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Practices and Challenges in Implementing Performance Appraisal in the Civil Service in Georgia

Abstract

Establishment of an effective performance appraisal (PA) mechanism in civil service is a part of ongoing Civil Service Reform, which is one of the important components of the Public Administration Reform initiated by the Government of Georgia. The guideline document - Civil Service Reform Concept (the Concept) builds on the establishment of a professional civil servants' institute and implies the introduction of the regulations aiming at developing a just system for career advancement. Establishment of the performance appraisal system for the professional civil servants is one of the key components of the "Law of Georgia on Civil Service" (the law).

The performance review mechanism has been recently implemented in practice. Namely, in the ministries the performance appraisal cycle started in January 2018, the results of which are reflected in the paper.

The goal of the paper is to analyze the legal consequences and plausible impact of performance appraisal on professional development of civil servant. To this end, the paper explains the legal framework of performance appraisal system and examines the role of the Civil Service Bureau (CSB) as it is a main actor in coordinating the proper and unified implementation of performance appraisal in the country.

The paper also aims at revealing the methodologies of performance appraisal elaborated and used by the ministries. The paper assesses the progress and result of performance appraisal carried out in all ministries during 2018, and identifies the positive developments and challenges. The goal is achieved through analyzing reports on the result of performance appraisal submitted by all ministries. Additionally, unstructured interviews have been conducted with the representatives of Human Resource Management units from the ministries.

Key words: performance, appraisal, civil service

1. Introduction

Performance appraisal of professional civil servant is a novelty that aims to ensure effectiveness and efficiency of the civil service of Georgia. Through emphasizing the quality of work the intention is to stimulate introduction of good practices and continuous professional growth and development of civil servants. Existence of well-functioning PA mechanisms will also support approximation of Georgian civil service system towards European standards.

The Civil Service Reform Concept, approved by the Decree N627 of the Government of Georgia, dated 19th November 2014, builds on the establishment of a professional civil servants' institute and implies the introduction of the regulations aiming at relieving civil service from the political influence and developing a just system for career advancement. The Concept defines introduction of the performance appraisal system as a mean to promote effective, transparent and accountable public administration as a backbone of an open and responsive government.¹

Implementation of the Concept took its start with the adoption of the Law of Georgia on Civil Service. The Parliament of Georgia adopted the law on 27th October 2015 and it fully entered into force from 1st July 2017. Establishment of the performance appraisal system for the professional civil servants is one of the key components of the law. The new rules provide for a mandatory annual assessment of performance, the results of which to be used for planning motivation and professional development programmes for civil servants.

Majority of public institutions have never used performance review mechanisms until 2018; thus, in addition to other efforts, intensive communication was crucially important for creating readiness for this change. The unified general framework of PA in public institutions is being implemented since January 1, 2018 in accordance with the Decree on Procedure and Conditions for Performance Appraisal of Professional Civil Servants (the Decree). The first annual performance appraisal cycle was completed in December 2018. The results of performance appraisals carried out during 2018 in the ministries, as well as overall lessons learned on cross governmental level are reflected in this paper.

2. Legal Framework of Performance Appraisal System and Performance Appraisal Methods

2.1. Legal Framework

In April 28, 2017 the Government of Georgia adopted Decree #220 on Procedure and Conditions for Performance Appraisal of Professional Civil Servants prescribed by the transitional provisions of the law and based on Article 53 (1) of the law. The Decree came into force from January 1, 2018, and required direct supervisors of every public institution to appraise performance of civil servants annually.

