What a Performance: Performance-Related Pay in the Thai Public Sector

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Abstract

This case is about a design and implementation of an intervention in performance management system, i.e. performance-related pay scheme. This plan is the first ever in Thai government history which is implemented in 2004 in order to improve the efficiency of the Thai public services. It contains a detailed description of the three basic components of the pay-for-performance scheme – i.e., the performance agreement, the performance evaluation, and the incentive allocation procedures. Information on the allocation of the 5,550 million baht incentives budget whereby all 1.5 million public sector employees – in the departments, higher education institutes, and provinces – could qualify for incentive bonuses based on performance results at both the organization and individual levels, is also included. The case is structured to focus at the dilemma of outcomes of this pay-for-performance scheme. On the one hand, there are many positive assessments from a recent study, including producing many of the intended outcomes and indications of positive support from most officials. On the other hand, magnitude of the dissatisfaction and confusion has become apparent in some segments of the public sector workforce. With this information, the student-analyst must examine the complaints against the design and workings of the performance-related pay scheme, with a view to determining whether the Office of the Public Sector Development Commission, as the

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major designer and regulator of the performance management system, needs to effect modifications to the system and, if so, what those modifications should be.

**Keywords:** Performance Management System, Performance–related Pay, Thai Public Sector
การจ่ายค่าตอบแทนตามผลงานในภาคราชการไทย

กัลยาณี คุณมี

บทคัดย่อ

กรณีศึกษานี้เกี่ยวกับการออกแบบและการดำเนินการในเครื่องมือที่รองรับระบบการบริหารผลงาน นั้นคือ การจ่ายค่าตอบแทนตามผลงาน ซึ่งการจ่ายค่าตอบแทนตามผลงานนี้เพิ่งดำเนินการเป็นครั้งแรก ในภาคราชการไทยในปี พ.ศ. 2547 เพื่อที่จะจะกระตุ้นประสิทธิภาพของหน่วยงานราชการไทย เนื่องจากกรณีศึกษาประกอบด้วยค่าอิทธิบาทกรอบและอัตราในการจดทะเบียน ปัจจุบัน 3 ประเภทองค์การจ่ายค่าตอบแทนตามผลงาน ได้แก่ การจัดทำค่ารับรองการปฏิบัติราชการ การคิดตามประเมินผลการปฏิบัติราชการ และกระบวนการจัดสรรเงินรางวัล  นอกจากนี้ยังมีการสนับสนุนในการจัดสรรระบบการเงินรางวัลจำนวน 5,550 ล้านบาทที่แก้ไขอัตราการจ่าย และถูกจัดประจํา 1.5 ล้านคน ที่สังกัดกรม สถาบันอุดมศึกษา และจังหวัดต่าง ๆ ผู้ซึ่งมีสิทธิ์ได้รับเงินรางวัลตามผลการปฏิบัติราชการของต่ําจะกระทำหน่วยงานและระดับบุคคล กรณีศึกษาได้ผิดข้อกำหนดเพื่อให้ไปที่การจัดทําทางผลประโยชน์ของผลผลิตที่เกิดจากการจ่ายค่าตอบแทนตามผลงานนี้ อย่างนั้นหน่วยงานมีการประเมินผลที่เกิดขึ้นทางด้านวัดผลของงานวิจัย เช่น ผลผลิตที่เกิดขึ้นตามความคาดหวังและความคิดเห็นสนับสนุนแผนงานที่มาจากราชการภารกิจมากมาย ในอีกด้านหนึ่งที่มีความไม่พึงพอใจและความสับสนเกิดขึ้นในราชการหน่วยงานที่มีข้อมูลสำหรับเหตุการ มีกรณีศึกษาหรือนักวิจัยที่จะต้องสำรวจคัดเลือกต่อการออกแบบและการทำงานของแผนการจ่ายค่าตอบแทนตามผลการปฏิบัติงาน ในขณะที่ต้องพิจารณาว่าสําเนาหน่วยงานและกระบวนการทำงานระบบผลการจ่ายค่าตอบแทนผลงานหลังที่รับผิดชอบในการออกแบบและควบคุมระบบนี้ นั้นมีความจำเป็นต้องแก้ไขระบบต้นตอในรายละเอียดความจะแก้ไขอย่างไร

คำสั่งผู้: ระบบการบริหารผลงาน การจ่ายค่าตอบแทนตามผลงาน ภาคราชการไทย
“The incentive allocation is unfair, while the executive got a huge amount, the staff who drove the performance indicators got only a thousand baht, which is too little to motivate people working hard.”

