



Institutional Creativity of the Human Resource Management System (HRMS) in Ministry of Public Works and Transports

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Abstract— Institutional creativity in human resource plays critical role in the Ministry of Public Works and Transports' (MPWT) performances as it is the programme, policy or practice designed to influence changes in employees' attitudes and behaviours to fulfil its development goal of the ministry. This paper aimed at examining the existing performance management system and performance appraisal and its strengths and weaknesses. The creativity performance in MPWT context was mainly on the top-down practices in which significantly contributed to strategy improvement on human resource management, specifically on professional development. Performance management relies on trusts and reliability of peers and higher ranking personnel, however, problems existed on clearly measurement due to unacquaintance of appraisers. Thus, the 360 degree feedback is recommended for both performance appraisal and performance management.

Keywords— Human resources management system; Institutional creativity; Lao PDR.

1. INTRODUCTION

1.1. Rationale

Ministry of Public Works and Transports (MPWT) is a government organisation supporting the Lao Government to public services across the country. The effectiveness of human resource performance system influences the change of employee's attitudes and behaviours. Performance management at MPWT seemed to add values to its objectives enabling performance culture developed and maintained leading to the employees' rewards and contribution to the development. MPWT has not clearly shared visions of its strategic objectives; established the performance of each function, group and individual to ensure that the performance is aligned with their actual needs; and clearly linking the employees' performance evaluation to employees' development and rewards. The performance appraisal practice within MPWT has not really addressed the issues related to employees' professional abilities leading to personal development and rewards. For such reasons, it is important to examine the performance management and performance appraisal so that it can improve personnel development by providing continual training opportunities, creating fairer systems in recruiting people for appointment and promotion into public services and new wage system and other incentives: health care cover and bonus, organising and scheduling workload and output, setting priorities, creating a monitoring system for staff performance, better handling conflict and grievance with departments or inter-departments, which results in efficient public services delivery through improved organisational structures and procedures, and

creating a productive and motivated professional civil service adhering to high ethical standard.

1.2. Objectives

This study aims at firstly examining the perception of existing HRM system: performance management and performance appraisal practiced in the Ministry of Public Works and Transports and secondly identifying the strengths and weaknesses of both performance management and performance appraisal.

1.3. Scope of Research

The content of this research covers the evaluation of perception of existing leaders, managers and employees regarding to the performance management and performance appraisal, which includes compensation and benefits as these aspects are believed to be parts of institutional creativity leading to enhance human capital in MPWT. The study covered 3 major locations: Vientiane Capital, Bolikhamxay and Champasak. The target population was on directors and deputy directors of departments, head and deputy head of divisions.

2. LITERATURE REVIEWS

Human resource management (HRM) in an organization involves the policies and practices needed to carry out the staffing (or people) function of management. HRM helps the management process avoid mistakes and to get results. Therefore, the HRM manager's job in management process involves planning, organizing, staffing (human resource management), leading, and controlling [1]. HRM includes conducting job analyses, planning labor needs and recruiting job candidates, selecting job candidates, orienting and training new employees, managing wages and salaries, providing incentives and benefits, appraising performance, communicating, training and developing managers, building employee commitment, being knowledgeable about equal opportunity, affirmative action, and

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employee health and safety.

Theoretically, there are various ways to assess how well Human Resource Management System (HRMS) perform their roles. The organizational effectiveness and organizational capacity model as tool for measuring state management performance. Management is generalized as a process of managing the organization's internal elements for implementing a set of activities towards desired results under the changing and uncontrollable external environments for fulfilling the organizational objectives in line with its vision. The organization's ability to align its vision, goals, planning, activities and results is known as organizational effectiveness. [4]

2.1 Performance Management

Organisations require ever-improving performance to survive and prosper in today's competitive world. Individual and organisational performance improvements are the key to competitive advantage. Performance management is seen as "an interlocking set of policies and practices which have their focus the enhanced achievement of organisational objectives through a concentration on individual performance" [2]. "Performance management is to ensure that employee actions are linked to and add value to organisational objectives, that a performance culture is developed and maintained, and that employees are rewarded for their contribution and developed so that they can perform [3].

