

## APPROACHES AND INSTRUMENTS OF CIVIL SERVANT PERFORMANCE APPRAISAL IN EUROPEAN COUNTRIES

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### Abstract

*The performance appraisal is in all European countries an important instrument of the human resource management in the civil service - both as a facility to ensure the efficiency of the civil service as a whole and as a basis for measures of individual staff capacity building. In order to effect the performance appraisal European countries do apply various procedures which are based on different approaches: The objective oriented evaluation approach and the criteria oriented evaluation approach. A general statement that one of the approaches generates better results than the other is not possible. The suitability of the approaches can only be judged against the background of the specific civil service system and structures in place. In this regard the distinction between the career based civil service system and the position based civil service system is particularly relevant, because they entail different functions of the performance appraisal. The crucial question is, which of the approaches creates better conditions for the performance appraisal in order to fulfil its function in the civil service system concerned. In countries in which the career based civil service system is prevailing (for instance Germany) there is a clear tendency to the criteria oriented evaluation, whereas in countries with a position based civil service system (for instance the UK) the objective oriented evaluation is predominant.*

**Key words:** *performance appraisal, career based and position based civil service system,*

### Introduction

The exchange of information and experiences and the discussion of "best practices" are valuable sources for the modernization of the civil service in all countries. The German Federal Ministry of the

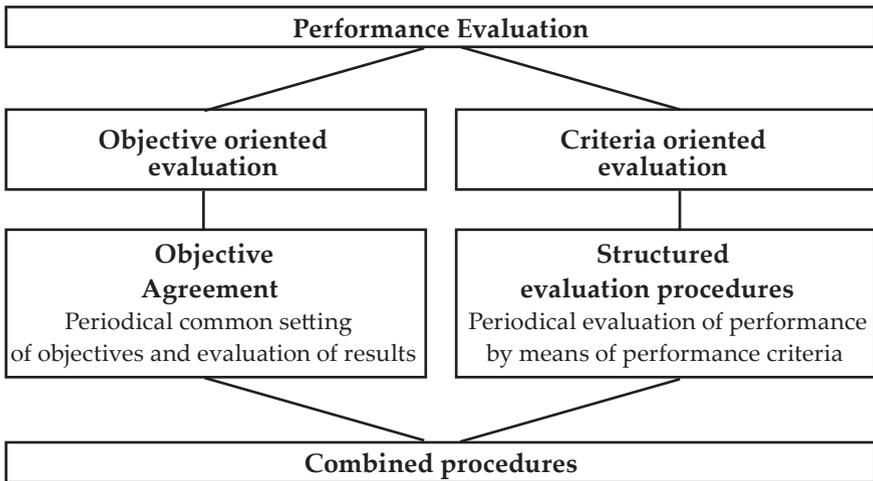
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Interior takes advantage of this chance particularly by co-operating in the European Public Administration Network (“EUPAN”) and by participating in the working parties of the Directorate “Governance” of the OECD. I was in the Ministry of the Interior many years in charge of the co-operation both in the EUPAN and at the OECD in the field of the human resources management, and the information and experiences gained in the course of this work are the ground of this article. At both forums the subjects “performance evaluation and performance reward of public servants” were – and still are – core and permanent topics of discussion, since there is broad consensus that the motivation of the public servants for a best possible performance is a pre-condition for the efficiency of the public administration. This is even more important in times when more tasks have to be managed by less staff. In consequence good performance should be rewarded and bad performance should entail disadvantages. These statements sound rather simple, self-evident and downright as a basic aspect of fair treatment of public servants. However, they lead to a question, which is admittedly very complex and difficult to answer. The question is how performance can be evaluated in a fair, transparent and comprehensible manner. Even with regard to the term of “performance” there are controversial discussions. All in all it is widely recognised that it is not realistic to think of an entirely exact and objective performance evaluation, because subjective influences can never be eliminated completely from the evaluation process. The challenge is to reach an approximating result as good as possible. And it is also widely recognised that it is worthwhile to invest good efforts in this challenge. The results have not only high relevance for the efficiency of the public service as a whole but for the individual staff member as well - both by influencing the career progress and by building the ground for measures of staff capacity development. Furthermore the methods of the appraisal exercise influence the administrative culture considerably.

