity that finally correspond to progression in development. They include: recognizing, understanding, managing, mastering and leading. The vertical axis has six vectors that comprehensively describe an organizational effort to implement HPT in the public sector. They include: accountability (policy, doctrine, and standards), directing (strategy, plans, and tactics), resources (organization, structure, and staff), method (methodology, process and gaps), relationship (culture, clients, and partners), and results (outputs, outcomes and values).

7.5 Design and development performance solution.

At this stage based on the SWOT analysis, the HPT professional could identify the performance management problem. The design of a performance management system serves as a performance intervention that will improve the performance of the employees in critical areas of the organization. What is required is to identify performance technologies (interventions) from the set of solutions in the preceding stage that will lead to better results. Some consideration must be made when selecting performance technologies. These include: 1. Verify alignment 2. Define the roles responsibilities and partnership.

Two commonly used designs or processes as given by Watkins (2007b) are the Electronic Performance Support System and Balanced Scorecard. Some of the performance technologies are monitoring recruitment program, learning, leadership retreats, coaching and work place design. The mix of performance technologies depend on the nature of the performance faced by your organization. It is the commonly used multiple performance technologies (Watkins, 2007b). The performance technologies are expected to improve the performance of the employees if properly designed and developed. Successful performance improvement initiatives rely on the support and commitment of key individuals within an organization as well as external partners. The various roles required in performance improvement process are: initiative leader, initiative advocates, intervention project manager and technical development team.

7.6 Conduct formative evaluation

Formative evaluations provide multiple opportunities for an intervention's deliverables to be examined (Watkins, 2007b) by future users, demonstrated for experts and post-tested in the performance environment. It is also reasonable if formative evaluation can also be done on each performance technology. It should be added to performance interventions prior to implementation. The key roles for formative evaluation in any performance initiative include, receiving feedback, documentation, recommendations, and changing and assessing performance. The best methodology of monitoring and evaluation is to ask those involved - managers, individuals and teams how it works. Armstrong (2004) suggests that evaluation can be carried out by members of the project team and/or by the personnel department, an

independent consultant can be engaged. Formative evaluation is not the same thing as performance review. The latter reflects the past performance.

7.7 Implementation and continual improvement

Implementation refers to the execution or administering of the design of the performance technologies as agreed by team members using available data. The choice of performance technologies will affect the structure of the organization and may make new demands on the organization. No matter how wonderful a strategy or plan is, if it is not effectively implemented, it will lead to failure of performance of individuals, teams and organizations.

8. Conclusion

Performance management is a comprehensive approach for planning and sustaining improvements in the performance of employees and teams, so as to meet standards. In the public sector, annual budgets and annual performance evaluations are used in managing performance-outcomes and behavior. These two deal with the past and not futuristic. The absence of PMS has contributed to the high rate of business failures in the public sector. The adoption of PMS will make public business effective, efficient and sustainable. This will turnaround the Nigerian public sector and enables it to achieve the national goals and remain an influential institution as "an instrument of public service delivery and development" (Kauzya, 2001:3).

References

Abram, B. (1981). Despite mixed records, firms still pushing for new products. *Wall Street Journal*, November, 5.

Agagu, A. A. (2008). Re-inventing the Nigerian public service in an era of reforms. *Pakistan Journal of Social Science*, 5(3): 244-252.

Akata, G. O. (2003). *Strategic performance management: your key to business success*. Ibadan, Nigeria: Spectrum Books Limited.

Armstrong, M. (2004). *Handbook of human resource management practice* (9th ed.). London: Kogan Page.

Armstrong, M. & Baron, A. (198). *Performance management: the new realities*. IPD: London .

Barry, J.M. (1997). Performnce management: a case study. *Journal of Environmental Health*, 10(4): 35. [Online] Available: http://www.questia.com/read/print (Retrieved from September 29, 2008).

Bateman, T.S., & Zeithalm, C.P. (1993). *Management: function and strategy*. (2nd Edition). Illinois: IRWIN.

