

RESEARCH ARTICLE

Managing employee performance in transition economies: A study of Vietnamese public organizations

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Summary

Employee performance management (PM) is a public sector reform that furthers development objectives by increasing employee performance, aligning employee efforts with organizational goals, and addressing poor performance. This study discusses employee PM in development contexts. Based on varied employee PM efforts in Vietnamese public organizations, it finds that (a) advanced employee PM practices significantly increase perceived organizational and employee outcomes compared with less advanced employee PM practices, and that (b) executive accountability, Human resource (HR) autonomy and entrepreneurial leadership are strongly associated with successful implementation of employee PM. This article provides detailed description of employee PM practices and suggests implications for implementing public sector reforms in transitional settings.

KEYWORDS

employee performance management, human resources management, public leadership, public sector reform, Vietnam

1 | INTRODUCTION

Public employee performance is a frequent target of public sector reforms in developing countries. Notwithstanding many hardworking and exemplary public employees; employee passivity, irresponsibility, corruption, poor performance, and low work ethic are also common, and these are seen as impeding economic and social development goals (Ho & Im, 2015; Taylor, 1992). Although past employee performance reforms have targeted selection, appraisal, and discipline, and have provided some changes to performance rewards, agreement exists that the above employee problems persist (Berman, 2015; Tong, Straussman, & Broadnax, 1999). Improving employee performance has proven difficult in both developing and developed countries, indeed (e.g., de Waal & Counet, 2009; Haines & St-Onge, 2012). In the past decade, employee performance management (PM) has been discussed as a further public sector reform in this area. Employee PM is defined as a continuous process of goal setting, evaluation, feedback, and provision of consequences (Kinicki, Jacobson, Peterson, & Prussia, 2013; Ohemeng, 2009). Described in further detail below, employee PM describes a reform that is multifaceted and which varies in degree.

Employee PM is used in support of varied organizational reform objectives such as improved public service delivery, increased efficiency, improved transparency, and upgraded organizational capacities such as for innovation.

This study examines practices of employee PM in transitional settings. Specifically, it addresses two research questions: (a) How are different types of employee PM associated with employee attitudes and organizational performance? and (b) How do contextual factors affect the use of employee PM? Our data is from public sector settings in Vietnam, which has allowed public organizations to experiment with employee PM. Study methods include a survey and interviews of employees and managers in 29 Vietnamese agencies and departments.

This study increases our understanding of public sector reforms in transitional countries. First, it shows how the development context affects these reforms. Prior studies show that flawed legal systems, poor management capacity, and cultural characteristics of some developmental settings may cause employee PM to fail (e.g., De Waal 2007; Ohemeng 2009). This study examines how reform contexts of executive accountability, entrepreneurial leadership, autonomy, and HR competency, discussed in other studies, affect these reforms

(e.g., Burns & Zhiren, 2010, Berman, Chen, Wang, & Liu, 2017; Decramer, Smolders, Vanderstraeten, Christiaens, & Desmidt, 2012, Pichler, 2012). Second, this study builds on research and practice of employee PM as a bundle of combined, multifaceted reforms. Prior studies show that this reform may fail when, for example, appraisal is separated from consequences (Liu & Dong, 2012), when pay-for-performance is not based on objective performance standards (Randma-Liiv, 2005), and when feedback lacks employee input and participation (Chiang & Birtch, 2010). Hence, a combined approach is increasingly used (e.g., Gorman, Meriac, Roch, Ray, & Gamble, 2017). Finally, in so far as many reform programs involve matters of employee performance, findings from this study may have broader relevance to other public sector reforms where, for example, employee performance or executive accountability also matter.

Vietnam is a relevant policy context for this study. Thirty years after major economic reform, the Vietnam civil service is generally described as having low work ethic, irresponsibility, wastefulness, and arbitrary decision making (Poon, Hung, & Do Xuan, 2009); and sharing many problems with other transitional countries, such as poor employee performance, systematic corruption, low efficiency, red tape, and abuse of power (Painter 2003). Traditionally, Vietnamese performance appraisal (PA) systems have put more weight on traits than performance, emphasizing personal characteristics (such as responsibility, honesty, and confidentiality). Since 1992, with the assistance of international donors, several public administration reform (PAR) initiatives have been implemented, including reform of appraisal practice and employee PM as priorities. To date, two comprehensive programs are the PAR Master Program Phase I from 2001 to 2010 (Vietnam, 2001), and the PAR Master Program Phase II from 2011 to 2020 (Vietnam, 2011). One of the core objectives of both programs is to enhance the quality and performance of public employees. These programs have in turn led to extensive training and widespread changes to legal documents on managing and using public employees, for example, the Law on Cadres and Civil Servants was enacted in 2008 and the Law on Public Employees was enacted in 2010.

To support this reform process, the government has permitted provinces and central ministries to introduce pilot programs or experiments in HRM practices, including performance-based appraisal, competitive examinations for promotion, pay-for-performance, and anonymous online feedback. Such programs are called “fence-breaking” because they allow agencies to experiment with new policies outside the scope of current regulations. It has also allowed self-financing service delivery organizations to have more autonomy and accountability for their expenditures and personnel decisions such

as recruitment, appraisal, promotion, and pay distribution (Vietnam, 2002, 2005). The current state of employee PM in Vietnam is experimental in nature. The inclusion of employee PM reform organizations in this study provides a varied range of efforts and conditions that allow us to assess the effects of employee PM on employee attitudes and organizational performance. Meanwhile, the majority of public organizations in Vietnam still adhere to traditional, trait-based appraisal. Studies of employee PM in the Vietnam public sector are thus very limited, mostly focusing on appraisals (e.g., Phan, 2014). Following the above research questions, we first discuss employee PM as a combined, multifaceted construct and examine a range of outcomes. Second, we examine how contextual factors may affect employee PM. This is shown in Figure 1.