### **The Basic Approaches to Performance Evaluation**

In order to effect the performance evaluation of their civil servants as fair, transparent and comprehensible as possible the European countries have developed different procedures and many of them invest ongoing efforts for further improvement. The procedures which we find in the practice can be categorized with regard to the basic approach as shown in the following table:



*(Source: Guidance Performance Evaluation, German Federal Ministry of the Interior, Berlin 2006)*

Between the approach of the objective oriented evaluation and the criteria oriented evaluation there is a fundamental difference:

- The focus of the objective oriented evaluation is on the fulfilment of the tasks. The core question is to which extent the staff member has achieved the objectives that have been set at the beginning of the appraisal period. The competencies of the staff member are addressed in the course of the process as well, but the emphasis is on a comparison of the objectives targeted at the beginning and the results achieved at the end of the appraisal period.
- The focus of the criteria oriented evaluation is on the person. The results of the work are evaluated, too, but the main subject of the evaluation are the competencies crucial for the fulfilment of the tasks. The measure of the evaluation are a set of predefined criteria. They provide the means for the analysis to which extent the staff member has demonstrated the competencies relevant for the tasks in his work during the appraisal period.

It should be added that in the practice of European countries often mixed procedures are applied combining elements of both approaches. However, this should not hamper the understanding and the consideration of the basic differences. Before getting to the question on

- how these basic approaches are implemented in the administrative practice of European countries
- and which of them can bring better results

some further basic remarks need to be made. We always have to keep in mind that the performance evaluation does not stand alone but is part of a system: It is carried out in the framework of a particular civil service system with its specific structures. The suitability of the basic approaches and of the specific procedures applied can only be judged against this background. To keep this in mind is even more important as we find very different structures of the civil service systems in the European countries.

### **The Relevant Framework: Different Structures of Civil Service Systems**

In the civil service systems of the European countries (and all other developed countries) we find in general two kinds of structures which form two types of systems:

- the career based system,
- the position based system.

The table below gives a brief overview on the basic differences between the systems and indicates the functions of the performance evaluation in these systems:

	Career based system	Position based system
<i>Duration</i>	In general lifelong service with restricted „way out“; termination regularly only by disciplinary procedure.	Duration linked to the position; employment is often limited in time: fixed-term, temporary
<i>Selection of personnel</i>	Application and selection are directed to the career. Qualification requirements follow the profile of the career (career-category). Preparatory service regularly must be passed at the beginning of the career.	Application and selection are directed to the specific position (tasks, functions). Qualification requirements follow the needs of the position. No preparatory service established.
<i>Remuneration</i>	Depends primarily on the grade/rank reached. No compulsory link to the position.	Depends on the evaluation and classification of the position (tasks and functions).

<i>Career</i>	Career progress means promotion to a higher grade/rank. Promotion is possible without change of the position (in certain limits, which are often defined in HRM-concept).	Career progress means move to a higher classified position. Career progress is not possible without change of the position.
<i>Capacity building</i>	In order to enhance professional experiences and knowledge promoting measures are necessary (mobility, detachment, training etc.)	The change of position (tasks, functions) is inherent and fosters the growth of professional experiences and knowledge.
<i>Performance Appraisal</i>	Not directly linked to the salary system. Basis for career development by promotion. Basis for further capacity enhancement of the staff member.	Often directly linked to the salary system by means of different tools: - performance premium - performance step - performance percentage of base salary.

The fact that the performance appraisal has a different function in the various civil service systems leads to the consequence: We must not simply ask which of the basic evaluation approaches generates better results. On the contrary we should ask a more precise question: Which of the basic approaches does create better conditions for the performance appraisal in order to fulfil its function in the civil service system concerned? And which is therefore the better starting point for the development of specific appraisal procedures in this system?

After having clarified these basic aspects we now can take a look at some specific and practical appraisal solutions developed in European countries. Since we have seen that the suitability of the basic approaches (and of the procedures based on them) can only be judged against the background of the civil service system as a whole, we must not limit ourselves to the appraisal procedures, but take into consideration some further essential features of the systems as well. These are particularly the remuneration system and the career system which often are closely connected to the appraisal exercise. The following broad-brush outline aims at pointing out typical differences.