“The performance rating is biased, I don’t know which criteria my boss used to appraise my performance.”

As could be discerned from the above-shown comments extracted from the web board of the Office of the Public Sector Development Commission (“OPDC”), the performance management system that had been implemented in 2004 continued to be a source for some dissatisfaction and confusion for some segments of the Thai public sector workforce. To date, the OPDC, the major designer and regulator of the performance management system, had reason to be pleased with the overall working of the system. Among other positive assessments, a recent study confirmed that performance-related pay was producing many of the intended results and enjoyed positive support from most officials. However, with views such as those shown above coming from a disaffected portion of the public sector workforce, the OPDC wondered what, if any, modifications might be advisable to address these and other negative expressions and complaints about performance-related pay – about the concept itself, the criteria for pay arrangements and payment amounts, etc. After all, the long-term effectiveness of the system very much depended on the perception, as well as the reality, that it was both comprehensible and fair.

Background on the Public Sector Performance Management System

The performance management system for the Thai public sector had its origins in a growing concern of government leaders that something needed to be done to improve the ability and standards of Thai public services and to continually improve the efficiency of public officers. This concern eventually crystallized in the form of a performance management system for the public sector in 2004. Long established in the private sector, the concept of performance-related pay had not heretofore been applied to the public services sector.

Authorization for the formation of the Office of Public Sector Development Commission that would usher in the performance management system came from the State Administration Act (Volume 5) of 2002, Section 3/1. The Act stipulated that management of public sector for the benefit of all citizens be effected through adherence to the principles of good
governance. It further stipulated that a Royal Decree on Good Governance was required to establish criteria and management direction for government agencies. In compliance, the OPDC convened a seminar on “Promoting Good Governance” on the 8th March 2003. There, invited academicians, specialists, and various stakeholders brainstormed suggestions for guidelines, measures, the requirements of public sector administration under the principles of good governance, and the use of incentive schemes in promoting good governance.

Following the seminar, feedback on the draft Royal Decree on Good Governance that emerged from the proceedings was solicited from Cabinet members, permanent secretaries, directors general, and members of the public sector development subcommittees. The draft document was approved by the Cabinet on the 19th May 2003 and thereafter endorsed by the Office of the Council of State. After several additional steps mandated by the Public Administration Act of 2002\textsuperscript{2}, the way was clear for the OPDC to devise and implement the first-ever Public Sector Performance Management System in Thailand.

**From Good Governance to the New Performance Management System**

Section 6 of the Royal Decree on Good Governance specified that the Good Governance encompassed the following attributes or targets:

1. responsiveness;
2. result-based management;
3. effectiveness and value for money;
4. lessening unnecessary steps of work;
5. reviewing mission to meet changing situation;
6. providing convenient and favorable services; and,
7. regular evaluation.

With *improvement in responsiveness* considered a key government development strategy, the OPDC viewed *annual performance agreement* and *annual performance evaluation* as part of the means to the end. The concept was to tighten measurement of mission or project success by employing incentives (e.g., reward allocations) to organizational units or individuals that achieve set standards, thereby motivating the desired performances. Hence, the three major components of the new performance management system were as set forth below.
The Annual Performance Agreement: Goal Setting

The first component entailed goal setting, in which objectives, activities, methods, venues, timing, responsible persons, and subsidy requirements were to be clearly determined at the outset of the fiscal year. This new results-based orientation represented a major departure from the traditional framework of Thai government administration—a framework that had concentrated on measuring processes, regulations, and/or budgeting. Together with the new performance evaluation component of the new system, the annual performance agreement methodology, aimed at a clear and pre-defined specification of results that would facilitate accomplishment of the strategic objectives set forth in the Thai government development plan.