2 | EMPLOYEE PM IN TRANSITIONAL CONTEXTS

Employee PM is defined as a continuous process of goal setting, evaluation, feedback, and provision of consequences (Cho & Lee, 2011; Kinicki et al., 2013; Ohemeng, 2009). These activities aim to influence individual behavior and performance with the purpose of improving organizational performance (Aguinis, 2009). Although employee PM may include varied HR practices, this research focuses on five practices that are core to employee PM, discussed by many scholars: (a) goal-based appraisal, (b) feedback, (c) rewards-for-performance, (d) addressing poor performers, and (e) encouraging employee participation (e.g., Aguinis, 2009; Fletcher & Williams, 1996; Lawler, 2003; Luecke & Hall, 2006; Ohemeng, 2009; Roberts, 2003). These practices are consistent with leading motivational theories such as goal setting, behaviorism, and equity theories, discussed below, and are seen as mutually reinforcing. The following discusses them along with developmental challenges.

2.1 | Goal-based appraisal

Goal-based appraisal is at the heart of employee PM (Kinicki et al., 2013), defined as a process in which an employee's performance is measured by specific goals (targets) set at the beginning of the appraisal period (Vallance, 1999). Setting measurable and feasible job goals provides a framework for assessing and supporting performance (O'Boyle, 2013). Compared with traditional appraisal, goal-based appraisal relies on more objective and specific criteria, that, when combined with constructive feedback and rewards for positive performance, increase

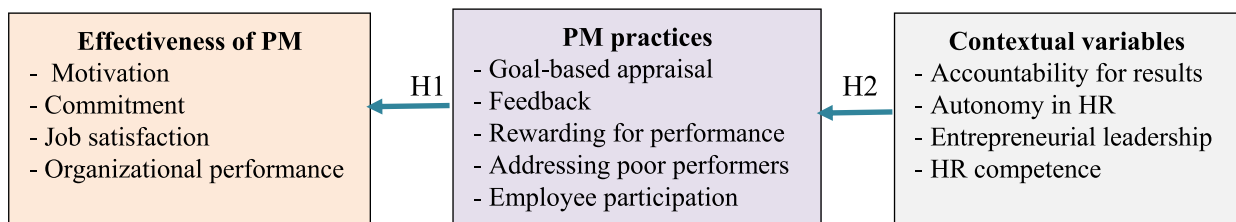


FIGURE 1 Conceptual framework for the adoption of performance management [Colour figure can be viewed at wileyonlinelibrary.com]

employee motivation, and perceptions of fairness. Indeed, research shows that goal-based appraisal is positively associated with employee motivation, job satisfaction, and individual and organizational performance (Latham, Borgogni, & Petitta, 2008; Locke, 1968; Roberts, 2003). Generally, people are motivated by concrete goals and the positive reinforcement of constructive feedback, and rewards.

However, goal-based appraisal has been rare or weak in many developing countries. Public organizations experience goal ambiguity, which in transitional countries is exacerbated by weak accountability, frequently changing priorities, and lack of performance standards (Liu & Dong, 2012; Randma-Liiv, 2005). Cultures of egalitarianism, collectivism, and process-orientation further lead to weak or unchallenging employee goals and emphases on political loyalty (Poon et al., 2009; Stanton & Pham, 2014). To strengthen goal-based appraisal, and push back these conditions, countries such as Malaysia, Korea, and Thailand now stipulate that an employee PM cycle must start from organizational goals, and that practices in organizations must be monitored by super-level authorities (Kong, Kim, & Yang, 2013; Koonmee, 2009; Shafie, 1996). These stipulations link employee PM to national and reform priorities. Similarly, individual appraisal in Vietnam, as recently stipulated, needs to be based on tasks assigned at the beginning of each performance period (Vietnam, 2015), providing a basis for further efforts below.

2.2 | Ongoing feedback

Employee PM is based on the premise that employees should receive timely, constructive, and frequent feedback about their current performance to enhance future success (Kinicki et al., 2013). The feedback process clarifies contributions to organizational and broader purposes, supports task performance, motivates good performers, and helps poor performers improve (Somerick, 1993). It deals with specific performance issues such as service quality, timeliness, and skill levels. According to social exchange theory, constructive feedback furthers organizational commitment as a form of reciprocity towards the organization (Meyer, Allen, 1997), and timely and constructive feedback is associated with increased satisfaction, motivation, morale, and performance (Lawler & McDermott, 2003). Risher (2011) asserts that "individuals cannot improve their performance unless they receive some forms of feedback" (p. 274). In contrast, traditional PA is neither timely nor frequent, focusing on annual assessment of past behavior and is generally not very motivating for participants.

Several developing/transitional countries, particularly those influenced by Confucianism, have cultures of harmony and face-saving that make honest and direct feedback particularly difficult (Chiang & Birtch, 2010; Hofstede, 1998; Vallance, 1999). Feedback is often avoided, softened, or given in indirect and subtle manners (Aycan, 2005). In these countries, traditional appraisal processes are common but poor, relying on job-irrelevant criteria, low appraisal frequency, untrained managers, and high power distance (Chiang & Birtch, 2010; Liu & Dong, 2012). Progress is made, however, by assessing the achievements of specific goals and training supervisors on how to use more frequent,

developmental, and constructive feedback that is tied to specific service outcomes and policy objectives (Shafie, 1996).