## Features of Civil Servant Performance Appraisal in Germany

Germany has a population of around 82 mln and a public service of around 4.5 mln. Federal Government: around 0.45 mln; Regional Government ("Bundesländer" = constitutional entities): around 1.95 mln; Local Government: around 1.3 mln; Indirect Public Administration (agencies): around 0.8 mln. The public service consists of two different personnel categories parallel on all levels of public administration: public employees (contractual staff) of around 2.7 mln and civil servants of around 1.8 mln. The allocation of the personnel categories to the administrative areas and bodies is widely historically reasoned. The employment conditions for the civil servants were set until 2009 by uniform federal laws including career, remuneration and the pension scheme. The constitutional reform of 2006 changed the situation and gave more flexibility to the regional government („Bundesländer“): The federal parliament regulates now only the basic status of all civil servants whereas the "Bundesländer" regulate the career, remuneration and pensions of the civil servants in their domain, however, following common principles.

### *a) Remuneration system of civil servants:*

The remuneration system for the general service is based on a scale with 16 grades in 4 grade groups and 8 seniority steps. Since the civil service law reform of 2009 the steps of seniority are flexible and varying in duration. The scale is well-balanced without significant discrepancies between higher and lower grade groups. For the managerial level there is a specific remuneration scale without seniority steps. The salaries are fixed and adjusted for all levels by law, but in general following the results of the collective agreements for the public employees. High transparency of the salaries is ensured by the publication of the scales in the law.

Performance pay does exist, but only to a rather modest extent. Instruments are the premium (up to one monthly base salary), the allowance and the temporary advancement to the next seniority step. The team premium (up to 250 % of the individual premium) is popular and granted often. The grant of the performance element is decided on in a non-formal flexible procedure. The direct superior

proposes and the Director General decides whether it will be granted and it is not connected to a performance appraisal.

*b) Recruitment and career of civil servants:*

Career based system: The recruitment is carried out for the career on the basis of general selection criteria, separated in 4 career paths linked to the educational achievements required. One way to access the first career path of the general category (“higher service”) is traditionally studies in law completed by 1<sup>st</sup> state examination, followed by a preparatory service of 2 ½ years and finalized by 2<sup>nd</sup> state examination on the level of the “Bundesländer”. The recruitment of successful candidates for the federal government is carried out in an additional selection process.

The career of civil servants is regulated on the federal government level in the Federal Career Ordinance, which provides basic regulations concerning the probationary period, the performance appraisal, the promotion, the advancement to a higher grade group, the measures of capacity building and training etc. (The Federal Academy of Public Administration is the central training facility of the federal government.) Comparable regulations, measures and institutions exist on the level of the “Bundesländer”.

The selection of civil servants for the leadership level is embedded in the general career development without a separate class of Senior Civil Servants. There are no special selection competitions. Potential candidates with continuous excellent performance appraisal in different positions are filtered out in a longterm process in close cooperation of the HRM division with the Director Generals of the line departments. The system is permeable and allows good chances also for “late developers”. The development of leadership qualification is supported by specific long-term training programs including the chance of an internship in an private economy enterprise.

*c) Performance appraisal of civil servants:*

The performance appraisal is an important factor for the career progress of the civil servants by promotion and thus indirectly relevant for the salary. The Federal Career Ordinance does not provide a clear directive for any of the basic approaches - objective

oriented evaluation or criteria oriented evaluation. However, it entails a clear tendency to the criteria oriented evaluation by enlisting some core personal-oriented criteria. The appraisal exercise is in principle obligatory for the leadership level as well, however exceptions are allowed for top-level managers and additionally an age limit can be set - most federal ministries have set the age limit at age 60.

The appraisal is carried out bi-annually on a regular basis with an obligatory formalized annual midterm review. The procedure is regulated in detail by each federal ministry (principle of "HRM-sovereignty"), but following common principles. The core tool of the appraisal procedure is the appraisal form. All forms start with a general information on the staff member concerned and a box where the job description has to be recorded. The main part consists of a catalogue of performance criteria in several dimensions, mostly like these are:

- Professional competence: professional knowledge / quality and validity of work results / quantity of work and delivery in time / appropriateness of means.
- Methods of work: planning and organisation, setting of priorities / independence, initiative, ideas / commitment, ability to cope with pressure / expression oral and in writing.
- Social competence; conduct concerning communication and information / co-operation and team-oriented action / conduct in conflict situations, ability to accept criticism.
- Leadership competence: ability to guide staff, ability to delegate, control and assess / ability to set objectives and to motivate for performance.

