

## **7. RESULTS-ORIENTED PERFORMANCE MANAGEMENT SYSTEM AND PERFORMANCE-RELATED INCENTIVE SCHEME**

- 7.1 Following recommendations made by the Bureau in past Reports, the Performance Management System (PMS) was introduced in the Public Service in 2006 as a strategic reform initiative. It marked a shift from the traditional input-based approach to a model that links individual and team performance to organisational goals. Further to its implementation, a Performance Related Incentive Scheme (PRIS) was also recommended. While the PMS has been rolled out in the Public Sector, instilling to some extent a performance culture, the PRIS on the other hand, according to the MPSAR, could not be implemented in the absence of sufficient safeguards.
- 7.2 In its 2025-2029 Programme, Government announced a renewed focus on improving productivity and performance in the Public Service. It is committed to bringing the Public Service to new heights of efficiency and effectiveness. In line with Budget 2025/2026, it has, among others, reintroduced the Performance-Based Budgeting (PBB), as a strategic management tool to assist in resource management and public sector accountability. Relevant legislations have been amended to extend the PBB in Statutory Bodies, Local Authorities and the RRA so that fundings are systematically linked with results/outcomes.
- 7.3 In parallel, to create a more 'agile and modern' state, Government has laid emphasis on the need to review the existing PMS, among others. The MPSAR on its part, considers that adopting appropriate tools and processes is of prime importance for the Public Service to become more effective, resilient, accountable and citizen-centric. The Federations represented that the existing PMS be replaced by a new mechanism and the Performance-based bonus be reintroduced in the Public Sector to motivate employees.
- 7.4 Against this backdrop and to improve the effectiveness and accountability in the management, operations and implementation of Government activities, there is need to shift the focus from the traditional approach that is on activities/outputs to results. In some foreign jurisdictions, a Results-Based Accountability System exists for an improved public accountability and service delivery, as well as for a strengthening of the linkages between funding and results. One of the key outcomes is to ensure a workforce that is talented, professional, representative, engaged and productive, with the required competencies and values to meet current and future needs of public sector organisations. By setting goals and measuring performance outcomes, Chief Executives can determine who is responsible for goal achievement and fostering a culture of responsibility and transparency. Therefore, one of the fundamental features of such system is linking capability to results/outcomes.

- 7.5 We are, thus, elaborating on the development of an integrated framework based on results, to manage performance in the Public Service, which can also be used as basis for the implementation of a PRIS.

### **Integrated Performance Management Framework**

- 7.6 Both PBB and PMS share the common goals of improving performance and accountability in the Public Service. While the PBB allocates resources according to measurable performance goals and outputs as well as outcomes to be delivered, the PMS is focused on enhancing individual employee performance and identifying development needs, among others. Therefore, synergising these two Management tools would involve aligning individual employee goals with the broader programmes' outcomes and performance indicators set under the PBB's framework. This would contribute in ensuring accountability down the line by cascading organisational priorities into individual objectives. To this end, the development of an Integrated Performance Management Framework to support the implementation of a Results-Oriented Performance Management System is required. This new Framework would provide for the planning, implementing, monitoring and reporting on organisational performance and linking organisational performance to employee performance. We are recommending along these lines.

### **Recommendation 1**

- 7.7 **We recommend that the MPSAR in consultation with the Ministry of Finance should develop an Integrated Performance Management Framework (IPMF) for the implementation of a Results-Oriented Performance Management System (ROPMS) in the Public Sector, through an integrated approach by synergising the Performance-Based Budgeting and the Performance Management System. In so doing, clear metrics/indicators have to be set to: manage and measure individual contributions towards the outcomes under Performance-Based Budgeting, link rewards (financial/non-financial) to measurable performance; and manage underperformance.**
- 7.8 **We also recommend that the IPMF should provide Ministries/Departments/Organisations with the flexibility to tailor their performance approaches to suit their workforce needs, within the parameters set.**
- 7.9 **We further recommend that the MPSAR should revisit its PMS Handbook to reflect the IPMF with appropriate guidelines for consistency across the Public Service.**
- 7.10 **We additionally recommend that pending the implementation of the IPMF, the MPSAR should:**

- (i) continue to monitor the work carried out by the PMS Monitoring Committees of Ministries/Departments/Organisations; and**
- (ii) ensure the timely implementation and monitoring of the PMS in Parastatal Bodies and Local Authorities.**

### **Institutional Responsibilities**

- 7.11 To allow the implementation of the new Framework, collaborative efforts of key stakeholders are needed. Though having different mandates, they (MPSAR, Ministry of Finance and National Audit Office) have interconnected roles with the core functions of strategic planning, budgeting, human resources, and performance audit. Therefore, it is important for all these institutions to be collectively responsible for achieving results through effective coordination.