Beer, M. & Ruh, R. A. (1976). Employee growth performance management. *Harvard Business Review*, July-August, 59-66.

Bilgin, K. U. (2007). Performance management for public personnel: multi-analysis approach toward personnel. *Public Personnel Management*, 36(2):93. [Online] Available: http://www.questia.com/read/print (Retrieved from September 23, 2008).

Brumbach, G. B. (1988). Some ideas, issues and predictions about performance management. *Public Personnel Management*, Winter: 387-402.

Egan, G. (1995). A clear path to peak performance. *People Management*, 18: 34-37.

Elliott, P.H (1999). Job Aids. In H. D. Stolovitch & E. J. Keeps (Eds.), *Handbook of human performance technology: improving individual and organisation performance worldwide.* (2nd ed.) pp. 430-441. San Francisco: Jossey-Bass.

Esu, B. B. (2005). *Introduction to marketing*. Calabar, Nigeria: Jochrisam Publishers.

Fajana, S. (2002). *Human resource management: an introduction,* Ist. Edition. Lagos: Labofin and Company.

Inyang, B. J. (2008a). Human resource capacity building: an imperative for effective performance in the public service. *MRL Journal*, 1(2):50-64.

Inyang, B.J. (2008b). Creating an enabling environment for organizational goal attainment through employee motivation and job satisfaction, *Nigerian Journal of Labour Law Review and Industrial Relations,* 2(2): 92-109. International Monetary Fund (March, 2004). Public private partnership, IMF. [Online] Available: http://www/imf.org/external/np/fed/2004/pitp/eng/031204htm (Retrieved from 25 September, 2008).

International Society for Performance Improvement (2003). What is HPT? [Online] Available: http://www.1spi:org/hpt-instite-hmtl (Retrieved from September 25, 2008).

Hall, M. (2000). Aligning the organisation to increase performance results. *The Public Manager,* 31(2):7. [Online] Available: http://www.questia.com./reader/print (Retrieved from September 29, 2008).

Harper, S. & Vilkinas, T. (2005). Determining the impact of an organisation's performance management system. *Asia Pacific Journal of Human Resources,* 43(1): 76-97.

Hedge, J. W., Borman, W.C., Kubisiak, N.G. & Bourne, M.J. (2007). The development of a methodology for establishing task-level performance standards for apprentice, journeyman, and Master skill levels in the U.S. Navy. *Performance Improvement*, 46(4): 34-41.

Kauzya, J. (2001). A holistic model for managing ethnic diversity in the public service in Africa. Paper presented at UN expert group meeting on managing diversity in the civil service. New York: UN Headquarters. [Online] Available: http://www.UPAN.org.analytical-report.asp pp. 1-11 (Retrieved from September 22, 2008).

Kenett, R.S., Waldman, D. K. & Graves, S. B. (1994). Process performances appraisal systems: a working substitute to individual performance appraisal (in Hebrew). *Total Quality Management*, 5: 267-250.

Kreitner, R. (1998). *Management* (7th ed.) Boston: Houghton Mifflin Company.

Lawler, E. E. (19994). Performance management: the next generation. *Compensation and Benefits Review*, 26(3): 10 – 20.

Locke, E.A. (July, 1981). Goal Setting and Task Performance,1969-1980. *Psychological Bulletin,* 90, 125 -152.

Longenecker, C. & Fink, C. (1999). Creating effective performance approach, *Industrial Management,* 41(5):18-25.

McDonald, K. S. & Smith, A. (1995). A proven connection: performance management and business results. *Compensation and Benefits Review*, 27(1): 59-62.

Nichels, S. W., McHugh, J. M. & McHugh, S. M. (1999). *Understanding business*. 5th Edition. Boston: Irwin McGraw-Hill.

Obasanjo, O. (2003). On SERVICOM. [Online] Available: http://www.servenigeria.com (Retrieved from September 29, 2008).

Ogden, S. A. & Williams, K. A. (2007). Selecting solutions for complex problems. *Performance Improvement*, 46(4): 16-24.

Oladimeji, A. (1999). *Human resource management in Nigeria.* Lagos: Business and Institutional Support Associates Limited.