The Annual Performance Evaluation: Measuring Performance

From the Balanced Scorecard concept, the OPDC derived four strategic perspectives that served as the performance evaluation framework. These four perspectives—the process (efficiency practice), the results (effectiveness as planned), customers (the quality of the services), and organization development—covered the methods of strategic achievement, performance data, and future readiness levels of the organization and personnel. In addition, the weights assigned to each perspective emphasized ultimate goals along with the crucial management foundation of organization and personnel development. The evaluation framework obliged organization units to employ the four perspectives in measuring performance. Like the Balanced Scorecard, the performance evaluation system incorporated both monetary and non-monetary incentives, as well as the assessment of both past performance information and future potential. The primary objective of applying these strategic perspectives was to raise government capacity and working standards in a balanced way.

The Incentives: Rewarding Performance

The final component of the new performance management system came into being on the 30th September 2003, when the Council of Ministers gave their approval for the establishment of incentive motivation to support good governance practice. The Council further decreed that all governmental agencies and the administrative provinces were to implement the new performance management system and that performance incentives—whether monetary or non-monetary—were to be granted in accordance with guidelines established by the OPDC. In
endorsing the new system, the Council stipulated that the allocation criteria and procedures for performance incentives were to promote government system development, support compliance with the economic and social strategies of the country, meet the needs of the organizations and individuals in the public sector, contribute to the unity of government officials, and advance the efficiency and effectiveness of the public sector.

The OPDC specified that both organizations and individuals were eligible for incentive allocations in accordance with the terms of their respective annual performance agreements and their annual performance evaluation. Further, in addition to the provision for incentives as a performance bonus for groups of officials, the new performance management system provided for the awarding of an extra cash sum to each managing executive in charge of government agencies, including ministries, departments, comparable departments, higher education institutes, and provinces.

Overview of the Frameworks for Performance Agreement and Performance Appraisal

The Framework for Performance Agreement

As earlier indicated, the beginning point for the new public sector performance management system was the annual performance agreement. Hence, starting with the implementation of the performance management system in 2004, every government agency, was required to go through the process of negotiating a performance pact with a negotiation and evaluation committee established and assigned by the Chairperson of the OPDC. As shown in Figure 1, the pact that emerged from this negotiated agreement encompassed all the crucial components of a performance plan for which the organization would be held accountable – i.e., key performance indicators, targets, evaluation processes and internal incentives scheme.
In line with the concept of the Balanced Scorecard, the annual performance agreement was required to incorporate four perspectives (see Figure 2), with goals specified for each. These perspectives – effectiveness of missions, quality of service provision, efficiency of work processes and organizational development – also constituted the framework under which performance would be evaluated.

**Figure 1:** The process of strategic management plan
Figure 2: Performance agreement framework of government agencies

The Framework for Performance Evaluation

As shown in Table 1, the goals stipulated in each agency’s agreement were comprised of four differently weighted perspectives and constituted the basis for performance evaluation.
Table 1: Framework of performance evaluation

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Department</th>
<th>Higher Education Institute</th>
<th>Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimension 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effectiveness of missions</td>
<td>50%-55%</td>
<td>50%-55%</td>
<td>50%-55%</td>
</tr>
<tr>
<td>Dimension 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of service</td>
<td>10%-15%</td>
<td>10%-15%</td>
<td>10%-15%</td>
</tr>
<tr>
<td>Dimension 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficiency of operations</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Dimension 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization development</td>
<td>10%-30%</td>
<td>10%-30%</td>
<td>10%-30%</td>
</tr>
</tbody>
</table>

The definitions of these four perspectives were as follows:

- **Dimension 1: Effectiveness of missions**
  - The agency works to achieve objectives and targets consistent with allocated budget in order to support the happiness of the people and service receivers.

- **Dimension 2: Quality of service**
  - The agency pays attention to service receivers by rendering quality service to satisfy them.

- **Dimension 3: Efficiency of operations**
  - The agency shows competency in operations, such as reduction in expenses and in service time, etc.

- **Dimension 4: Organization development**
  - The agency shows competency in organizational change readiness, such as development of databases, knowledge management in the organization, etc.