Goals of PA of professional civil servants are to support merit based career advancement, ensure continuous professional development, serve as a motivation instrument and ultimately support growth and efficiency on individual and

¹ Decree #627 of the Government of Georgia on the Approval of the Civil Service Reform Concept and Some Other Related Measures; see here: <http://csb.gov.ge/uploads/627.pdf>

organizational levels.² Outcomes of the appraisal also create ground for a number of other legal consequences. Parties of performance appraisal process are required to observe the principles of the rule of law, fairness, objectivity, transparency, integrity, credibility, and protection of the interest of public institution and individual civil servant.³

According to existing regulations parties of the PA process are civil servant, his/her direct supervisor and unit responsible for management of human resources in the institution. The latter is mainly responsible for organizational support of the performance appraisal process.

2.2. Methodology of Performance Appraisal

The Decree sets general principles, an overall framework of PA, while the decision about specific appraisal method to be applied on organizational level is taken by the head of the institution, based on discussions with the HR unit and managers of other structural units. Each public institution develops PA methodology independently, according to its organizational culture, aims, and needs. Public institutions are authorized to select a PA method in the beginning of the year and notify the CSB about it.

As PA concept is new and unfamiliar for the Georgian Civil Service, the CSB elaborated a Guidebook⁴ on Appraisal Procedures (guidebook), which on one hand was used as a tool for methodological support (offering information about specific appraisal methods and tools) and on the other hand helped to raise general awareness on PA concept among relevant authorities. The guidebook suggests four main/most popular approaches to PA: appraisal by objectives, appraisal by functions, appraisal by competences and appraisal by subject matter knowledge.⁵ Public institutions are free to use any one or combination of abovementioned approaches.

Appraisal by Objectives

Objectives based PA is used when assessing civil servant against objectives that are predetermined and agreed between the employee and his/her supervisor. The top management of public institution sets overall objectives of institution based on its mission and strategic documents. Following to this, annual action plans are defined and objectives are agreed between heads of each primary structural unit and head of public institutions. As a result of defining objectives for each primary structural unit, process continues on the secondary structural unit level. The objective setting process finishes on the level of employee – when objectives for each employee are defined according to the objective of respective structural unit. Objectives are defined and agreed between direct supervisor and an employee and are reflected in the annual individual performance appraisal plan. Objectives based PA approach ensures close connection between individual objectives and

² Decree #220 of the Government of Georgia on Adoption of Procedure and Conditions for Performance Appraisal of Professional Civil Servants, Art.3

³ Guidebook on Performance Appraisal of Professional Civil Servant, pp.10-11; (see here: <http://csb.gov.ge/uploads/654786.pdf>)

⁴ Guidebook was prepared and published with the assistance from the United Nations Development Programme (UNDP) and UK aid from the UK Government.

⁵ Guidebook on Performance Appraisal of Professional Civil Servant, pp.12-18; (see here: <http://csb.gov.ge/uploads/654786.pdf>)

strategic objectives of public institution, which, in turn, creates a solid ground for more efficient and effective operations.⁶

Objective is a desired outcome achieved as a result of performance of civil servant. It helps to align the individual efforts of broad teams around the organization's collective objectives.⁷ It also can be a successfully implemented project by a civil servant with the impact on overall institutional success. The truly useful and feasible objectives can be developed using the SMART criteria, when the objectives should be specific in terms of results, measurable, ambitious but realistic, and timely.⁸

Number of annual objectives for civil servant is defined by public institution according to the work specifics. However, as a general rule, it is not recommended to set less than three and more than five individual annual objectives.

Public institution may define minimum and maximum number of objectives in advance according to its capacity. Each objective should be accompanied with clearly defined success indicator (e.g. quantitative, qualitative, etc.) to offer possibility for ongoing monitoring and evaluation. One of the drawbacks of this approach is that not all positions/jobs allow for setting clear goals and objectives or defining measurable success indicators. Another potential difficulty associated to this approach is a call for high level planning and monitoring skills, which might be a challenge in the context of specific organization.