Performance management, as asserted by Stone 2002, p. 265], has the following key elements:

- The creation of a shared vision of the organisation's strategic objectives
- The establishment of performance objectives for each function, group and individual to ensure their performance is aligned with the needs of the business.
- The use of a formal review process to evaluate functional group and individual progress towards goal achievement
- The linking of performance evaluation and employee development and rewards to motivate and reinforce desired behaviour. Thus, performance management involves goal establishment, performance evaluation, employee development and reward. It provides the link between the organisation's strategic business objectives, employee performance, development and rewards and organisational results.

It is, therefore, important to note that performance management can have a significant impact on the success of an organisation through promoting cooperative effort towards common goals, encouraging teamwork and more open communications; increasing individual and group performance; and facilitating change [2]

2.2 Performance Appraisal

Performance appraisal can be viewed as an overall measure of organisational effectiveness since organisational objectives are achieved through the effort of individual employees. Performance appraisal of employees is a critical, dynamic and ongoing

management activity because managers are continually observing and judging their employees. It is noted that performance appraisal involves evaluating performance, communicating that evaluation the employee and establishing a plan for improvement. This evaluation process, as asserted by Stone [2002], may be formal or informal which has a direct impact on the employees' salary increase, promotions, terminations, training and career development or professional development. Dynamic performance appraisal program has its characteristics of goal establishment, performance feedback, and performance improvement. It is stated that good performance measurement is a necessity for effective feedback, while feedback in turn is also essential for a quality goal-setting program because it allows staff to see how well they are performing and helps them to set new goals. Setting goals without creating a way of measuring achievement is useless. Goal setting, if they are designed well, can be the powerful tools for increasing staff motivation and performance [2].

3. RESEARCH METHODOLOGY

The mixed research methods quantitative and qualitative were employed. For quantitative study, the author used cluster sampling approach selecting those directors of departments, heads of divisions, senior staff and technical staff with total of 100 persons. Where 8 directors of departments, 6 heads of division and 10 academic staff will be selected for qualitative study mainly based in the Ministry of Public Works and Transports' Headquarter.

For quantitative data analysis, the author used Statistical Package for Social Science Version 19 (SPSS 19) to seek for frequency, percentage, means and standard deviation. While qualitative data analysis, the author used content analysis after codification from MP3 and note-taking. The process of this interpretation all data collected will be transcribed managed in table of qualitative analysis.

4. RESEARCH FINDINGS

4.1 Respondents and Key informants

The result of this study has shown that there were male respondents more than female respondents which covered 62 persons and 28 persons respectively. It was indicated that most of the respondents were holding technical staff (62 persons), Deputy Head of Division (25 persons) and Head of Division (13 persons) respectively. Thirty respondents were holding Bachelor degree; whereas, twenty-one respondents had higher diploma, eighteen and eleven respondents were holding Master degree and diploma respectively. The result further revealed that most of the respondents had experiences and worked in MPWT over fifteen years. With respect to job responsibilities, most of the respondents in the survey had responsibilities for technical work (38 persons), then supervising or coaching (21 persons) while administrative (13 persons) and clerical work (8 persons)