Of these four dimensions, the one most focused on during the first five years of the performance management system had been was Dimension 1, *Effectiveness of missions* (weighting score ranging from 50 to 55%), followed by Dimensions 2, *Organizational Development* (weighting score ranging from 10 to 30%). The remaining two dimensions -- *Quality of Service* (weighting score ranging from 10 to 15%) and *Efficiency of Operations* (weighting score was fixed at 10%) -- had typically received less
attention. Importantly, the issues most intensely focused on under each of
the four dimensions were for the most part derived from central government
policy.

The evaluation of agency performance was conducted twice a year.
A self assessment occurred mid-year as part of a visit from the OPDC
assessors and the outside assessors (i.e., the TRIS Co., Ltd. for departmental
and provincial agencies, and the Office of Education Standards for higher
education institutes). The final performance evaluation was conducted at
the end of the fiscal year, with ratings calculated for each agency.

The Framework for Performance Incentives

The payment of incentives for units and personnel in the Thai
public sector was a crucial and final step in the process of the scheme.
Aimed at motivating personnel to support improvement of the public
sector, the incentive scheme was a tripartite one with allocations set aside
to reward performance at three levels – the departmental or provincial
level, the divisional level, and the individual level. For fiscal year 2008,
the departmental level included three pilot ministries, i.e. the Ministry
of Finance, the Ministry of Energy, and the Ministry of Industry. These
ministries were responsible for negotiating performance agreements and
evaluating goal-setting performance for their departments.

From 2004 through 2008, the lump sum budget for staff incentives
was set at 5,550 million baht per year for government agencies comprising
eligible institutions -- i.e., 142 departments, 73 higher education institutes,
and 75 provinces – with total employment of about 1.5 million personnel.
In addition, 1,280 million baht per year was allocated for payment as extra
cash rewards to the approximately 10,000 executives of the various agencies.
Thus, the total budget for performance incentives was about 6,830 million
baht per year.

The 5,550 million baht incentive scheme, designed by the OPDC,
was a 3-level plan -- i.e., agency level, divisional level, and individual level.
Incentive pay at the agency (department, higher education institute, and
province) level was based solely on the results of the annual performance
appraisal of each agency. The rationale was that each unit should devote
its effort to achieving goals independent of other government agencies.

Incentive pay at the divisional and individual levels was based on
both team and individual performance. The rationale was that, in addition
to exerting individual effort to achieve goals, cooperation was required
among units and with key persons in order to maximize goal attainment. Therefore, incentive payments were divided into two categories, one to reward teamwork among divisions and people, and the other to reward outstanding unit or individual performance.

Further, in order to accommodate the diversity and culture of official units while maintaining the basic objective, incentive plans were decentralized, with some decisions delegated to incentive committees of the units involved. The incentive committees of each agency made decisions concerning the apportionment of divisional incentives as between teamwork and individual performance, and also, in conformance to the OPDC guidelines, set the rules and methods of incentive allocation for their agency.

Incentive arrangements provided for 3 levels from 2004-2008 as shown below.

Figure 3: Framework of incentive allocation during 2004-2008
Incentives Allocation for Government Agencies, Divisions, and Individuals

There were two portions of incentives allocated to government agencies -- i.e., the 5,550 million baht budget made available to staff, plus another 640 million baht (50% of extra cash reward for executives out of 1,280 million baht). Therefore, the total incentive made available to staff was 6,190 million baht, with the allocation rules and methods being as follows.

Incentives Allocation for Agencies

Allocation of the 5,550 million baht incentive budget made available by the government was based on the organization’s performance rating (i.e., the total summary score from all four evaluative dimensions), and the unit’s size. The OPDC had the responsibility for designing and calculating the incentive for each agency. Determination of the amount of the incentive for a given agency entailed a three-step process, as set forth below:

i. Calculation of the incentive pool for the agency – the pool being the total amount of incentive provided based on a perfect performance rating (i.e., a rating of 5.00) in achieving all set objectives for each official unit;

ii. Calculation of the incentive allocation based on the actual performance rating within each incentive pool; and,

iii. Calculation of the sum total of all residual incentive budgets remaining from incentive pools with performance ratings of less than 5.0 and redistribution to official units with a rating of at least 3.00.