Appraisal by Functions

Functions based appraisal means evaluation of civil servant against key functions associated to his/her position. Functions are usually defined in job description and other relevant documents but also, in ad-hoc projects, might be pre-agreed between the employee and employer. Functions based PA is particularly useful when the nature of the work does not allow for setting SMART and/or respective success indicators. While reviewing employee's performance based on functions the quality of performance, the quantity of performed functions, the speed of performance and other relevant characteristics can be assessed.⁹ In order to maintain employee's focus on what is important and make the overall PA process manageable, it is recommended to limit the number of functions under assessment to really core, most important. Advantage of this approach is its straightforwardness; both – employees and their supervisors usually have no difficulty in understanding the approach and accepting it. Potential disadvantage of the approach is its focus on the process. By switching employee and employer's attention to performance of tasks/functions, a risk of losing the site of ultimate goal/result/the product of this task might be created.

Appraisal by Competences

Competency based PA focuses on skills (acquired and inherited), experiences, personal traits and behaviors of an employee. Collectively these attributes are

⁶ Ibid., pp.13-14

⁷ Bogue, Robert L., Use S.M.A.R.T. goals to launch management by objectives plan, TechRepublic, 2005 (see here: <https://www.techrepublic.com/article/use-smart-goals-to-launch-management-by-objectives-plan/>)

⁸ Poister, Theodore, Measuring Performance in Public and Nonprofit Organizations, Jossey-Bass, San-Francisco, 2003, p. 63

⁹ Guidebook on Performance Appraisal of Professional Civil Servant, pp.14-17 (see here: <http://csb.gov.ge/uploads/654786.pdf>)

referred to as competencies. Competences required for successful work on specific position are usually outlined in job descriptions or other relevant documents. Employees are being assessed based on the degree a relevant competence is revealed in their performance. Even though there is no formal limit to a number of competences to be assigned to a specific position and therefore assessed during the PA process, accepted practice is to have 4 – 5 core competences per position. The main strength of competency based approach is its focus on the development of employees; their skills, experiences, behaviors, etc. However, a well functioning competency based assessment requires a substantial preliminary work. While choosing competences based PA method, it is necessary that public institutions define core competences for job-families and each position/job.¹⁰

Appraisal by Subject Matter Knowledge

Another PA approach suggests looking at job related knowledge accumulated by employees. This approach can be particularly convenient when the core function of a civil servant is provision of expert opinion/consultancy. For efficient implementation of this method it is crucially important for public institution to have well developed knowledge management system. This equals organization's ability to define fields of knowledge; Create unified knowledge systems; and Exercise activities for maintaining/recording and transferring the knowledge.¹¹

In line with the new legal framework all ministries where professional civil servants are subject to annual appraisals have approved individual administrative legal acts defining the method of performance appraisal for 2018. In majority of ministries performance appraisal was based on combination of functions, achieved objectives and/or competences. Only couple ministries chose solely competences based appraisal and none of the ministries used field knowledge based appraisals.

3. Performance Appraisal Cycle

Public institutions shall evaluate civil servants of all ranks, including those on a probation period. The difference between appraisals of these two categories (probation and permanent) of employees is the frequency of appraisal that is linked to legal consequences. Formal performance (the one that can have legal consequences) of civil servant is appraised once a year, while person hired for a probation period can be evaluated once a quarter with each evaluation result leading to a legal consequence.¹² A civil servant is a subject to evaluation if he/she has been performing official duties in the given position for at least three months. The prescribed frequency of evaluation is important for defining the preconditions for legal consequences. It is important to clarify that organization is free to conduct appraisals as many times during the year as required/needed for their purposes. In fact, the system encourages organizations to ensure continuous nature of assessment process. However results of the assessment can lead to legal

¹⁰ Ibid., pp.17-18

¹¹ Ibid. p.18

¹² Law of Georgia on Civil Service, 53 (1)(4)

consequences (positive or negative) only once a year - for civil servants or once in a quarter - for probation based employee.¹³

