



Introduction to Performance Management

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Objectives

At the end of this session, participants are expected to ...

- Understand the key components of the performance management framework;
- Appreciate why performance management is important at individual and institutional levels; and
- Obtain a high-level overview of how Performance Management should run in the Nigerian Public Sector.



Outline

- What is Performance Management?
- The Performance Management Cycle
- Designing Effective Performance Management Systems
- Performance Management in the Nigerian Public Service
- Highlights of Proposed Changes to the PMS
- Questions & Answers



What is Performance Management?

“Performance management is a corporate management tool that helps managers monitor and evaluate employees' work. Performance management's goal is to create an environment where people can perform to the best of their abilities and produce the highest-quality work most efficiently and effectively”

It is a systematic process of:

- Setting expectations and planning work
- Continually monitoring performance
- Periodically monitoring and giving feedback on performance
- Developing and improving the capacity to perform
- Rewarding and sanctioning performance outcomes



Performance is achievement of set goals and objectives through creatively applying knowledge, skills and competence

Performance Goals are the desired end results related to specific Key Result Areas or Perspectives

Performance Scorecards are key elements of the performance management system which define the objectives, indicators and targets for both organisations and individuals...



Why is Performance Management Necessary?

"Performance Management drives employee behavior to **align** with organisational goals and objectives. This alignment happens because job responsibilities and expectations are clearly linked to organizational objectives and information is available for decision making."

- Society for Human Resource Management (SHRM)
Foundation

Specific benefits of Performance Management



To the Organisation

- ✓ Streamlines efforts and resources towards improved organizational performance
- ✓ Aligns with the increasing demand for accountability
- ✓ It is a way to gauge the direction and speed of change
- ✓ It boosts staff morale as they see the impact of their work on the organisation and promotes staff retention



To Individual Employees

- ✓ It helps identify strengths and training needs.
- ✓ It boosts motivation and quality of execution
- ✓ It enables self leadership in career development
- ✓ It promotes healthy competition among colleagues



Performance Management has a critical link to other HR Processes...

Career Management

Who is qualified to progress to the next career level?

Recruitment

What should we look out for and expect from new hires?

Selection

How should qualified candidates be identified?



Performance Management

Reward

How should employees be compensated?