The appraisal results are in general reflected through 5 to 7 assessment levels, e.g. from "exceeds the requirements" via "meets the requirements for the most part" until "does not meet the requirements". The best results are regularly quoted. This means for instance that the best result of 7 assessment levels may only be granted to 10 % of the staff members appraised. In order to ensure the compliance with the quota multi-step procedures are often applied involving several hierarchical levels.

Whereas a wide agreement exists with regard to the performance dimensions and the sub-criteria we find significant differences

concerning the details. Some forms contain no more than the criteria and a horizontal line for the assessment levels whereas others try to provide additional guidance by precise definitions describing the assessment levels for each of the criteria.

Additionally to the more backward oriented performance evaluation during the appraisal period the appraisal forms mostly contain a separate part for the evaluation of the staff member's capacity for future positions ("potential analysis"). Specific criteria are for example:

- Professional competence: willingness and ability to learn.
- Methodical competences: planning and organisation, setting of priorities / skills to negotiate / service orientation / competence of conceptual work.
- Leadership competence: competence to guide staff and to enhance qualification / ability to make decisions and to force them through.

The composition of the criteria in the forms varies with regard to the functions and duties of the staff member concerned – both for the performance evaluation and the potential analysis. There are different forms, for example, for managers / administrators / assistants / auxiliary personnel etc. For the management level, for instance, the leadership competence is part of the performance appraisal and not of the potential analysis. For staff without management tasks (administrators and assistants) the form is structured the other way round.

### **Features of Civil Servant Performance Appraisal in the United Kingdom**

The UK has a population of around 64 mln and a public sector of around 5.7 mln – 2.75 mln in Central Government, 2.45 mln in Local Government and 0.5 mln in Public Corporations. The bulk of the public servants are employed on a contractual basis under the general labour law. The personnel category of civil servants exists only in the central government administration, around 450.000, thereof around 1/3 in ministries and 2/3 in executive agencies. The regulation of the employment conditions and the salaries is highly decentralized (except the Senior Civil Service) and delegated to the ministries and

agencies, which negotiate the conditions independently with the trade unions. A general framework is provided by the Civil Service Code (containing, basic “musts” and “must nots”), the Civil Service Management Code (prescribing the scope of the regulations by the organs) and regulations of the Treasury. The “Senior Civil Service” forms a particular group of top managers with a high remuneration level and a separate human resources management centralized at the Cabinet Office.

*a) Remuneration system of civil servants:*

The salary of civil servants is composed of 2 elements: Base pay and performance premium.

- The base pay is determined by a system of salary bands in several salary groups. Each salary band includes 6–10 progression steps (= around 3 % increase), which are in general performance related. However, fixed periods for the advancement in these steps are partially agreed on with the trade unions in order to guarantee a minimum pay. The minima and maxima of the salary bands are adjusted each year guided by the “Hay-Report” taking reference to the economic development.
- At the end of the year a performance premium is granted, which is regularly not pensionable. The amount of the premium depends on the result of the performance appraisal - an average proportion of 12 % of the base pay is reported.

*b) Recruitment and career of civil servants:*

Position based system: The qualification requirements for the recruitment are linked to the specific vacant position. The selection procedure is regulated and managed by the authority concerned. For the selection of higher positions in general an assessment center procedure is applied.

Following the principles of the position based system the career progress requires the move to a position higher classified. There is no formal structure of ranks and no planned promotion. However, individual development plans are prepared in order to enhance the capacity of the civil servants. The authorities are free to use the comprehensive programs of the National School of Administration or private training institutions.

The assignment to a management position requires the admission to the pool of the Senior Civil Service (“SCS”). This pool is replenished out of the so-called „Fast Stream“: For the members of the “Fast Stream” the regular duration of a career step is shortened and particular training programs are provided. They are selected in internal competitions open for junior civil servants with university degrees above average and continuous excellent performance appraisals.

*c) Performance appraisal of civil servants:*

The performance appraisal has a core function for the salary system – both for the progression steps and for the performance premium. It is carried out annually and based on a system of “objectives agreement”. Common binding principles are provided in the “Richard-Report”:

- Starting points are the overall objectives of the authority in its “Business Plan”.
- At the beginning of each year the specific objectives, qualifications and skills needed are discussed and agreed on between the superior and the staff member including the criteria of the evaluation.
- The progress is checked on in a formalized midterm-review.
- At the end of the year the results are evaluated and agreed on between the superior and the staff member. The results are fixed only in narrative form, numeric assessment marks have been abolished. However, quoted levels of assessment set by the ministry or agency must be respected. In the Cabinet Office, for example, three groups of performers are defined: top performers (around 25 %), middle performers (around 65 %) and weak performers (around 10 %).