Planning

PA cycle starts with defining performance appraisal method on organizational level. Description of the method should indicate positions to be evaluated, specific methodology to be applied for each position and timelines of the process. Head of public institution, based on the discussion with HR unit makes decision about specific PA method that must meet the overall principles and conditions outlined in the law and other regulatory documents. After defining performance appraisal method a performance-planning meeting is organized between direct supervisor and civil servant in order discuss the process, success indicators, assessment methods, and other details of assessment and thus set the right expectations towards the process.¹⁴

Monitoring and Interim Appraisal

Interim appraisal is an integral part of performance monitoring process. The aim of an interim appraisal is to offer timely feedback to employee and introduce relevant corrective measures, as necessary. It is required to have at least one interim appraisal before the final appraisal to make sure that the final, formal evaluation is not offering surprises neither to organization nor to individual. Results of the interim appraisal are informal in their nature, which means that they are not directly linked to any legal consequence. Dialogue between direct supervisor and employee is an important component of the interim appraisal as it gives clear picture to employee on where the weaknesses are and how to improve performance before the final appraisal.¹⁵

Final Appraisal

In public institutions final appraisal phase starts on secondary structural unit level and finishes with evaluating the performance of heads of primary structural units by the head/deputy head of the institution. Regardless of what type of assessment methodology is chosen by an institution, it is important to maintain the focus on desired outcomes. Evaluation of only skills, knowledge or functions may result in positive assessment results, however, this not always equals to achievement of strategic objectives of an institution.

The final appraisal process involves evaluation of relevant documentation and interview with employee. A four-point scale is used for a final appraisal of civil servants. Namely, civil Servant's performance is appraised as an *Excellent* if tasks are performed excellently and results and/or skills of a servant are distinguished. *Good* performance means when tasks are well-performed and results and/or skills of a servant systematically meet requirements. When servant performs tasks partially well that needs an improvement and she/he has not got any distinguished professional skill, a servant's performance is assessed as *Satisfactory*. *Non-*

¹³ Comments to the Law of Georgia on Civil Service, p.186

¹⁴ Performance Appraisal System, Recommended System for Public Institutions; Civil Service Bureau; December 2017; p.5; (see here: http://csb.gov.ge/uploads/shefasebis_sistema.pdf)

¹⁵ Ibid.

satisfactory appraisal is granted to a servant when tasks are not performed and results and/or skills of a servant do not meet set requirements.¹⁶

4. Legal Consequences of Appraisal

Performance appraisal may have the following legal consequences: (1) assigning grade (class) to a servant; (2) assigning incentive to a servant; (3) defining needs for trainings and further professional development; (4) dismissal of a servant.¹⁷ With the last one, it should be noted that two non-satisfactory evaluations are needed for this consequence.¹⁸

Grade of civil servant illustrates level of professional competencies and experience of a civil servant. The main goals for assigning grades to servants are to improve motivation, enhance compensation and ensure stability of civil service generally. Totally there are 12 grades and grades from 1 to 6 are assigned for excellent results once in two years and at least with good results once in three years. Grades from 7 to 12 are assigned for excellent results once in one year and at least with good results once in two years.¹⁹

Commensurate to the results of performance appraisal of a servant the following forms of incentives are defined by Decree #203 of the Government of Georgia on Procedures for Giving Incentives to Professional Civil Servants:

- a) A note of appreciation; a note of appreciation is handed over to a person towards whom appreciation is defined as a form of incentive.
- b) A monetary bonus; the total amount of monetary rewards received during the year by a person employed in a public institution shall not exceed 10 % of the annual amount of the official salary for a post/position held by the person.²⁰
- c) A valuable gift; according to article 5 of the Law of Georgia on the Conflict of Interests and Corruption in Public Service a gift is property transferred or services provided to a civil servant or his/her family members free of charge or under beneficial conditions, partial or full release from obligations, which represents an exception from general rules. The total value of gifts received by a civil servant shall not exceed 15% of the amount of one year's salary, whereas the total value of a single gift received shall not exceed 5%, unless these gifts are received from the same source.²¹

5. Analyses of Performance Appraisal Cycle of 2018

All line ministries, civil servants eligible for annual appraisals have been appraised in 2018 and results of the appraisal were presented to the CSB in early 2019.