Succession Planning and Mentoring

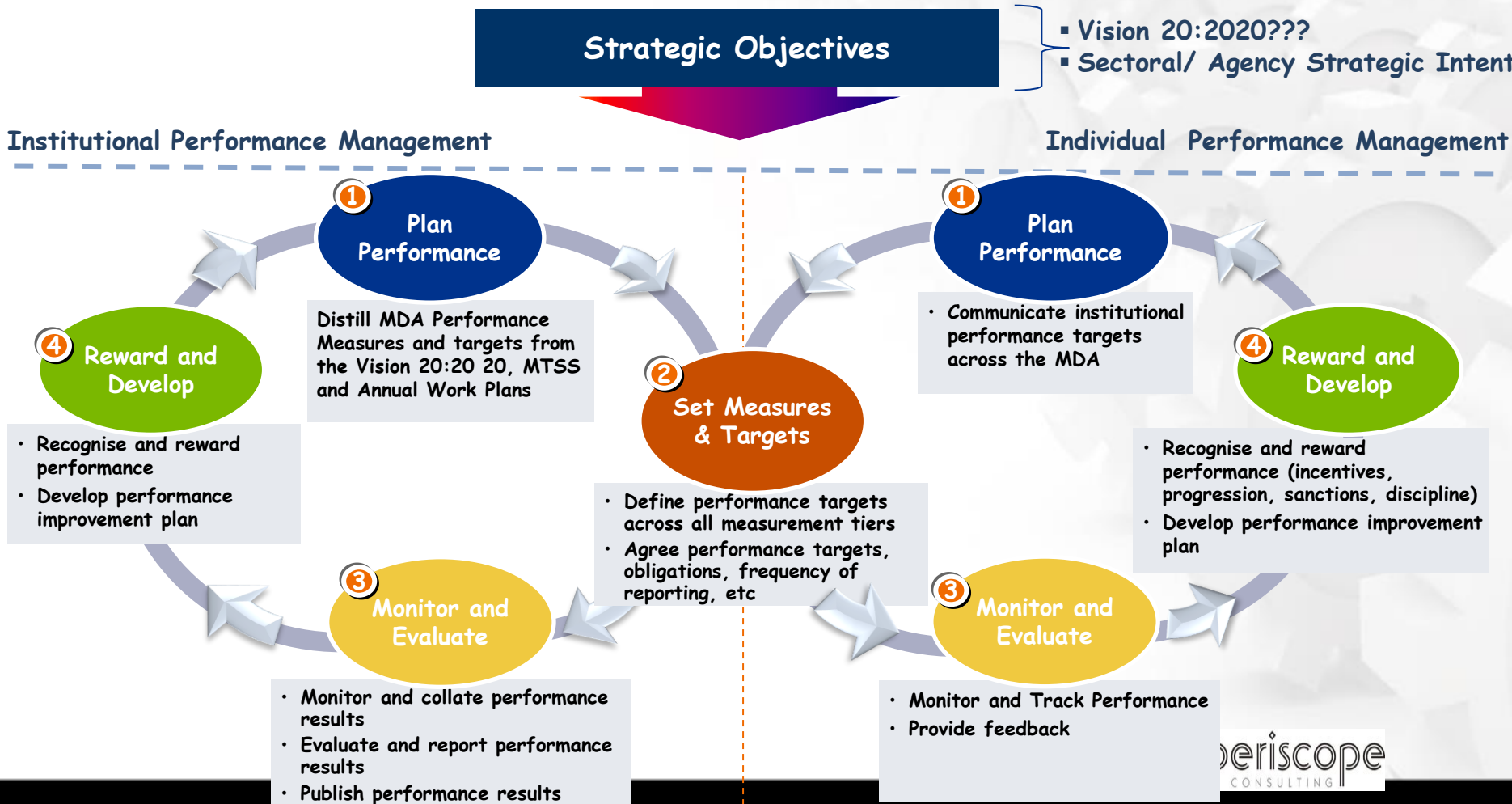
What are the succession requirements for the organisation ?

Learning & Development

What are the development requirements?

Overview of the Performance Management Cycle...

The schematic below gives an overview of the end-to-end processes of the Performance Management Framework:





Overview of the Performance Management Cycle

Plan

- What are our goals and objectives?
- How do we cascade these goals down the line?
- Do we have all stakeholders' input?

Set Measures and Targets

- What are the institutional and individual performance indicators and targets?
- How do we assign targets?
- Are these targets realistic and do they encourage our institution and staff to achieve their full potential?

Monitor and Report

- Who should be responsible for measuring and reporting on performance?
- How is the institution performing and who are the key drivers of this performance?
- How do we communicate performance outcomes?

Recognize and Reward

- How do we reward and sanction performance outcomes?
- How do we encourage superior performance?
- What gaps were observed and how do we fix them?

Overview of the Performance Management Cycle...cont'd

Phase

Plan

Set Measures and Targets

Monitor and Report

Recognize and Reward

Institutional

- Distill the Performance Measures and targets from its Strategy document and Annual Work Plans

- Define performance targets across all measurement tiers
- Agree performance targets, obligations, frequency of reporting.

- Monitor and collate performance results
- Evaluate and report performance results
- Publish performance results

- Recognise and reward performance
- Develop performance improvement plan

Individual

- Communicate institutional performance targets across the Organisation

- Define performance targets across all measurement tiers
- Agree performance targets, obligations, frequency of reporting.

- Recognise and reward performance (incentives, progression, sanctions, discipline)
- Develop performance improvement plan

- Monitor and Track Performance
- Provide feedback



Performance Planning...

