

PROPOSAL OF A 20% HIKE FOR THE BEST PERFORMING EMPLOYEES

The Indian government is finally going the corporate way. The stage has been set for introducing performance-linked payouts which may force over five million central government employees to deliver their best.

What may make even corporate executives envious of the new bonanza for central government employees, particularly of the brass, is the proposal of a 20% hike for the best performers over and above the raise that they had received after the sixth Pay Commission's recommendations two years ago.

Yet for the babus, it won't be a cakewalk either, as the formula of assessing the government employees as proposed by performance management division under the cabinet secretariat, has ruled out paying even a penny to an official if his ministry scores 70 or below in a scale of 100.

But a secretary of a high performing ministry which meets 100% target will be eligible to receive Rs 2.4 lakh extra per year if the cabinet secretariat's proposal of a 20% performance-linked payout is endorsed by the government, according to an official in cabinet secretariat.

The first round of assessment, initially for three months from January to March 2010, is over and three out of 59 central government departments have got a 100% score. There is a strong possibility that a large number of government employees would receive an extra pay once the new formula is adopted.

"We are extending the performance monitoring and evaluation system to 62 departments from the current fiscal. According to our system, a department sets a target, fixes the weightages of each target, and if it succeeds meeting all its targets, it gets a score of 100. Now, we are proposing that if a department meets all its targets, the head of the department would be given a performance bonus of 20% or more of his basic salary. And other employees too will get such bonuses," said an official in performance management division.

He further says how the government has failed to implement performance-linked incentives for its employees for the last 20 years though such recommendations were mooted by successive pay commissions including the more recent Sixth Pay Commission.

Several countries such as Canada, New Zealand, Australia, Netherlands, Denmark, UK, US and Finland have moved away from the traditional government administrative model to a management model under which officers act like corporate managers as they get greater operational freedom, but are held accountable for results. In fact, New Zealand is considered to be the leader of the pack where performance of government agencies are weighed in by setting targets and adopting regular evaluations.

Though there were several attempts in India too to bring in performance management in an institutionalised way, the process got kickstarted only after World

Bank's senior economist Prajapati Trivedi was appointed as secretary to the government of India with the responsibility for performance management early last year. Dr Trivedi, along with cabinet secretary KM Chandrasekhar, introduced a tool called Results Framework Document (RFD) which will set targets for each ministry and will finally be the basis for yearly evaluation.

Dr SP Parashar, a former director of IIM Indore, says that the government had in the past too dealt with the subject by introducing themes such as Programming, Planning, Budgeting (PPB), Zero Base Budgeting (ZBB), and Outcome Budgeting (OB), to name a few. "You might be wondering what happened to them? They went with their champions. Lets hope that Results Framework Document (RFD) stays. The real challenge and test of any change program in our kind of democracies is its continuity..." he says.

He agrees that at concept level, Results Framework Document captures international best practices in respect of government performance management, but it misses the heart of good performance being implemented in the corporate world. "It is fixing individual responsibility in addition to departmental responsibility. The Results Framework Document as currently devised and adopted uses departmental responsibility and score as proxy for individual responsibility and score," he says.

Yet, with 62 government ministries and departments on board with a few exceptions like PMO, home and defence, the performance of central ministries is under close watch. Though SundayET has learnt that only three ministries met 100% targets and some could not even meet 50%, it remains to be seen when and how the government makes those report cards public.

Source: Economic Times