

# An Assessment Of Performance Contracting In The Malawi Civil Service: A Review

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## **Abstract**

*In order to measure the effectiveness of any organisation and consequently its success or failure, there is need to manage and measure the performance. In the public sector where achievement of goals is done for the public using public resources, performance management and measurement good governance. In 2013, the Government of Malawi introduced organisation performance measurement in the public sector branded as Organizational Performance Assessment it was later restructured and rebranded as Performance Contracting. The study aimed to assess Performance Contracting in the Malawi civil service. The study found out that there is optimism that Performance Contracting will bring success to the civil service if all players are committed in implementing it. The study also found out that although there are some issues, the Performance Contract is being implemented more effectively as compared to the Organizational Performance Assessment. Challenges included inadequate and delayed funding form Treasury, lack of commitment and cooperation from departments, laxity in enforcement and lack of rewards and sanctions among other issues. The study recommends that, Government should involve many stakeholders including end users in the development of all performance measurement programs, continue enforcing Performance Contracts in all Ministries, Department and Agencies (MDAs), increase awareness of the presences of the organizational performance measurement programs as well as train all staff and follow through with its obligations including provision of adequate and timely funding to MDAs. MDAs should consider constituting multi-disciplinary team to coordinate the Performance Contract.*

**Keywords:** *Performance Management, Organizational Performance Measurement, Public sector, Civil Service*

## **1. INTRODUCTION**

Malawi is a small landlocked country in Southern Africa. Malawi is a former protectorate of the British colonial rule. It gained independence on 6<sup>th</sup> July, 1964. Geographically, it is bordered by Mozambique on the east and southwest, by Tanzania on the west and northwest and by Zambia on the west and northwest. Malawi has three regions; north, central and south. Lilongwe city in the central region is the national and administrative capital.

Politically, after independence in 1964, Malawi was ruled by a one party state under president Dr. Hastings Kamuzu Banda. After thirty years of autocratic rule, the country held a

referendum in 1993 which saw the dawn of multi-party democracy in Malawi. Malawi held its first ever general election to choose a democratically elected leader in 1994. Since then, Malawi holds general elections every five years. A new constitution was established the same year. As with most British colonies and protectorates, Malawi inherited its administrative system from Britain however, over the years many administrative changes have been initiated including restricting of the public service.

### *Malawi Public Service*

The public service in Malawi is provided for in the Constitution of the Republic of Malawi. It consists of all three branches of government. By definition, according to the Malawi Public Service Management Policy, the public service is any service that is provided by the Government of Malawi (GoM) directly or indirectly and uses public resources or any public interest activity under the ambit of the government. This includes government institutions and their employees.

The Malawi public service consists of the following public institutions and their employees:

1. The Parliamentary service
2. The Judicial service
3. The civil service – all ministries and departments
4. Malawi defense forces
5. Malawi police service
6. Immigration and citizenship service
7. Prison services
8. Local government authorities
9. Constitutional and statutory bodies
10. Any company in which the government has majority share equity.

### *Review of Literature*

Neely (1999) notes that performance measurement has been part and parcel of planning and control of organisations. He even goes on to say that performance measurement must have been there when the first organization was established. Chandler 1977 cited by Neely argued that management methods used to manage big business today were in place as early as 1910 giving management of Du Pont as an example. Neely further cites the “Measurement Project” by General Electric in 1951 as one of the huge efforts by organization to set systematic performance metrics. However, he notes that performance measurement really took off on a large scale by many business organisations in the late 1980s and early 1990s. This was both from the practical viewpoint as well as theoretical side. He found out that between 1994 and 1996 alone, a total of 3615 articles on performance measurement were published. Some of the reasons for the rise of performance management were the changing nature of work, increasing competition, national and international awards, changing external demands and the emergence of information technology among others.

Halachmi (2005) gives compelling reasons why performance measurement should be at the heart of every organization some of which are given as follows. Firstly, she argues that one cannot measure something if one does not understand. In turn it is difficult to control something one does not understand. Subsequently, if you cannot control it, you cannot improve it. Secondly, the intention to measure performance, gets people and organisations on their toes to get things done. She also emphasizes that if you cannot measure results, it is impossible to tell success from failure. And if success cannot be identified, it cannot be rewarded which may entail rewarding and reinforcing failure. Lastly if you cannot show in comparison of your current status against the past or indeed with similar organisations, then your accountability may be called into question.