Plan

Set Measures
& Targets

Monitor &
Report

Recognition &
Reward

- Performance planning is used to provide a structured approach to driving the attainment of the desired level of performance for individuals, teams and institutions
- The key objectives of the Plan phase are to ensure *strategic and operational planning*; and *set the PMS Timetable*
- Key Performance Indicators for measuring the operational targets are agreed and cascaded through negotiation and assignment
- The PMS Timetable details the key activities, responsibilities and timelines for planning, monitoring and reporting on performance



...Set Measures and Targets

Plan

**Set Measures
& Targets**

Monitor &
Report

Recognition &
Reward

- Targets are used to evaluate performance usually to compare performance outcomes with expectations
- The set targets become a basis for measuring the quality of outcomes. Targets become the yardstick of performance measurement
- Targets are set at the beginning of the performance period
- The individual and his/her supervisor agree acceptable measures/targets for all KPIs
- Agreed KPIs & targets are documented in a Performance Contract



...Monitor and Report

Plan

Set Measures
& Targets

**Monitor &
Report**

Recognition &
Reward

- Performance is monitored and reported at both the institutional and individual levels
- Performance is measured on an ongoing basis throughout the year
- Performance reports provide an assessment of the organisation/ individual's performance outcomes vis-à-vis targets outlined in the performance contracts
- Feedback is also given on an ongoing basis using the CEDAR model: *Context; Examples; Diagnose; Agree and Review*
- The outcome of the performance appraisal is graded based on existing performance rating and forms the basis of performance rewards/ sanctions



...Recognition and Reward


Plan

Set
Measures &
Targets

Monitor &
Report

Recognise
& Reward

- Performance Management is deeply intertwined with other Human Resource (HR) areas
- The outcome of the performance management system forms a basis for making decisions on: *promotion and progression; recognition and rewards; learning and development; succession planning and mentoring; as well as sanctions and discipline*
- Recognition and rewards are awarded where targets have been met/ surpassed and sanctions and discipline are melted where performance outcome is below expectation



Performance scorecards are key elements of the PMS which define the objectives, indicators and targets for both organisations and individuals...

- ❑ The performance scorecard can be developed using different methodologies. However, the Balanced Scorecard Methodology has been the most prominent methodology adopted in developing performance scorecards.
- ❑ The Balanced Scorecard is a multi-dimensional framework for managing and strategically linking objectives, initiatives, targets and performance measures across corporate perspectives. The model measures organisational performance from the four key perspectives presented below:





Designing an Effective Performance Management System Using the Balanced Scorecard

Public Sector Organisations measure their success by how effectively and efficiently they meet the needs of their constituencies. They must define tangible objectives for their mission, customers, and constituencies.



Stakeholders

These monitor how the organisation is providing value to its stakeholders and determines the level of satisfaction with its services.



Internal Processes

An organisation's internal processes determine how efficiently and effectively the entity runs. It puts into perspective the measures and objectives that can help the organisation run more effectively



Financial Accountability

For Publicly-financed institutions, this emphasize "service" more than financial results. It seeks to ensure maximum value at the least cost in order to make the most of budgetary allocations and render good financial stewardship.



Learning and Growth

This looks at the institutional culture, development of human resources, use of technology and innovation

Sample Performance Scorecards

Vision

Mission

"To attain food security and position Nigeria as a net food exporter for socio-economic development"



"To be the vehicle for optimizing agriculture and integrated rural development for the transformation of the Nigerian economy"

Strategic Drivers

Stakeholder Expectation

Financial Stewardship

Internal Processes

Learning & Development

Strategic Objectives

- S1
Stimulate a thriving private sector fertilizer industry with no government involvement in procurement and distribution, supporting farmers through Growth Enhancement Support systems
- S2
Support the development of private sector driven marketing organizations to grow the agricultural sector
- S3
Attract private sector to invest in the sector
- S4
De-risk target value chains and stimulate \$3 billion in agricultural lending with NIRSAL (Nigerian Incentive-based Risk Sharing for Agricultural Lending)

- F1
Fiscal savings on fertilizer programs
- F2
Increase total net investments attracted into selected focus sub segments
- F3
Improve percentage of capital budget spend
- F4
Improve linkage of spending with expected budget outcomes and reduce extra-budgetary expenditure to a maximum of 10% of total spend