The next step in the process was one in which each agency then distributed its total incentive allotment to its divisions and personnel, in accordance with the procedure promulgated the OPDC and explained below.

Incentives Allocation for Offices and Divisions

Incentive allocations for offices and divisions (and units under them) were set by the designated committee of each government agency. Consideration focused on the levels of cooperation and outstanding performance displayed by each office and division. After improvements in the distribution formula (made in 2005) that aimed to make them more
consistent across offices and divisions, the two components of these incentive allocations were calculated as follows:

- Proportion 1: The reward for cooperation was provided for in one of the following two ways:
  - i. According to the amount of contribution of each division/office, with the incentive calculated based on payroll in each unit. (This was deemed suitable for units whose personnel worked as expected according to their salary levels.)
  - ii. Based on headcounts in each unit. (This was deemed suitable for units with younger personnel who were more enthusiastic or where more benefits needed to be directed to lower staff.)

- Proportion 2: The reward for outstanding performance was given according to the ratings received in the performance evaluation. The calculation method was similar to that of the agency level.

**Incentives Allocation for Individuals**

In allocating incentives among individual employees, the designated committee of each government agency considered both cooperation among personnel and their evaluated job performance. The two components of these incentive allocations were calculated as follows:

- Proportion 1: The reward for cooperation was provided for in one of the following two ways:
  - iii. According to the amount of contribution of each person, with the incentive based on the salary of personnel in each unit. (This was thought suitable for units whose personnel worked as expected according to their salary levels.)
  - iv. Based on headcounts in each unit. (This was thought suitable for units with younger personnel who were more enthusiastic or where more benefits needed to be directed to lower staff.)

- Proportion 2: The reward for outstanding performance was given according to each person’s performance evaluation ratings. The calculation method was similar to that of the division and agency levels.

**Allocation of 50% Extra Cash Reward for Executives**

Apart from the 5,550 million baht annual budget for staff incentive
compensation, another 1,280 million baht annual budget was allocated to executives of government agencies. Procedures for the allocation of these extra incentive rewards were in accord with the cabinet resolution of the 9th March 2004 and the procedure set by the OPDC. Although there were some differences among executives in government agencies, academic institutions, and the provinces with respect to the procedures that applied to these allocations, all their contingent pay was linked to performance at agency level.

After the first year of the incentive program, the huge gap in incentives between staff and executives (i.e., about 20% of monthly salary for each staff incentive, and about 100-200% of monthly salary for each executive contingent pay) precipitated dissent and dissatisfaction, including attacks on the OPDC based on the perceived unfairness of the design of the incentive compensation scheme. To diminish this resentment, the OPDC guided executives to distribute a portion of their extra cash rewards to their subordinates as an additional reward for outstanding performance. The portion that could be so distributed was set at 30% in 2005, and increased to 50% since 2006.

Therefore, in addition to the allocated 5,550 million baht, departments, higher education institutes, and provinces were allowed 50% of the contingent pay for their administrators (about 640 million baht) to add to their incentive allocations. These additional incentive payments for departments and higher education institutes were divided into two categories -- one for higher ranking officials who were assigned to assist the administration in achieving performance goals, and the other for personnel whose performance was rated as outstanding. For provinces, given that there no other higher-ranking officers beyond the executives who were eligible for extra cash rewards, the additional incentives were allocated solely to personnel for outstanding performance.

It was the view of the Office of Public Sector Development Commission that performance management system had come a long way since the time, five years earlier, when it was merely a novel idea – one that had never been attempted in the Thai public sector. Yet, while support for this view could be cited in the form of outside studies on the system (see section below), the postings on the OPDC web board and other occasional grumblings were nevertheless a cause for concern.
The Performance Management System at Age 5: Time to Cheer or Jeer?

Two recent studies of the Thai public-sector performance management system by compensation expert, Associate Professor Dr. Kalayanee Koonmee of The National Institute of Development Administration, yielded some thought-provoking insights into how the system was faring as it approached its fifth birthday. Using a combination of primary and secondary data from various sources, Dr. Kalayanee focused on the areas of goal setting, performance appraisal, financial rewards, and rewards allocation procedures. The core results were distilled into two broad topical areas.