Totally 2,699 civil servants are employed in the ministries.²² The number of civil servants eligible for annual appraisal in 2018 was 2,185. Performance of 41% of

¹⁶ Guidebook on Performance Appraisal of Professional Civil Servant, p.83; (see here:

<http://csb.gov.ge/uploads/654786.pdf>

¹⁷ The law on Civil Service, article 59

¹⁸ Ibid, article 107

¹⁹ Decree #219 of the Government of Georgia on Adoption of the Procedure and Conditions for Assigning Servant's Classes to Professional Civil Servant

²⁰ Law of Georgia on "Remuneration in Public Institutions", art. 28(1)

²¹ Law on Conflict of Interest and Corruption in Public Institution, article 5

²² The data is collected as of January 2019

appraised civil servants was defined as excellent, 58% - good, 0.9% - satisfactory, 0.1% - non-satisfactory.

Legal consequences most frequently used as a result of 2018th PA were awarding incentive in the form of monetary bonus (51%) and/or a note of appreciation (4%). For the remaining civil servants, appraisal did not lead to any legal consequences. 2018th PA did not lead to a negative consequence as for the dismissal of a servant two constant non-satisfactory evaluations is needed.

Since 2017 the CSB has been providing technical support and expertise to public institutions. Through application of so called learning by doing approach HRs were offered expert support in development of appraisal procedures and relevant documents on the job, in the context of their organizations. Analyses of this work revealed major progress in terms of implementation of performance evaluations system in civil service, however, as one would expect, planning and implementation of the first ever assessment cycle was also associated with a number of difficulties and challenges. A short summary of these challenges per stages of assessment is presented below.

Generally the positive observation is that although there was a lack of experience in PA and it was first ever assessment, all ministries and all civil servants who were subject to performance appraisal were evaluated. Additionally, senior leadership was very actively involved in the process that ensured the proper implementation of PA.

Planning

In many instances public institutions did not have institutional/organizational development plans, which made it difficult to link performance assessment to strategic priorities of the organization. In such cases, instead of focusing on performance appraisal procedures, public institutions had to start by defining priorities and forming institutional development vision, which slowed down performance assessment process.

In addition to that, it was found that material/electronic forms used for performance appraisal often were not linked to functions/competences of civil servants or where too general and incomplete therefore not very useful for assessment or planning of further professional development activities of professional civil servants. Analyses revealed that most ministries applied competences based approach and there were different understandings on competencies that gave room for interpretation.

Another important challenge identified from the very beginning of the performance appraisal was the lack of knowledge and experience to conduct the process among the managers. This challenge continued to be relevant for the whole 2018 assessment cycle. Managers did not have sufficient expertise and knowledge to decide on performance appraisal criteria and properly conduct the assessment of employees against these criteria. In order to increase their awareness and build the knowledge a series of training sessions were organized as a result of which totally 368 professional civil servants (managers) from central governmental organizations were trained. Additionally, trainings on performance appraisal system for professional civil servants in managerial positions in six municipalities were organized. Totally 68 training sessions were conducted and

624 professional civil servants were trained. Even though these training established basic understanding of performance appraisal process and philosophy among civil servants, public institutions still do not have sufficient experience in performance appraisal and therefore require additional support for better planning of the whole process.

Monitoring and Interim Appraisal

According to observations a few ministries paid particular attention to the quality of monitoring and interim appraisal process to ensue overall success of the assessment cycle. In such instances HR unit representatives as well as top management were directly involved in dialogues and monitoring of the overall process; employees were offered proper feedback on their work and therefore were prepared for the final evaluation results. However, in majority of the ministries monitoring system lacked such efficiency.