- P1
Develop strategic partnerships to stimulate investments to drive a market-led agricultural transformation
 - State and local governments
 - Inter-ministerial collaboration
 - Private sector
 - Farmer groups and civil society
- P2
Transform the selection/appointment into key positions
- P3
Revitalise the operations of the Regional Offices
- P4
Improve transparency and accountability in loan origination, disbursement and repayment

- L1
Build capacity and capability to sustain and reward high performance over time
- L2
Establish an effective competency based learning and career framework to enhance staff productivity/development
- L3
Work with the Office of the Head of the Civil Service to establish and implement approved incentive schemes

SAMPLE

Sample Performance Scorecards...cont'd

Perspective	Strategic Objectives	Key Performance Indicators	Weight	Frequency of Measurement	Target			Actual	Score
					Base	2021	2025		
Stakeholder	S1	<ul style="list-style-type: none"> Average rating on feedback from Stakeholder Survey 	TBD	Semi-annually	60%	70%	85%	TBD	TBD
	S2	<ul style="list-style-type: none"> Percentage increase in volume of engagements 	TBD	Monthly	20%	25%	50%	TBD	TBD
Internal Processes	P1	<ul style="list-style-type: none"> Percentage Implementation of Digital Strategy 	TBD	Quarterly	0%	25%	100%	TBD	TBD
		<ul style="list-style-type: none"> No of cyber security incidents 	TBD	Semi-annually	0%	5	2	TBD	TBD
	P2	<ul style="list-style-type: none"> Percentage increase in utilization of the platform 	TBD	Quarterly	20%	25%	50%	TBD	TBD
Financial	F1	<ul style="list-style-type: none"> Reduction in no of audit queries with regards to financial processes and system requirements 	TBD	Annually	10%	30%	80%	TBD	TBD
	F4	<ul style="list-style-type: none"> Percentage of extra-budgetary spending on total expenditure 	TBD	Annually	20%	15%	10%	TBD	TBD

Sample Performance Scorecards...cont'd

Perspective	Strategic Objectives	Key Performance Indicators	Weight	Frequency of Measurement	Target			Actual	Score
					Base	2021	2025		
Learning and Growth	L1	<ul style="list-style-type: none"> Employee Satisfaction Index 	TBD	Annually	70%	75%	75%	TBD	TBD
	L2	<ul style="list-style-type: none"> Percentage utilization of the Training Budget 	TBD	Annually	100%	100%	100%	TBD	TBD
	L3	<ul style="list-style-type: none"> Percentage of implementation of incentive schemes 	TBD	Semi-annually	100%	100%	100%	TBD	TBD



Nigerian Public Sector organisations typically face a number of challenges in effectively adopting performance management as part of their culture...



Linkage With Organisation/Individual Development and Human Resource Management

- Sub-optimal system for ensuring institutional accountability
- Performance outcomes account for only 20% of promotion weighting criteria
- Inadequate linkage with capacity building and career progression
- Culture of indifference towards performance; perception of lack of equity and fairness in promotions



Organisational and Individual Performance Measures

- Impact of external factors such as passage of the budget, availability of funding, multiplicity and divergence of goals, inadequate clarity in the institution's mandate, etc.