Pollit, C. & Bouckaert, C. (2004). *Public management reform: a comparative analysis.* (2nd Edition). Oxford: Oxford University Press.

Pullen, W. (2007). A public sector HPT maturity model. *Performance Improvement*, 46 (4): 9-15.

Robinson J. C. & Robinson, D.G. (1999). Performance consultant. In H. D. Stolovitch & E. J.Keeps (Eds.), *Handbook of human performance technology: improving individual and organization performance worldwide*. (2nd edition) pp. 442-451. San Francisco; Jossey-Bass.

Rummler, G. A. & Brache, A. P. (1995). *Improving performance: how to manage the white space in the organization chart*. San Francisco: Jossey-Bass.

Scheiner, C. E., Shaw, D. O. & Beatty, R. W. (1991). Performance measurement and management: a tool for strategy execution. *Human Resource Management*, 30(3): 279-201.

Tokunboh, M. A. (1990). *Public enterprise: the Nigeria experience,* Lagos: Lantern Books.

Wall Street Journal (21 July, 2003). The World Bank as privatization agnostic.

Watkins, R. (2007a). Designing for performance: aligning your HPT decisions from top to bottom (part 1 of a 3-part series). *Performance Improvement*, 46(1): 7-13.

Watkins, R. (2007b). Designing for performance, part 3: design, development, and improve. *Performance Improvement,* 46(4): 42-48.

Wellins, R. S. & Schultz Murphy, J. (1995). Reengineering: plug into the human factor. *Training and Development,* 49 (1): 33-37.

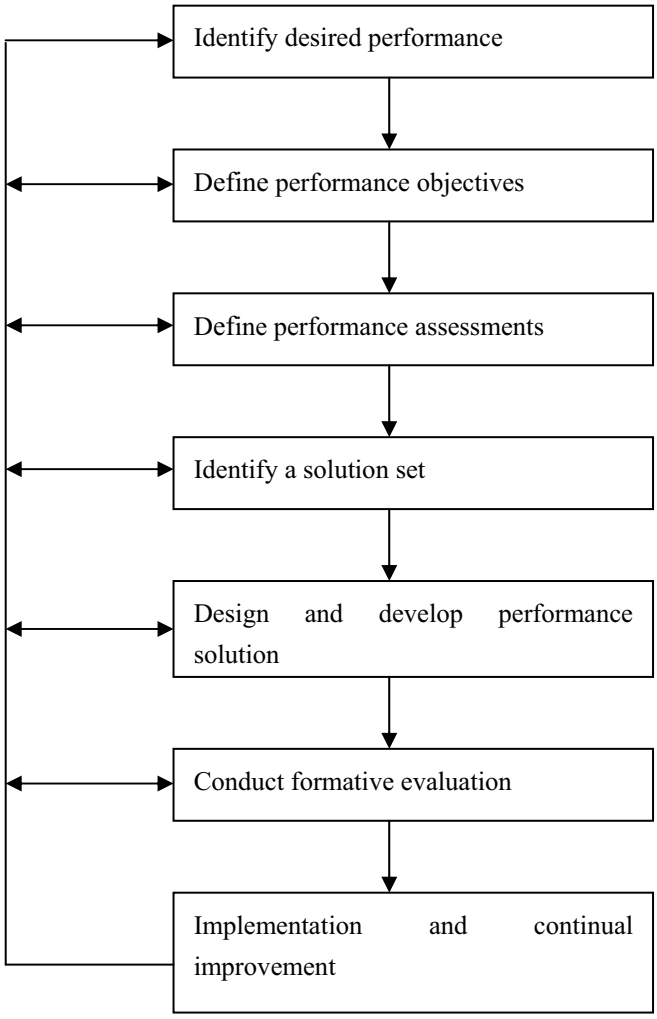

Figure 1. The Performance-by-design Framework

Source: Watkins, R. (2007a). Designing for performance: aligning your HPT decisions from top to bottom (part 1 of a 3-part series). Performance Improvement, 46(2):9-15.