2.3 | Rewards for (good) performance

The use of rewards for (good) performance is supported by a number of theories, such as expectancy, equity, and reinforcement. These theories focus on the desirability and achievability of rewards, comparisons with others to estimate the fairness of effort/reward ratios, and the contingency between achievement and reward (Skinner, 1953; Vroom, 1964). Specifically, research shows that performance-based rewards improve employee motivation, job satisfaction, and organizational commitment, and these in turn enhance public sector performance (Lavy, 2007; Lawler, 2003). To date, two-thirds of member countries in the Organisation for Economic Cooperation and Development (OECD) have introduced some form of performance-linked rewards in their PM systems. However, sceptics argue that inherent public sector characteristics such as conflicting goals, the need for pay transparency, inadequate budget/small incentives, and stewardship constraints make meaningful and effective pay-for-performance very difficult to achieve (Haines & St-Onge, 2012; Perry, Engbers, & Jun, 2009).

In developing countries, contingent reward schemes are even more challenging because of weak leadership, overstaffing (Meyer-Sahling, 2012; Ohemeng, 2009), untrained staff, and conflict with cultural norms of harmony and collectivism (Chiang & Birtch, 2010; Kong et al., 2013). Rewards are commonly based on seniority, political loyalty, and personal (patronage) relationships (Siddiquee, 2003; Tong et al., 1999). However, developing countries are finding that many "cultural" and other barriers can be overcome when performance-based rewards are (a) large enough to attract interest from employees (Kong et al., 2013), (b) involve individual and team performance (Koonmee, 2009), (c) are an addition to base salary (Shafie, 1996), and (d) include financial and nonfinancial rewards such as recognition and opportunities for training and career development (Kong et al., 2013). For example, rewards based on team performance can increase team-based feedback leading to more open feedback, generally.

2.4 | Dealing with poor performance

All civil service systems have poor performers (Tong et al., 1999). Poor performers make lackluster decisions, implement programs poorly, set bad examples, and demotivate good performers who, for example, feel resentful when poor performers "get the same rewards and keep their jobs without making proportionate contributions" (Leavitt & Johnson, 1998, p. 76). Addressing poor performers can remove a source of inequity and increase commitment, responsibility, and performance by changing unwanted behaviors, improve attendance, removing obstacles to achievement, and reinforcing public service values (Lawler, 2003; O'Reilly & Weitz, 1980). In recent years, many public services have clarified and expedited processes of progressive discipline, although dismissal often remains difficult (Cooke, 2003; Teclmichael Tessema & Soeters, 2006).

Studies also show that in many transitional countries, dealing with poor performers is hindered because of rigid employee protections, personal relationships, nepotism, collectivism, and corruption (Ohemeng, Zakari, & Adusah-Karikari, 2015; Poon et al., 2009; Randma-Liiv, 2005). Clan cultures, sentimentalism, and traditional values where one is supposed to take care of family members further impede progress (Ohemeng, 2009). However, heightened demands for improved public service and transparency, and the need to address austerity, have produced change. In China, poor performing public employees now receive mandatory retraining and must demonstrate improved performance in order to continue working (Cooke, 2003). Some countries have reformed lifelong employment regimes to increase flexibility in dismissal and reassignment (e.g., Meyer-Sahling, 2012). Although the impact of these practices is not known, they do point to change.

2.5 | Employee participation

Employee participation in the employee PM process refers to participation between employees and their supervisors in (a) goal setting, (b) the development of performance standards, (c) appraisal interview, and (d) a discussion of the rating result (Roberts, 2003). Open discussion with supervisors, including in feedback and goal-based appraisal processes, helps clarify goals and performance standards, aligns contributions, increases constructive feedback, and improves the accuracy of performance ratings. Employee participation fosters employees' sense of trust, ownership, self-efficacy, respect, and responsibility; thereby intensifying satisfaction, work motivation and organizational commitment, as well as encouraging initiative and cooperation (Nyhan, 2000; Roberts, 2003; Posthuma & Campion, 2008; Parzefall & Salin 2010). For all these reasons, employee participation is viewed as an important component of employee PM (Aguinis, 2009; Kim, 2014). Participation in these processes can mitigate many of the dysfunctions of traditional PA.

Employee participation is often impeded in developing and transitional countries (Shafie, 1996; Zientara & Kuczyński, 2009). Processes of centralized decision making, cultures of high power distance, and "procedure first, result second" strongly orient managers to directive formal rules and styles, whereas cultural patterns of obedience and paternalism orient employees away from assuming responsibility (Zientara and Kuczyński). Interventions from upper-level agencies have been needed to break these patterns. For example, the governments of Malaysia and Korea require the involvement of employees in PM processes of goal setting, midyear review, and annual appraisal (Kong et al., 2013, Shafie, 1996). They train managers to implement employee PM as part of stimulating employee participation. Table 1 summarizes the above discussion (with references).

The above shows research relates the above strategies to increased work motivation, job satisfaction, organizational commitment, and organizational performance. However, few studies examine effects of multiple employee PM efforts (Schleicher et al., 2018), and, as we argue above for mutually reinforcing effects, we extend extant

studies by examining effects of this study's combined employee PM construct. Specifically, employee PM may increase motivation due to employee participation and goal-based appraisal (Locke, 1968; Posthuma & Campion, 2008; Roberts, 2003), which, when combined with positive rewards, constructive feedback and addressing other poor performers may increase job satisfaction and organizational commitment (Lawler, 2003; Walker, Damanpour, & Devece, 2010; Cerasoli, Nicklin & Ford, 2014). In turn, motivated and committed employees may increase organizational performance (Somerick, 1993; Taylor & Pierce, 1999; Whitman, Van Rooy, & Viswesvaran, 2010; Gerrish, 2016) Thus, we hypothesize that

Hypothesis 1. *Employee PM is associated with increased perceptions of employee motivation (H1a), organizational commitment (H1b), job satisfaction (H1c) and organizational performance (H1d).*

3 | FACTORS ENHANCING THE SUCCESS OF EMPLOYEE PM IN TRANSITIONAL COUNTRIES

Many well-developed PM schemes fail because of insufficient attention to the context of the organization and its employees (Aycañ et al., 2000; Mendonca & Kanungo, 1996). This study examines four contextual factors that may strongly affect the success of employee PM in developing countries, and which are subject to intervention (i.e., change). The first three factors concern the capacity of organizations to break away from traditional appraisal processes and adopt employee PM. The last factor concerns the capacity of the organization to muster the necessary HR expertise to transform existing processes into employee PM-based processes.