The outcome of the appraisal is the basis for the negotiations in the „award panels / local pay committees“ each dealing with 30-40 members in average. In these panels the ranking of the staff members is decided on and on this ground the extent of the premium is set. Thus the appraisal procedure shows fairly the character of a bargaining process and differs fundamentally from the approach in Germany.

The performance assessment for the members of the Senior Civil Service follows similar principles and the levels of assessment are quoted as well. Proportions of around 25% for the top level, 65-70% for the medium level and 5-10% for the bottom level are reported. The supervisor of the manager concerned proposes the extent of the performance pay and the amount of the premium. The final decision is made by the Senior Civil Service Pay Committee.

### **Features of Civil Servant Performance Appraisal in the Netherlands and Finland**

Finally we should take a look at two other European countries, which show instructive features of the performance appraisal system:

#### *a) The example of the Netherlands:*

The Netherlands have a population of around 16.4 mln and a public service of around 1 mln. Similar to Germany the public service consists of two personnel categories, the civil servants and the public employees (contractual basis). However, on the central government level we only find civil servants. The employment conditions are centrally set in the „General Service Regulations“ and the „Civil Service Pay Decree“. The recruitment and career follow the position based system for both personnel categories. The remuneration is based on salary scales with 18 grades in 6 groups and with a rather high number of 10–15 steps. For the staffing of the high-level positions a specific class of „Senior Civil Service“ exists with a separate personnel management in the Ministry of the Interior and Kingdom's Relations. The members are selected in internal competitions.

With regard to the performance appraisal system two aspects are striking. The first aspect is the link between the performance appraisal and the steps: advancement in the step scale is only possible if the staff member has reached good appraisal results. In case of an outstanding good performance a premium can additionally be granted. The second aspect is the method of the appraisal: It is carried out annually in the form of a “personnel dialogue”, i.e in a rather simple and non-bureaucratic manner, including the performance in the preceding period, an agreement on future objectives and the competencies needed for the achievement of the latter. The results are fixed and reported to the human resource management unit in a fairly lean and clear form.

*b) The example of Finland:*

Finland is one of the smaller countries in Europe with around 5.3 mln population and around 0.68 mln in the public service. The public service consists of two personnel categories as well, but with a high proportion of civil servants (around 80 %) and a small proportion of public employees (around 20 %). The “State Civil Servants Act” and the “Employments Contracts Act” provide centralized basic legal regulations. The remuneration is composed of basic pay and personal pay. The proportion of the performance element can amount up to 50 % of the basic pay, up to 30 % of the total salary – an average rate of around 20 % is reported. The level of the basic and personal pay is fixed in collective agreements with the trade unions. The recruitment and career development follow the position based system for both personnel categories.

The performance appraisal is carried out by means of rather simple and clear forms decided on by the ministries and agencies. They contain usually 5 factors with 2-3 sub-criteria and 5 numeric performance marks, which are divided into 0.5 steps. In our context it is of particular interest that in Finland the performance appraisal is often linked to the salary system by means of an unusual method: A calculation method based on performance points, performance levels and percentages of job-specific base pay, which constitute the performance-related “personal pay”. The following table shows an example of the National Board of Patents and Registration:

Performance points	Performance level	% of job-specific pay
< 1.95	1	0
1.95 – 2.24	2	4.8 %
2.25 – 2.54	3	9.6 %
2.55 – 2.84	4	14.4 %
2.85 – 3.14	5	19.2 %
3.15 – 3.44	6	24 %
3.45 – 3.74	7	28.8 %
3.75 – 4.04	8	33.6 %
4.05 – 4.34	9	38.4 %
4.35 – 4.64	10	43.2 %
> 4.65	11	48 %

*(Source: Guidebook on best practices, Warsaw 2009, EU Transition Facility PL2006/IB/OT/03/TL)*

In consequence the superiors (heads of units and Director Generals) have a direct and considerable influence on the remuneration of their staff and therefore a high responsibility, which requires a particular managerial competence. All in all such a system might be recommendable for rather smaller countries with smaller scale administrative authorities. The size of the administrative units should not be underestimated, because the personal knowledge and the personal trust are important framework conditions for the performance appraisal as well.