4.2 Performance Management

The result from the analysis of performance management rating from 1 strongly disagree to 5, strongly agree and measured by means of 39 indicators or variables starting from: Mission is clear and energise employees; Strategic goals and objectives have focus and stretching; Owners defined for goals and objectives; Strategies are developed and resources allocated; Customers' needs are addressed; Output and outcomes are defined; Decision issues and decision process are used; Management culture is supportive; Measures flow from goals and objectives are developed by managers; Inventory of common measures is formalized resources provided; Responsibilities for data collection, reporting, analysis and posting are identified; Managers used measure to evaluate performance; Reward system are clear and consistent and reflective levels of success; Data resources are identified; Information systems are designed to support data collection and reporting; Pilot tests are conducted; Automatic or manual requests are used for periodic update; Data entry tabulation, summarization methods are documented for each measure; Data definition for common measure are followed; Reliability, timeless, accuracy, rapid access and confidentiality are addressed; Data are integrated; Analytical capabilities are developed; Results are analysed and validated; Management review results vs. expectations and make mid-course connections; Feedback is provided for continuous improvement; Activities of process owners used performance information for continuous improvement; Rewards and recognitions are based on results; Benchmarking and comparative analysis with best in class are done; Management feedback is provided; Performance is used to identify opportunities for reengineering and allocation of resources; Professional development of the staff is seen as an important aspect of management by the ministry; The personnel in this institution are very informal and do not hesitate to discuss their problems with superiors; The personnel are encouraged to take initiative and do things on their own without having to wait for instruction; The management of this institution make efforts to identify and utilise the special talents of the personnel; and Promotion decision of personnel are based on their suitability.

Quantitatively, it was found that PM was generally from good to excellent since the majority of respondents agreed and strongly agreed with the statements mentioned in performance management at 3.49 and 4.70, specifically, management culture is supportive and mission was clear and energise employees respectively. Whereas, it was found that female respondents partly agreed with the statements that Inventory of common measures is explored and balance scorecard or similar tools are used at 2.94 and 2.83 respectively.

Performance Management (PM) by job title: head of division, deputy head of division and technical staff found that the deputy head of division partly agreed with the statement that management culture was supportive at 2.76. The statements that the management of this institution made efforts to identify and utilise the special

talents of the personnel; and promotion decisions of personnel are based on their suitability were rated at 5.00 by heads of division while the deputy head of division only ranked 3.52 and 3.32 respectively.

It was found that PM by number of working years experienced strong disagreement by those under 1-5 years of working experience under the statements that strategic goals and objectives had focus and stretching; output and outcome were defined; inventory of common measures was explored; balance scorecard or similar tools were used; performance levels were reflective of resources; automatic or manual requests were used for periodic update; reliabilities, timeless, accuracy, rapid access and confidentiality were addressed; data are integrated; analytical capabilities were developed; promotion decision of personnel were based on their suitability, which were all rated at 1.00, which was contrary to those with more years of working experience as it could be seen that PM in the above statements were rated more and more according to the number of experience.

Qualitatively, the analysis of the performance management in the Ministry of Public Works and Transports (MPWT) was largely on system evaluation, and from top-down process rather than from multi-angled feedbacks which significantly contributed to the improvement of strategies for managing or leading human resources and supported professional development of personnel in MPWT.

4.3 Performance Appraisal

Based upon the performance appraisal on variable statements: The performance appraisal of personnel by the directors provides opportunities for staff to have clear understanding; the appraisal system provide the personnel effective feedback about their performance; the appraisal system helps directors to identify the needs of the personnel; the appraisal system provides opportunity for staff to communicate the support the needs from his/her senior to perform his/her job well; the appraisal system provides opportunity for self-review and reflection; the appraisal system encourages the directors and staff to have common understanding of the staff; the appraisal system has scope for reflection and assessment; the appraisal system encourages open communication between directors, staff and peers through performance review; the appraisal system aims at strengthening directors-personnel relationship through developing mutual trust; the appraisal system helps interested staffs to gain more insights into their strengths and weaknesses; the appraisal system has scope for communicating the institute plans and development goals to staff; the objectives of the appraisal system are clear to all staff; periodic orientation programmes are conducted to explain the objectives and other details of the appraisal system; the director generally spend time with their staff to discuss their performance; the director helps their staffs to plan their performance in the beginning of the year; discussion on key performance areas /key results/tasks between director and staffs is very educative; the director does a thorough join on self-appraisal in terms of reviewing reflecting and analysing

the factors affecting their performance; the performance review discussions are taken seriously by directors and sufficient time is spent on these discussions; the performance review discussion are conducted with high quality and care; efforts are made by directors to see that staff are objective in their appraisal system; the appraisal data are used as inputs for recognition and encouragement of high performers; and the appraisal facilities growth and learning in the institute both for the staff and the directors.