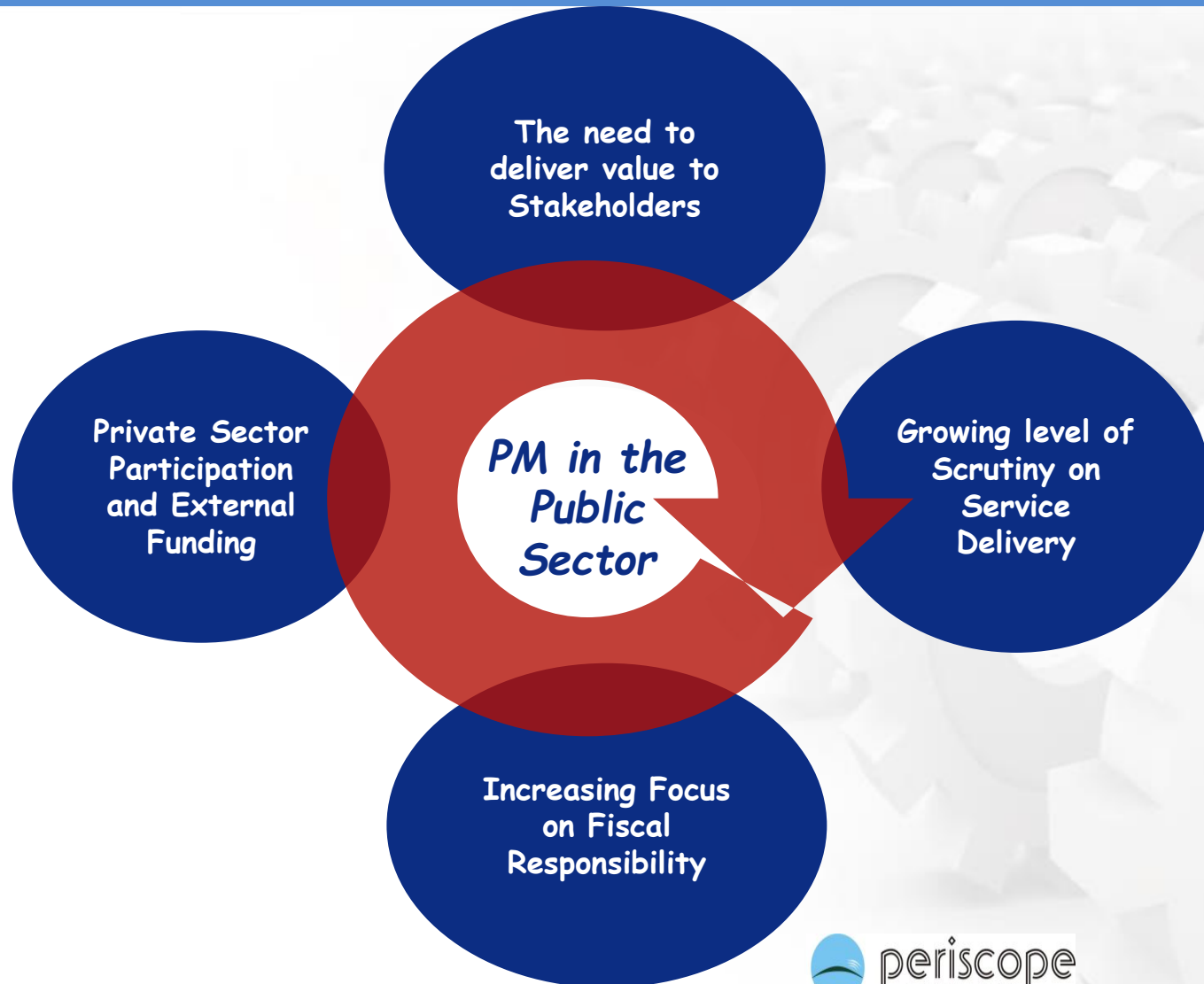
Process and Tools

- Absence of a mechanism for monitoring and reporting performance; current focus in on spending
- There is no stipulation on the type and Grade Level of staff authorised to conduct performance appraisals; permeation of a culture which discourages objective appraisal



The Way Forward...

The increasing need to improve accountability for resources has resulted in the need for an improved and impactful internal system for managing the performance in the public sector...





Refinement of the performance management system has therefore become increasingly imperative for the Public Service and will deliver a variety of benefits...



Proposed Institutional Arrangement for Redesigned PMS

In 2011, the Office of the Head of Service of the Federation engaged KPMG to design a sustainable performance management system for the service. The project was initially focused on the civil service. However, the civil service cannot deliver outcomes in isolation of other levels of Government. The policies therefore proposed an all-embracing PMS to take cognisance of the entire public sector. The proposed institutional arrangements are as highlighted below





Questions