## Résumé

At the beginning of this article it could be stated that none of the basic approaches – objective oriented evaluation and the criteria oriented evaluation – is better than the other or generates better results. The crucial question on the contrary is which of the basic approaches creates better conditions for the performance appraisal in order to fulfil its function in the framework of the civil service system and structures in place. Furthermore, which therefore the better starting point is for the development of specific appraisal procedures in this framework. At this point we should briefly remember

- the different focus of the evaluation approaches:
  - the focus of the criteria oriented evaluation is on the competencies that the staff member demonstrated during the appraisal period,
  - the focus of the objective oriented evaluation is on the fulfilment of the tasks and on the demonstrated results at the end of the appraisal period;
- the different functions of the appraisal in the civil service systems:
  - in the career based systems the appraisal is in general not directly linked to the salary system. It forms the basis of the career development and is therefore often combined with the evaluation of the potential for future employments.
  - in the position based systems the appraisal is often directly connected to the salary system (in the UK linked to the performance premium; in the Netherlands to the performance step; in Finland to the personal pay element).

Having in mind these basic aspects it does not come as a surprise that we find a clear tendency in the practice of the European countries:

- In the countries where the career based civil service system is prevailing there is a tendency to the criteria oriented evaluation. The focus of this approach on the competencies of the staff member corresponds to the objectives of a longterm capacity building and career development.
- In the countries with a position based civil service system there is a tendency to the objective oriented evaluation. The focus of this approach on the fulfilment of the tasks and on the specific results during the appraisal period fits particularly well to systems with a direct link between the appraisal and the performance pay.

At this point we should make a cut. The next step would be a reflection concerning the development and shaping of specific appraisal procedures in detail. This exercise would have to take into account the basic interdependencies pointed out above and could benefit from the examples that we find in the practice of European countries. However, this step would go beyond the possibilities of this article. At this place only a few practical experiences can be highlighted, which are important for the elaboration of specific appraisal procedures:

Criteria oriented evaluation:

- In the practice we find comprehensive catalogues with different performance dimensions and many criteria and sub-criteria. A high number of criteria can stimulate the idea of a high degree of objectivity which, however, in the end can only be a pseudo-objectivity. The appraisal will always be influenced by the subjective estimation of the superior, and this subjective influence cannot be eliminated.
- On the other hand such catalogues with a sound number of performance criteria can provide a valuable support for the dialogue between the superior and the staff member. This benefit should not be underestimated.
- The quotation of the best assessment levels has turned out to be a crucial factor for the practical execution of the appraisal. On one side the quota perform an important function: They block the usual tendency to grant assessment levels above average to an inflationary extent and thus help to achieve consistent appraisal results. Therefore specific procedures must be applied in order

to ensure the compliance with the quota. On the other hand it is crucial to limit these procedures to a reasonable extent. In cases where lengthy multi-step procedures are applied in order to ensure the compliance with the quota, the exercise can drive the appraisal process to a cumbersome bureaucratic burden for all parts involved.

Objective oriented evaluation:

- The setting of realistic objectives for a longer period can be difficult and time-consuming for wide areas of the public service. The practicability of this approach should be estimated in a differentiating manner taking into account the nature of the tasks of the administrative body concerned. The procedures for the implementation should be adjusted to these practical constraints.
- The objective oriented evaluation is necessarily directed to the individual work place. A fair comparison of the staff members' performance can be difficult for the human resource management unit particularly in big administrative bodies. This effect can be increased if the appraisal result is exclusively laid down in a narrative description. It is important to keep in mind the comprehensibility of the appraisal result for all instances involved in the human resource management process.

Finally an experience should be mentioned which is crucial for both approaches – regardless whether it is criteria or objective oriented – and constitutes a pre-condition for the success of any performance evaluation exercise: The result of the appraisal should never be an unpleasant surprise for the staff member concerned. An unforeseeable and unexpected outcome necessarily has particular demotivating impacts and is furthermore contrary to the principles of a fair treatment of the staff. The mid-term review is therefore an important part of the appraisal process, which must be carried out thoroughly. It should include both the constraints of the work and the competencies (skills and knowledge) required and be made mandatory by means of respective provisions.