3.1 | Executive accountability

Executive accountability is defined as the expectations and processes through which senior public managers (executives) give account for their organizations' performance to oversight agencies, legislatures, and political officials (Marshall & Wood, 2000). Executive accountability ties executives' fortunes (e.g., career advancement) to their organization's performance, and studies find that accountable executives are more likely to set clear objectives, monitor performance, provide constructive feedback, and use rewards and sanctions for their subordinates (O'Reilly & Weitz, 1980; Randma-Liiv, 2005). Using employee PM is consistent with this, such as setting clear objectives, and monitoring performance. Regrettably, chief executive accountability in developing countries is often weak, sometimes reflecting weak institutions and capacity of super-organizational authorities (Burns & Zhiren, 2010; Ho & Im, 2015). However, reform trends have been changing. For example, Malaysia, Korea, and many Chinese provinces now hold government chief executives accountable, including for their attention to employee PM (Kong et al., 2013; Shafie, 1996), and similarly, some provinces in Vietnam have begun evaluating chief executives through the organization's performance (BacGiang, 2013; Danang, 2014).

TABLE 1 Employee PM practices and issues in developing countries

Employee PM practices	Key issues/impediments	References
Goal-based appraisal (aligning individual contribution with organizational goals)	Weak accountability, ambiguous missions, and frequently changing priorities Egalitarianism, collectivism and process-oriented cultures, fatalism, and high uncertainty avoidance Interpersonal relationships and nepotism Lack of ability to set objective goals, performance standards, and job descriptions Political influence and current regulations that emphasize on abstract appraisal criteria such political ideology, loyalty, personality	(Randma-Liiv, 2005) and (Liu & Dong, 2012) (Poon et al., 2009), (Stanton & Pham, 2014), (Koubek & Brewster, 1995), (Mendonca & Kanungo, 1996), and (Ohemeng, 2009) (Koubek & Brewster, 1995, Liu & Dong, 2012), and (Tong et al., 1999) (De Waal, 2007, Liu & Dong, 2012), (Randma-Liiv, 2005), and (Koubek & Brewster, 1995) (Liu & Dong, 2012) and (Koubek & Brewster, 1995)
Feedback (motivating, directing, and instructing employees)	Confucianism and face saving culture Lack of employee input and participation Untrained supervisors Conflict with current personnel policies, for example, democratic appraisal from subordinates for reprimotion of supervisors Job-unrelated appraisal criteria	(Hofstede 2001) and (Chiang & Birtch, 2010) (Chiang & Birtch, 2010) (Randma-Liiv, 2005) (Liu & Dong, 2012) (Vallance, 1999) and (Koubek & Brewster, 1995)
Reward for performance (directing and motivating employees to achieve individual and organizational goals)	Financial constraints and overstaffing in the public sector Interpersonal relationships Egalitarianism Secretive promotion processes Buying and selling government posts and patronage Seniority based pay	(Ohemeng, 2009), (Randma-Liiv, 2005), (Meyer-Sahling, 2012), and (Siddiquee, 2003) (Law, Wong, Wang, & Wang, 2000) and (Tong et al., 1999) (Stanton & Pham, 2014), (Koubek & Brewster, 1995), and (Burns & Zhiren, 2010) (Tong et al., 1999) (Burns & Zhiren, 2010) and (Teclémichael Tessema & Soeters, 2006) (Burns & Zhiren, 2010), (Meyer-Sahling, 2012), and (Zientara & Kuczyński, 2009)
Dealing with poor performers (removing sources of inequity, changing unwanted behaviors, improving attendance, and removing obstacles to achievement)	Unreliable appraisal results due to the lack of objective and job-related criteria Nepotism and personal relationships Traditional culture where one is supposed to take care of elderly parents Rigid employee protection Corruption in recruitment and colluding with subordinates to carry out corrupt activities	(Siddiquee, 2003) and (Liu & Dong, 2012) (McCourt & Ramguttty-Wong, 2003) and (Bozionelos & Wang, 2007), (Ohemeng, 2009), (Cooke, 2003), and (Teclémichael Tessema & Soeters, 2006) (Poon et al., 2009)
Employee participation (clarifying goals, aligning contributions, increasing constructive feedback, and trust)	High power distance, top-down management style Fatalism Secret evaluation Centralized decision-making process	(Hofstede 2001, Stanton & Pham, 2014) and (Zientara & Kuczyński, 2009) (Mendonca & Kanungo, 1996) (Siddiquee, 2003) and (McCourt & Ramguttty-Wong, 2003), (Zientara & Kuczyński, 2009)

Note: PM: performance management.