Quantitatively, it was found that the majority of respondents considered performance appraisal from neutral to high since they seemed to strongly agreed with the statements mentioned in performance appraisal activities while it was seen that the female respondents strongly agreed with the statements that the appraisal system helped directors to identify the needs of the personnel; and the appraisal data were used as inputs for recognition and encouragement of high performers at the rate of 5.00 as well as male respondents rating from 4.23 to 4.65.

Based upon the number of year of working experience, it was found that the respondents with 1-5 years of experiences rated the lowest in the performance appraisal system had scope for reflection and assessment at 1.00; and PA of personnel by the directors provides opportunities for staff to have clear understanding at 3.00 whereas they strongly agreed with the rest of the statements. Similar to PM, PA rating increase depends on the respondents' number of years of experience.

Qualitatively, the content analysis revealed that PA depends on trusts and reliability of peers and colleagues voting for the popularity and professional knowledge and competence for rewards and punishment, which was difficult to measure in case of unfamiliarity of the appraisers.

4.4 Strengths

Performance Management has been implemented high in clarifying and energizing its missions to employees, goal and objective definition, data management and identification, and information management.

Whereas, performance appraisal with clear objective and system emphasises on its implementation in terms of identifying needs of employees, providing opportunities for junior staff to communicate with senior ones and opportunity for self-review and reflection, encouraging the development of common understanding and communication between the top management and employees, correcting biases of directors to a review process, strengthening directors-personnel relationships through developing mutual trusts, assisting interested staff to gain more insights into his/her strengths and weaknesses, and having scope for communicating the MPWT plans and development goals to staff.

Moreover, there were periodic orientation programmes to explain the objectives and other details of PA, which includes the time the directors spent for discussion with staff, the plan they share at the beginning of the year, the indicative key performance areas, the high quality and care performance review discussion, the use of appraisal data as inputs for recognition and encouragement of high

performance, and the training of subordinates to cope with their personal bias and favouriticism

Inductive training implementation was totally accepted by staff, specifically on providing excellent opportunities for new staff to learn about MPWT, and the opportunity to transfer knowledge from seniors to juniors.

4.5 Weaknesses

Although majority of PM activities have generally been well-implemented, they were not well applied to the junior staff with one to five year of work experience in terms of providing the insight on strategic goals and objectives, output and outcome definitions, exploration of common measures, the use of balance scorecard reflective of resource performance levels, the addressed reliability, timeless, accuracy, rapid access and confidentiality, integration of data and developed analytical capabilities. In addition to PM, the PA system did not have scope for reflection and assessment for the above mentioned juniors.

5. DISCUSSION

The weaknesses of this study indicated that MPWT has not created the shared vision on the strategic objectives specifically the junior technical staff. They did not understand the process of the evaluation against their performance as described by Stone, 2002 that performance management is effective if there is a shared vision of organisation's strategic objectives at all levels. The linkage of employees' performance appraisal and employee development and rewards leading to motivate and reinforce desired behaviour and organisational cultures.

6. CONCLUSION

Quantitatively, it can be concluded that performance management were significant from neutral to high performance since the majority of respondents rated from 3.69 to 4.70 except for junior staff with 1-5 year of work experience.

Whereas, it can qualitatively concluded that the performance management was considered as top-down system rather than individual feedbacks. Although in some practices of PA and PM were based upon trusts and reliability of peers and colleagues, there was a risk in the practice as the people providing feedbacks may not be acquaintance to the individual appraisee.

7. RECOMMENDATION

PM in MPWT in some cases need improvement, especially among the junior staff in PM and PA practices. The implementation of both PM and PA should be conducted by sector and individual responsibility rather than inspector teams since 360 degree evaluation is needed and to avoid the consequences from unfamiliar biases.

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