Most literature on performance management show that it evolved in the private sector. Even today measurement of performance can be seen to be more active and almost the core of every private entity. However, as discussed next, performance measurement has also been adopted in the public sector administration.

Shah (2017) acknowledges that performance management is more than measurement of past performance and is an approach to improving future performance. He further notes that as the private sector used performance management to increase their productivity, the approach caught the attention of the public sector. He links the adoption of performance management as part of public sector administration with the emergence of New Public Management (NPM) which focused on a market orientation and consumerism in public administration. He further notes that performance management across the globe spread and civil services of almost all countries have performance appraisal as part of their regular administrative cycles. He however, noted that performance management took different shapes especially in developing countries with varying formality in the process.

Fryer, Antony, and Ogden (2009) note that as voices for a need for “value for money” and “performance measurement” in public administration grew louder a new approach in public administration was necessary. A new approach termed New Public Management (NPM) which emphasized employment of professionals, explicit standards and measures of performance, adoption of private-sector management styles and increased accountability among other premises for public administration was born. However, they note that even though performance management is regarded as a relatively new concept in public administration realm, the New York Council used performance management as early as the 1900s although the term was not used until the 1970s.

Fryer et.al make an important distinction between performance management and performance measurement. These two terms are usually confused. Performance measurement is a crucial part of performance management but only deals with the past while performance management extrapolates the data to provide information into the future of the organization. Their study also found out that even though performance management has been used in the public sector it hasn't necessarily brought about success. They recommend more involvement of stakeholders, employees and partners in order to improve performance management in the public sector.

Radnor and McGuire (2004) also differentiated between performance management and measurement. They note that performance measurement is about measuring performance while performance management is about reacting to the outcome of the measurement. They found out that in the public sector, performance is all about measurement rather than management.

Putu, Helden and Tillema (2007) found out that even though Performance measurement is has gained ground in the public sector, it has failed to gain ground in public sector of developing countries. They cite several factors that may cause this scenario including low institutional capacity, limited involvement of stakeholders, corruption, laxity and low demand for performance information.

De Waal (2007) acknowledge that performance management is suitable for improvement of organisations in developing countries. In his study of a Tanzanian organization, he observed that well if well implemented, performance, management is a very powerful tool. He however, warns that it should neither be implemented lightly nor should it be underestimated. Rather it should be implemented wholeheartedly and with zeal.

Lin and Lee (2011) however warn that performance management in the public sector has unique challenges different from those of the private sector. They argue that the public sector is complex and has a unique environment. They also point out that in the public sector, performance management is used as a control program to rectify errors, as a process of

political communication which is used by elected members to control the administration and finally as a leading tool aimed at sowing seed of innovation. They conclude that performance management in the public sector should not only focus on reviewing and managing standards rather, it should consider actual circumstances of public organizational operation.

Government of Malawi (2016). According to a government report, the Government of Malawi introduced an accountability framework for public sector service delivery starting 2013. The framework was initially known as Organizational Performance Agreement (OPA) and was later revised and renamed as Performance Contract.

Nganyi, Shigogodi and Owano (2014) according to the authors, the concept of performance contracting started in France spread to the United States of America and later to all countries of the Organization for Economic Co-operation and Development (OECD). Other countries in Asia, Africa and South America are also using performance contracts in order to improve performance of their public sectors. In their study, they noted that in public universities in Kenya, performance contracting had yielded results although limited due to other challenges such as lack of coordination.

Larbi (2001) affirm that performance contracts or agreements are central to the setting of explicit standards and measure of performance in the public sector brought about by the NPM movement. They adopt the World Bank definition of performance contract given above. And OECD definition which stresses the definition and of responsibilities and expectations between parties to achieve agreed results. Larbi found out that performance contracting was a tool mostly used in countries that had undergone some form of structural adjustment programs (SAPs).

Cheche and Muathe (2014) suggests the same evolution of performance contracting as the authors above. However, they stress that in Africa, the end of colonization brought about extension of the public sector. Unfortunately, the new leaders employed those who were loyal to their cause during the struggle regardless of skills and abilities. This lead to inefficient governments. As a condition for financial bailouts, Cheche&Muathe observe that the World Bank and the International Monetary Fund forced African governments to engage in Structural Adjustment Programs (SAPs) including introduction of performance contracting. This study found out that there are research gaps in the field of performance contracting and suggested further research to fill the gaps.

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