3.2 | Agency autonomy in HRM practice

Public organizations in transitional economies, particularly those with histories of central planning, often enjoy less autonomy in administrative decisions than those in developed countries (Zientara & Kuczyński, 2009). Agency autonomy in HRM provides organizations with authorization to introduce new policies, such as employee PM. In general, public sector organizations are only allowed to do what

laws or higher agencies permit, and innovations without higher agencies' permission cause risks for the initiators as change can lead to grievance and litigation (Linz & Stepan, 1996). Research in education and health shows that institutions with autonomy tend to adopt HR policies that better support organizational performance, staff commitment, and customer needs (Sanwong, 2008). In Vietnam, the introduction of the self-financing and PAR mechanisms increases the autonomy of service delivery organizations in such practices as

personnel appraisal, salary distribution, and handling poor performers (Vietnam, 2002).

3.3 | Entrepreneurial leadership

Entrepreneurial leaders take initiative, pursue innovations, tackle enduring problems and improve public sector outcomes (Berman et al., 2017). Characteristics of public sector entrepreneurial leaders include vision, sense of urgency, innovation, managing and reducing risk, seeking stakeholder support, motivating others, and being committed to excellence (Berman & West, 1998). Although the relationship between entrepreneurial leadership and employee PM is under-researched, we hypothesize that it is close-knit. Executive leadership often is needed to overcome institutional and other challenges mentioned above, often requiring new policies, executive decisions, and accountability for personnel actions. In addition, entrepreneurial leaders will find employee PM an effective tool to mobilize employee efforts towards organizational performance and other reform initiatives. By contrast, traditional managers may avoid initiative-taking and leadership so as not to become "scapegoats," especially in countries with flawed legal systems, limited managerial autonomy, process-oriented cultures, and so on. These factors make the innovation and implementation of employee PM in developing countries difficult and risky. Hence, they require leaders with initiative and willingness to tackle enduring problems (De Waal, 2007; Kong et al., 2013).

3.4 | HR competence

Employee PM is among the more sophisticated practices of public management (De Waal, 2007), requiring the organization, usually the HR unit or department, to have a sufficient know how and understanding of goal setting, appraising, feedback, training and development, compensation, and dealing with difficult employees. Some research suggests that HR knowledge and skills play a pivotal role in the adoption of new HR practices (Murphy & Southey, 2003; Terpstra, Mohamed, & Rozell, 1996). More specifically, the extent to which HR professionals master HRM competencies affects how well employee PM systems are developed (Roberts & Pavlak, 1996; Terpstra et al., 1996). Alas, for the majority of transition economies, modern HRM has only recently begun to catch on. Personnel units in developing countries are thought to often have obsolete knowledge, and in practice be administrative units with little decision-making power (Koubek & Brewster, 1995; Tong et al., 1999). As a result, HR units' low status and limited competence likely impedes effective implementation of employee PM (Asim, 2001; Berman, 2015; Taylor, 1992). It might be noted that in recent years, some countries, including Vietnam, have received support from international donors to develop management competence, including HR expertise. HR competence, however, is still thought to be low.

On the basis of the above, we hypothesize:

Hypothesis 2. *Agency accountability (H2a), entrepreneurial leadership (H2b), HR autonomy (H2c), and HR competence (H2d) increase employee PM practices.*

In addition to these four main contextual variables, this study examines control variables, including corruption, the prioritizing of interpersonal relationships over performance, nepotism, and job style. Corruption, interpersonal relationships, and nepotism, for example, prevent organizations from developing sound employee PM systems. They also deprive promotion opportunities (rewards) to good performers, and make dealing with poor performers more difficult (McCourt & Ramguttty-Wong, 2003; Poon et al., 2009). The type of work performed by organizations also matters, as in some public sector jobs, measuring performance is very difficult and problematic (Adcroft & Willis, 2005; Bevan and Hood, 2006). For instance, pay-for-performance schemes tend to be more effective when outputs or outcomes are more measurable (Hasnain, Manning, & Pierskalla, 2012). On the basis of the typology of Wilson (1989), we also examine whether employee PM may have greater effect where job outcomes are clearer or better specified, providing clearer targets for goal-based appraisal.

4 | RESEARCH METHODS

4.1 | Sample and procedures

Vietnam is a suitable setting for addressing the effectiveness of PM as discussed in the introduction. The study sample consists of participants from 29 public organizations (or, "departments" as referred to in this study). As relatively few organizations have experimented and developed advanced employee PM, sampling is deliberately purposive in order to include organizations with different degrees of PM development. Our purpose is to ensure a range of employee PM practices, rather than a representative sample of organizations or public servants. Because no list of such employee PM reform efforts exists in Vietnam, we used diverse sources such as informant interviews, reports from the Ministry of Home Affairs, material from workshops, and the network of HR professionals in order to canvass the range of employee PM efforts in the public sector. On the basis of our interviews and canvassing efforts, we feel confident to have included most organizations with well-developed (so-called "advanced") employee PM efforts. We also sought to ensure that the overall sample includes important and diverse public sector characteristics, such as central vs. local organizations, administration agencies vs. service providing institutions, and large vs. small ones.

The organizations in this study are indeed diverse. The organizations that have implemented employee PM vary in size, ranging from 40 to 800 employees. Some are part of major national ministries (e.g., Ministry of Agriculture and Rural Development, Ministry of Natural Resource and Environment, Ministry of Investment and Planning, Ministry of Home Affairs, and State Bank of Vietnam), whereas other organizations are part of the provincial governments of DaNang and BacGiang. Twelve organizations primarily do administration and

regulatory work, whereas 17 organizations primarily provide services. A few organizations in which employee PM has been adopted include hospitals, research institutes, and universities. In Vietnam, institutes and universities operate under ministries and their staff, lecturers included, traditionally operate under very similar appraisal processes, and standards, as civil servants.