Effects of All Performance Management System Components on Efficiency and Effectiveness

Statistical analysis revealed that the components of the performance management system – i.e., performance agreement, performance appraisal, and performance-based pay – had had a strong, positive effect on public-sector efficiency and effectiveness. Government executives and staff alike perceived that annual performance agreements and performance appraisal were having a pronounced effect in terms of improving the work process. They perceived that these agreements leveraged the effectiveness of their organization’s mission and increased the responsiveness of public services. In addition, the performance appraisal component of the system created an opportunity to review and to improve performance results vis-à-vis their alignment with the predefined Key Performance Indicators (KPI). (See Table 2 in the Appendix for a full presentation of the statistical results.)

Of concern, however, was the finding that performance-related pay produced the lowest mean scores among the three components of the performance management system. Although surveys of both executives and staff yielded a positive opinion on the criteria and procedures of the performance-based pay component, only about half of in-depth interviews believed that the criteria was suitable and that the reward allocation procedures were practical and useful for development of the government administration. Those who held a positive view believed that some changes at the individual level were partly the result of incentive motivation. However, managers emphasized that extra money (i.e., incentive bonuses) was not a primary work motive in and of itself. The role of the annual cash rewards or incentive bonuses in motivating the personnel’s high achievement and contribution of personnel varied across the staff as a function of the
characters of particular individuals. Some subordinates admitted the cash incentive was important as additional income but that it did not affect their work performance behavior.

Some anecdotal insights into the disappointing showing for performance-related pay could be gleaned from comments that some respondents wrote on their survey questionnaires, as well as from select postings that appeared on the OPDC’s web board.

Wrote one respondent, “The National Police Office is one of the major agencies in this country, but the officers who take care of the performance indicators receive only a thousand baht, while officers of other minor agencies get between ten to a hundred thousand baht . . .”

The following comments were spied on the OPDC’s web board and were further suggestive of the reasons for the low effect of performance-related pay:

“The performance assessment of any agencies should not rely on only paper reports, you better ask the people. I feel sorry for the country . . .”

“The incentive amount is too small, it isn’t worth [the] dedication.”

Finally, in a follow-up focus group interview with a small sample of individuals drawn from the higher rungs of one agency, the following thoughts were offered by one participant: “The concept of paying financial incentive is not suitable for the Thai Public Sector, it decreases intrinsic motivation and destroys cooperation.”

Comparative Effects of All Performance System Components at the Agency versus the Individual Levels

Statistical analysis also revealed that all three components of the performance management system – i.e., performance agreement, performance appraisal, and performance-based pay – had shown higher effects on efficiency and effectiveness at the agency level than at the individual level, with the exception of the effect of performance appraisal which had shown an insignificant difference. The executives and staff concluded that performance agreement and performance appraisal affected government agencies more than individuals. While executives and staff
deemed performance-based pay to be useful to the development of government administration, they also stated that there was more success at the agency level than at individual level. (See Table 3 in the Appendix for a full presentation of the statistical results.)

Of concern, however, was the finding that a number of agencies did not spread their goals to cover the whole mission, and did not cascade Key Performance Indicators to every level thoroughly. This created driving forces for only some sub-units or some persons, and created weak points with respect to individual appraisals.

Some anecdotal insights into the disappointing showing for performance-related pay could be gleaned from comments that some respondents wrote on their survey questionnaires, as well as from selected opinions of participants (representatives of each agency) in the OPDC incentive allocation seminar.

Wrote one respondent, “I wish the OPDC would investigate and make bonus criteria more fair. While I worked very hard all year long to drive the unit performance, I receive the same amount of incentive as the loafers; this destroys my morale.”

The following comments were picked up from opinions in the OPDC seminar and are further suggestive of the reasons for the low effect of performance-related pay:

“Is it possible for us to have a reliable tool for performance appraisal, as the OPDC expects? How can we explain to our subordinates about the fairness of the appraisal?”

“Why does the bonus pay only to KPIs which covered only few divisions and few officers? Though my division does not have any direct responsibilities to drive KPIs, I am fully accountable to my duty but receive only little bonus amount.”