Some of the problems revealed by the assessment included violation of confidentiality of employee's performance assessment results (both on interim and final stages). It is worth mentioning that in some of the cases this resulted not only from improper protection of information by a manager or HR specialist but also by the subject of assessment - employee.

Also, despite of the relative informal nature of the monitoring and interim appraisal (as defined by the law) a number of ministries decided to complete this stage with quite high and unnecessary degree of formalities, therefore undermining the whole purpose of the interim appraisal.

Yet the biggest challenge of the process is the fact that in some cases performance appraisal cycle had only two phases - planning and final appraisal; monitoring and interim appraisal phase was skipped altogether.

Final Appraisal and Legal Consequences

Inconsistency of interpretations turned out to be the biggest challenge of the final appraisal stage. What one manager considered as "good" performance, another considered "excellent". This kind of discrepancies was observed not only between different organizations but also between different structural units within the same organization. A number of ministries introduced so called calibration meetings to mitigate this challenge. Heads of departments were regularly gathered in the room to agree on what makes good, bad or excellent performance.

Inflation of the assessment turned out to be another major challenge of the final appraisal stage. As shown earlier in this paper, the majority of civil servants were assessed very positively, which in some cases not necessarily corresponds to the actual quality of the work. This might be the result of poor understanding of the appraisal process by managers as well as the lack of experience in this regards.

In some cases civil servants reported poor understanding/knowledge of the legal consequences of the performance appraisal. Even though existing legislation offers detailed description of the possible results, certain level of confusion was observed around the matters of what organization can/must do after the assessment.

The positive tendency to be noted in association with this stage of appraisal is a comprehensive, face-to-face feedback offered to employees in most cases.

6. Recommendations and Future Steps

As a result of regular meetings and discussions with HR unit representatives the steps were defined and recommendations were elaborated for improving overall process of PA.

Analyses revealed that it is necessary to define competences in order to establish employee performance expectations and eliminate ambiguity. In addition to defining competences, it is also important to explain the performance appraisal rating in more details. The definition of rating scale should contain guideline that can be applied to measure the level of each civil servant's performance.

Currently calendar year is used for evaluation cycle that starts in the beginning of the year and finishes at the end of the same year. This means that for some employees (depending on the appointment date on the civil servant position) annual evaluation may cover period of time that is less than 12 months, since the probationary period was covered by the probationary evaluation (however the period of performing duties should be at least three months). In order to ensure the fair conditions for all civil servants it is recommended to make amendment in respective legislation and instead of calendar year define appraisal cycle as 12 months period of performance.

The self-assessment concept within appraisal system is not currently regulated by legislation. However, meetings and discussions revealed the need to introduce self-evaluation system that would give civil servants an active role to play in performance appraisal process. This active participation helps them to be more engaged with both their performance and the review process overall. Having the employee complete a self-assessment would give direct supervisor better insight into the employee's performance and training needs as well as their perceptions about the performance generally.

Finally, there was a discussion between HR unit representatives on whether civil servants who are on leave (e.g. on parental leave) may have their performance evaluation or not. It was suggested that evaluation period should not include the time the civil servant is absent because it negatively reflects on the employee's performance. According to the suggestions civil servant should perform job responsibilities no less than 6 months to become subject to performance appraisal.

7. Conclusion

In this paper the performance appraisal framework was described that is being implemented in practice since 2018 in most governmental institutions of Georgia. The paper analyzed legal consequences and plausible impact of performance appraisal on professional development of civil servants together with a short summary of the experience accumulated to the date.

Implementation of robust and objective PA is the biggest challenge of modern civil service systems. It is a time and energy consuming effort that is also emotionally difficult for both – those who are assessed and those who are assessing. Although the first ever PA was successful in Georgia, some challenges exist that will be addressed by the CSB through different activities and initiatives. In order to foster improvement of PA process, the CSB plans to evaluate and analyze the efficiency of each cycle of PA.