To establish the survey sampling frame of these organizations, HR professionals were asked in each organization to provide a list of potential participants. To this end, we asked HR staff to provide a random selection of 10% of all permanent staff (employees and managers) in employee PM efforts who have at least 3 years' work experience in their unit and stratified across different positions. In

TABLE 2 Measures of variables

Variables	Survey items	Alpha	Source
Employee PM Practices			
Goal-based appraisal (three items)	The appraisal of my performance entirely depends on the work I have actually accomplished.	$\alpha = 0.908$	Cho and Lee (2011)
	Appraisal results depend on my competence.		
	All appraisal criteria are objective and measurable.		
Feedback (three items)	My supervisor gives specific feedback on strengths and weakness in connection to my performance.	$\alpha = 0.937$	Kinicki et al. (2013)
	My superior gives feedback on my performance in a timely manner.		
	My superior gives feedback constructively and sincerely.		
Reward for performance (three items)	My rewards reflect the effort I have put into my work.	$\alpha = 0.925$	Kim (2014)
	Rewards are closely linked with my performance appraisal results.		
	Pay is closely linked with performance appraisal results.		
Addressing poor performers (one item):	In my organization, those who do not accomplish their tasks will be transferred to other jobs more appropriate to their competences.	N/A	Self-developed
Participation (two items)	I can openly discuss job problems with my supervisor.	$\alpha = 0.883$	Roberts and Reed (1996)
	I can freely express my own views on the appraisal result.		
Contextual factors			
Accountability (six items)	Representative items My organization's performance is seriously and carefully evaluated by upper agencies.	$\alpha = 0.890$	Kim and Jung (2013)
Entrepreneurial leadership (six items)	My chief executive often comes up with ideas for radical improvement to enhance my institution's operational effectiveness.	$\alpha = 0.929$	Renko, el Tarabishy, Carsrud, and Brännback (2015)
HR autonomy (six items with the 5-point scale)	In reality, how much autonomy does your organization actually have in determining pay or bonus amounts?	$\alpha = 0.899$	Adamowki, Therriault, and Cavanna (2007)
HR unit competence (six items)	Overall, the HR staff in our organization have strong HR field expertise.	$\alpha = 0.956$	(Han, Chou, Chao, & Wright, 2006)
Interpersonal relationship (five items)	A person with a good relation with the superiors will enjoy more privileges in the job than others.	$\alpha = 0.931$	(Chen, Chen, & Xin, 2004)
Nepotism (five items)	Managers are often reluctant to collide with those who have family connections in higher positions.	$\alpha = 0.954$	(Mustafa, 2011)
Anticorruption	The chief executive is really concerned about anticorruption.	NA	Self-developed
Job style (Dummy variable)	"0" for coping job and "1" for crafting job.	NA	Self-developed
Outcomes			
Work motivation (five items)	Representative items I put forth my best effort to get my job done regardless of the difficulties.	$\alpha = 0.859$	(Wright, 2004)
Organizational commitment (five items)	I feel a strong sense of belonging to my organization.	$\alpha = 0.900$	Rhoades, Eisenberger, and Armeli (2001)
Job satisfaction (one item)	In general, I am satisfied with my job.	NA	Ting (1997)
Organizational performance (five items)	This organization is achieving its full potential.	$\alpha = 0.932$	Gibson and Birkinshaw (2004)

Note: PM: performance management.

small departments, we asked HR staff to provide no fewer than 10 names. In this manner, 468 potential respondents were identified across the 29 organizations.

Our mixed methods study consists of interviews, document analysis, and a quantitative survey. Semistructured interviews were conducted with chief executives, line managers, HR managers, and employees both before and after the survey, in order to identify emerging PM practices, as well as possible outcomes and influential factors. Following presurvey interviews, the 468 potential respondents were each invited to participate by email or letter, and 362 of these responded to our request (76%). Of the 362 respondents, 322 questionnaires were fully completed and usable for analysis. The survey was mostly electronic (Qualtrics) except in a few instances when respondents preferred a paper survey. By their job titles, most respondents are policy-making officials, regulatory enforcers in administration agencies, researchers in research institutes, medical staff in hospitals, and lecturers in universities. Of the 322 respondents, 49.4% were male, 37.3% were middle or senior managers, and 54% had more than 10 years' work experience. The final (post survey) interviews ($N = 18$) focus on context and practices to better understand the quantitative survey results. A total of 30 interviews were conducted and transcribed.

4.2 | Measures and analysis

Current scholarship views employee PM as a bundle of reinforcing practices (Aguinis, 2009; Schleicher et al., 2018: 2211), and we developed a measure that is broad and appropriate for the study context. In a three-step process, we first reviewed popular HRM text books (as these likely reflect a consensus of current thinking). These identified the five practices discussed above, as well as a sixth practice, coaching and development, which was discarded early in our study as being

uncommon in Vietnam. Second, we confirmed this set through analysis of almost 100 articles published since 2008; this did not suggest further strategies, but did suggest measurement of these strategies, as shown in Table 2. We use validated measures from prior studies for these practices whenever possible. Finally, we confirmed our five strategies through factor analysis, which shows these as distinct dimensions (all loadings > 0.7 , all cross-loadings < 0.2). The above five PM practices—goal-based appraisal, feedback, reward-for-performance, addressing poor performers, and participation—are measured through 12 survey items, with the overall alpha of 0.943.

Where possible, other study measures have also been validated by prior studies. Items are measured on a 7-point Likert response scale from 1 (*strongly disagree*) to 7 (*strongly agree*), except items of HR autonomy that use a 5-point Likert response scale. Additionally, a dummy variable is used for the job style, in which the value of 0 represents coping jobs and the value of 1 represents craft jobs. We adopt the methodology used in the meta-analysis of performance pay in government by Hasnain et al. (2012), and the Kristiansen (2017) analysis of performance contracting in central government, whereby participants working in administration or policy-making agencies are denoted as in coping jobs, whereas those in service delivery organizations such as hospitals and universities are denoted as in crafting jobs. Descriptive statistics and correlation of constructs are presented in Table 3.