Finally, in a follow-up focus group interview with a small sample of individuals drawn from the lower rungs of one agency, the following thoughts were offered by one participant: “The new performance management system makes staff more stressed with overload new tasks and too much paper kept for evidence; it increases cost and consumes working time [that could be] used to service people.”
Looking toward the Future

As if the rumblings of the disaffected were not enough to contemplate and attempt to ameliorate, the Office of Public Sector Development Commission was astonished to learn that a government executive had been quoted in the 18th August 2009 edition of a local newspaper as having said, “The bonus for government officers should be cut off to reduce the budget deficit, . . . .” To be sure, most citizens understood that the then soaring government budget deficit had virtually nothing to do with the provision of performance-related bonuses (and everything to do with the worldwide shocks of the economic meltdown that began in the U.S.A. in late-2008). Nevertheless, this frontal assault on the performance management system by a member of the beneficiary group, in conjunction with dissatisfaction elsewhere within the ranks of government employees, served to increase the OPDC’s resolve to determine what precise steps it needed to take to address any legitimate concerns and complaints. The future of performance-related pay in the Thai public sector was at stake.
Appendix

Figures 4 and 5 below contain the summary ratings and histograms of performance ratings for fiscal year 2008.

![Summary of performance ratings for fiscal year 2008](image)

**Figure 4:** Summary of performance ratings for fiscal year 2008

![Figures showing department, province, higher education ratings, and all agency ratings](image)

**Figure 5:** Histograms of performance ratings for fiscal year 2008
Table 2: Comparison of effects of each component of performance management system between executive responses and staff responses

<table>
<thead>
<tr>
<th>Performance management system components</th>
<th>Executive responses</th>
<th>Staff responses</th>
<th>Paired Samples Statistics Executive Mean &gt; Staff Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std.</td>
<td>Mean</td>
</tr>
<tr>
<td>Effects on efficiency and effectiveness at agency level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance agreement</td>
<td>3.0284</td>
<td>0.5834</td>
<td>3.0775</td>
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<tr>
<td>Performance appraisal</td>
<td>3.0142</td>
<td>0.5640</td>
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<td>Performance-related pay</td>
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<td>0.7882</td>
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<tr>
<td>Effects on efficiency and effectiveness at individual level</td>
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<td></td>
<td></td>
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<tr>
<td>Performance agreement</td>
<td>2.9890</td>
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<td>3.0264</td>
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<tr>
<td>Performance appraisal</td>
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<tr>
<td>Performance-related pay</td>
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<td>0.7172</td>
<td>2.5558</td>
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</tbody>
</table>

**p < .01, *p < .05

Table 3: Comparison of effects on efficiency and effectiveness at agency level and individual level

<table>
<thead>
<tr>
<th>Performance management system components</th>
<th>Agency level</th>
<th>Individual level</th>
<th>Paired Samples Statistics Agency Mean &gt; Individual Mean</th>
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</thead>
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<td>Std.</td>
<td>Mean</td>
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<td>Effects on efficiency and effectiveness (Staff responses)</td>
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<td>Effects on efficiency and effectiveness (Executives responses)</td>
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<td></td>
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<td>Performance agreement</td>
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<td>Performance appraisal</td>
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<td>Performance-related pay</td>
<td>2.6698</td>
<td>0.7701</td>
<td>2.6002</td>
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</tbody>
</table>

**p < .01, *p < .05
Endnotes


2 The implementation of the new public management–strategic management system proceeded as follows.
   1) The OPDC drafted the Royal Decree on Good Governance consistent with the Public Administration Act and held a public hearing.
   2) The Cabinet approved the draft of the decree as proposed by the OPDC. The decree was enacted on 10 October 2003.
   3) The OPDC provided information to and created understanding among government agencies and related government bodies. There were a number of meetings held to promote the concepts to administrators and officials. In addition, Handbook and Guidelines on Good Governance 2003 was published and distributed to all central, regional and local government agencies.
   4) Criteria of practice were set up in accordance with the Royal Decree on Good Governance 2003.


5 Krungtepthurakit Newspaper. 18th August 2009.