### **Recommendation 2**

- 7.12 **We recommend that:**

- (i) the MPSAR should spearhead the ROPMS and be responsible for its implementation in the Public Service. The Ministry should also regularly monitor and evaluate the system to identify any shortcoming or impediment and bring necessary corrective measures;**
- (ii) the Ministry of Finance should integrate the Performance-Based Budgeting within the ROPMS to ensure that resource allocation is linked to the achievement of defined results as per Performance Indicators; and**
- (iii) the National Audit Office should use the information generated by the ROPMS to conduct performance audits and evaluate whether public funds are being used efficiently and effectively to achieve the intended results.**

### **Digitalisation of the ROPMS**

- 7.13 To foster a results-oriented and accountable culture, the MPSAR submitted that consultations for the digitalisation of the PMS have been initiated. This would enable Ministries/Departments to set measurable objectives, track performance outcomes in real time, and facilitate timely feedback and evidence-based decision-making. With the recommended establishment of a ROPMS, there is need for its digitalisation which would serve as a key enabler for building a high-performing and accountable Public Service. Software tools and online platforms used in other countries can serve as a model.
- 7.14 Notwithstanding the above, following reported considerable delays in processing performance appraisals and to allow real-time monitoring of

performance, the Bureau recommended in its last Report for the digitalisation of the PMS across the Public Service.

### Recommendation 3

- 7.15 We recommend that the Ministry of Information Technology, Communication and Innovation should provide the necessary technological infrastructure for the development and digitalisation of a user-friendly ROPMS.**

### Performance-Related Incentive Scheme

- 7.16** The underlying rationale of a PRIS rests on its motivational aspects and the degree to which financial rewards can influence individual performance. In the last Report, provision was made for the Standing Committee on Performance/Productivity-Related Reward (P/PRR) under the Chairmanship of the MPSAR, to develop an appropriate P/PRR Scheme for public officers based on broad guidelines.
- 7.17** In its submissions, the MPSAR highlighted that the current PMS does not cater for any type of reward/incentive for remarkable performance or achievement of a public officer, except for the grant of the annual increment. It was reported that meritorious performance can be rewarded once sufficient safeguards are integrated in the system to ensure objectivity in the appraisal exercise through a more stringent rating mechanism.
- 7.18** We consider that while a PRIS is one way to reward meritorious performance of public officers, its implementation is riddled with difficulties. Empirical evidence on the efficiency gains from performance pay is both inconclusive and ambiguous. Performance pay may promote behaviours that emphasize success in the short-term at the expense of achieving long-term results; focusing on rewarding individuals does not allow enough recognition of the collective and collaborative efforts to address organisational challenges; and too much focus on monetary incentives downgrades other reward and incentive measures such as recognition, promotion possibilities or flexibility in work organisation.
- 7.19** Nevertheless, for an effective implementation of a PRIS, the following are essential:
- (i) **Clear performance metrics** through the establishment of measurable and achievable performance targets that are communicated clearly to employees;
  - (ii) **Fairness and Transparency** to ensure that the criteria for earning incentives are perceived as fair and consistent to maintain employee motivation and trust; and

- (iii) **Regular Reviews** to enable the assessment of employee performance at specific intervals and adjust incentives as necessary through a robust performance measurement system, among others.

**7.20** Pending the implementation of the PRIS based on the new framework of ROPMS, we consider that high performers may meanwhile be rewarded through non-financial incentives as a means of recognition and appreciation of their achievements. We are, therefore, making appropriate recommendations to this end and reiterating the provision for the grant of annual increment to officers based on their performance.

#### **Recommendation 4**

**7.21** We recommend that:

- (i) the annual salary increment should continue to be granted based on performance assessment ratings of employees, after taking into consideration their efficiency, diligence, commitment including availability and regularity at work;
- (ii) the annual increment should be earned and in cases of underperformance or in specific circumstances, same should be withheld, stopped or deferred. No increment shall be earned in case an officer is unfavourably reported upon; and
- (iii) performance ratings following a performance appraisal exercise should be used to determine the eligibility for assignment of duties of higher positions rather than based solely on seniority basis.

**7.22** We further recommend that for their continuous outstanding performance, say for three consecutive years and subject to practicability, high performers should, as a recognition of their commendable effort, be granted non-monetary rewards such as awards, shout-outs or gatherings for their hard work; opportunities to participate in workshops/seminars/learning events for relevant exposure in their field; extra time-off; formal letter of acknowledgement/ appreciation from the Chief Executive; experiential incentives such as tickets to events/adventure activities; wellness programmes; stay at recreational resorts; and lunch/dinner restaurant vouchers.

**7.23** We also recommend that after the successful implementation of the ROPMS:

- (i) requests for grant of PRIS to individuals/teams/organisations as a variable reward, should be submitted to the Standing Committee on Performance/Productivity Related Reward under the Chairmanship of the MPSAR and comprising representatives of the Ministry of Finance and Pay Research Bureau for consideration; and

- (ii) a lump sum of up to a maximum of one week's salary be granted to officers for their continuous high-level performance for three consecutive years, subject to criteria established by the Standing Committee on Performance/Productivity Related Reward.

**7.24** The recommendations made under this Chapter should equally apply to Parastatal Organisations, Local Authorities, the Rodrigues Regional Assembly and Private Secondary Schools.