Our analytical methods follow the research questions of this study. On the basis of the information received from the preliminary interviews, we first use cluster analysis in order to group the respondents according to PM practices. Second, we use ANOVA to examine the impact of different PM development levels on employee attitudes and perceived organizational performance. Third, we use multinomial logistic regression to examine the effect of the contextual factors on the evolution of PM practices. Postsurvey, semistructured interviews provided further in-depth understanding. Finally, the quantitative analysis findings are triangulated against the qualitative data.

TABLE 3 Descriptive statistics and correlations of constructs

Study Constructs	Mean	SD	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1. Employee PM	4.98	1.29											
2. Accountability	5.45	1.12	0.676**										
3. HR Autonomy	3.34	0.91	0.381**	0.369**									
4. Entrep leadership	5.26	1.25	0.653**	0.663**	0.408**								
5. HR competence	4.64	1.52	0.568**	0.552**	0.339**	0.583**							
6. Anticorruption	5.08	1.57	0.617**	0.635**	0.343**	0.720**	0.579**						
7. Personal relation	4.77	1.50	-0.376**	-0.299**	-0.240**	-0.347**	-0.381**	-0.508**					
8. Nepotism	4.12	1.64	-0.355**	-0.292**	-0.274**	-0.382**	-0.324**	-0.513**	0.788**				
9. Work motivation	5.70	1.02	0.435**	0.416**	0.273**	0.382**	0.369**	0.377**	-0.115*	-0.064			
10. Org commit	5.39	1.16	0.591**	0.473**	0.334**	0.595**	0.615**	0.569**	-0.322**	-0.284**	0.583**		
11. Job satisfaction	5.47	1.35	0.548**	0.410**	0.312**	0.549**	0.591**	0.515**	-0.305**	-0.257**	0.490**	0.827**	
12. Org performance	4.71	1.77	0.441**	0.341**	0.432**	0.469**	0.514**	0.399**	-0.209**	-0.277**	0.263**	0.468**	0.454**

Note: PM: performance management. ** $p < .01$. * $p < .05$.

5 | RESULTS

We first discuss the effect of PM practices on perceived outcomes and then the effect of context factors on employee PM.

5.1 | How do employee PM practices vary?

Respondents report different levels of employee PM, and cluster analysis was used to determine whether identifiable groups exist based on the five employee PM practices. Results are shown in Table 4. The first cluster ($n = 64$; 19.9% of respondents) scores lowest on all employee PM constructs and is labeled “the laggard cluster.” The second “transitional” cluster ($n = 115$, 35.7%) scores near midpoint across all five constructs. The third, highest-scoring cluster ($n = 143$; 44.4%) was labeled “advanced.” Respectively, the average means of items in these clusters are 2.98, 4.70, and 6.09, showing marked differences. To obtain the results in Table 4, hierarchical cluster analysis (using Ward's method) produces a three-cluster solution (Hair, Black, Babin, Anderson, & Tatham, 2006:565), and K-mean cluster analysis is used for grouping (segmentation).

Each of the five employee PM practices are statistically significant across the categories, with the greatest differences for rewarding performance and addressing poor performers. For example, respondents in the advanced cluster strongly agree with the statement that their organizations reward good performers and address poor performers. Respondents in the laggard cluster, however, disagree with these statements. Respondents in the transitional cluster agree that their organization provides goal-based appraisal, feedback, and participation but do not agree that their organizations reward good performers and address poor performers.

Two separate validity checks are used for these findings. First, a comparison of respondent demographics between the clusters finds only very small differences. For example, 29.7% (19/64) of respondents in the laggard cluster were middle managers, compared with 33.9% (39/115) and 32.16% (46/143) in the transitional cluster and advanced cluster. Second, we find, within most organizations,

TABLE 4 Mean values of employee PM practice across three clusters

Descriptive statistics	Laggard cluster	Transitional cluster	Advanced cluster	F	Sig.
Goal-based appraisal	3.52	5.54	6.30	191.950	0.000
Feedback	3.60	5.39	6.22	179.733	0.000
Reward for performance	2.60	4.23	6.15	300.972	0.000
Addressing poor performers	1.98	3.26	5.77	333.207	0.000
Participation	3.20	5.07	6.02	170.482	0.000
n	64	115	143		

Note: PM: performance management.

consensus among respondents, where over 50% of respondents commonly rate their organizations in the same cluster. Interestingly, organizations engaged in policy work tended to be rated as laggard organizations. In follow-up interviews, respondents pointed out that service delivery organizations enjoy more autonomy, and their work was seen as more “rateable” whereas policy work is particularly difficult to assess.

Table 5 shows that clusters differ significantly in outcome measures of work motivation, organizational commitment, job satisfaction, and organizational performance. Employees in “laggard” organizations report lower responses than employees in transitional and advanced organizations. Based on Table 5, Hypotheses 1a through 1d are accepted.

As shown in Table 6, interviews provide further substantiation and additional insight into these differences in employee PM practices, employee attitudes, and perceived organizational performance.

5.2 | The impact of contextual factors

Results also provide evidence of factors affecting employee PM systems (Hypotheses 2a–2d). Table 7 shows executive accountability, HR autonomy, and entrepreneurial leadership significantly predicting differences across the clusters, hence, being associated with the use of employee PM.

On the basis of these results, each unit of executive accountability increases the likelihood of adopting advanced (rather than transitional) uses of employee PM by a factor of 2.3, and the likelihood of adopting transitional (rather than laggard) uses of employee PM increases by a factor of 1.7. In contrast, where personal relationships are prioritized over performance, the chance of adopting advanced practices is lowered by seven. Model 2 shows the additional interaction effect of entrepreneurial leadership and HR competence, suggesting that such leadership increases the effect of HR competence on employee PM adoption, as suggested in the framework. The results also show HR competence in itself is insignificant in predicting the effectiveness of PM.

The interviews show many ways in which these factors have effect. For example, regarding the role of executive accountability, one respondent comments:

...currently, the lack of a top-down completed accountability system, coupled with the collective leadership mechanism, have made chief executives'

TABLE 5 Mean outcomes across three clusters

Outcomes	Laggard cluster	Transitional cluster	Advanced cluster	F	Sig.
Work motivation	5.026	5.664	6.037	25.233	0.000
Org commitment	4.359	5.319	5.919	53.588	0.000
Job satisfaction	4.296	5.469	6.986	44.127	0.000
Org performance	3.665	4.514	5.337	23.891	0.000
n	64	115	143		

TABLE 6 Employee PM clusters: Examples and quotes from interviews

Employee PM clusters	Quotes
Advanced cluster	<p>"...In our new PM scheme, the performance standard of each job position is clearly identified. The employees' rewards largely depend on their accomplished performance ... consequently, employees' attitude and responsibility have significantly changed, and some employees now asked [for] more tasks in order to have increase rewards including a small salary bonus..."</p> <p>"...The new appraisal system requires cross-rating that allows co-workers to give feedback and rate each other via an anonymous online appraisal software program. Therefore, feedback and ratings are more objective and accurate because employees do not have to give feedback directly as the traditional method...Besides, the connection between pay and the unit's performance makes colleagues give feedback frankly as well as rate each other accurately. Poor performers and lazy employees will be frankly criticized by co-workers because their performance will affect the performance and benefit of the entire unit..."</p>
Transitional cluster	<p>"...Our PM system seems to be very effective, because employees are monthly appraised with specific output criteria. Thanks to this appraisal, supervisors can uncover promptly poor performers thereby adjusting placements. But the supplementary (performance-based) salaries are only 500.000 VND (equivalent 22 USD) per month. Meanwhile promotion decisions are usually based on personality and political factors, rather than competencyemployees thought that this amount of money does not justify greater effort..."</p> <p>"...most HR practices such as recruitment, remuneration, promotion, termination still need the approval from the upper agencies. ...for poor performers, the government stipulates that these people are only dismissed if they have two straight years rated as being unsatisfactory. However, it is very difficult to rate as unsatisfactory because they still meet the government's principal appraisal criteria such as obeying the party's resolutions and laws, maintaining good political quality..."</p>
Laggard cluster	<p>"...Our appraisal criteria such as the compliance of the party's resolutions, political personality, and morality are too general and vague. They are not valid and reliable enough to distinguish employees fairly. In fact, almost all the employees are rated as having well fulfilled assigned duties. Such a system cannot help to motivate good performers, neither does it handle poor performers..."</p> <p>"...Because appraisal is mostly taken place in collective meetings, people mostly praise each other. The purpose of such meetings is virtually to vote and select the most excellent people for recognition (that is often reserved for senior managers). In reality, people avoid to give honest feedback and displease others in order to avoid conflict and reprisal..."</p> <p>"...rewards, pay and promotion are not tied with appraisal results so they do not try their best to improve their performance, provided that they meet minimal requirements..."</p>

Note: PM: performance management.

accountability very limited...In order to enhance accountability, we sought permission from the central agencies to carry out a pilot project that evaluated all

departmental directors according to the organization's performance. Once evaluated by clear and specific standards, coupled with corresponding consequences,

TABLE 7 Estimated coefficient of multinomial regression of contextual variables

Predictor	Model 1				Model 2			
	Transitional vs. Laggard		Advanced vs. traditional		Transitional vs. Laggard		Advanced vs. traditional	
	B	OR	B	OR	B	OR	B	OR
Intercept	-4.018** (1.608)		-7.653**** (1.534)		-4.886*** (1.902)		-7.672**** (1.525)	
Job style	0.493 (0.386)	1.637	0.933*** 0.323	2.543	0.480 (0.387)	1.617	0.933*** (0.330)	2.542
Accountability	0.577*** (0.219)	1.781	0.986**** (0.232)	2.680	0.541** (0.224)	1.718	0.855**** (0.230)	2.350
HR autonomy	-0.276 (0.214)	0.759	0.385** (0.193)	1.469	-0.277 (0.215)	0.758	0.350* (0.197)	1.420
Entre leadership	0.383* (0.201)	1.467	0.282 (0.220)	1.326	0.496** (0.237)	1.641	0.430* (0.235)	1.537
HR competence	0.131 (0.149)	1.140	0.122 (0.134)	1.129	0.243 (0.171)	1.276	0.078 (0.140)	1.081
Anticorruption	0.194 (159)	1.214	-0.059 (0.175)	0.943	0.188 (0.160)	1.207	-0.028 (0.179)	0.973
Personal relationship	-0.121 (0.240)	0.886	-0.389** (0.167)	0.672	-0.102 (0.242)	0.903	-0.420** (0.170)	0.657
Nepotism	-0.019 (0.201)	0.981	0.098 (0.146)	1.103	-0.030 (0.203)	0.971	0.104 (0.149)	1.110
HR_competence x Entre_leadership					0.125 (0.202)	1.134	0.588*** (0.192)	1.800
Chi-square	197.328***				207.815***			
DF	16				18			
Pseudo R ²	0.522				0.542			
Sample size	322				322			

Note: Values in brackets are standard errors. Bold coefficients show strongly significant coefficients.

* $p < 0.1$. ** $p < 0.05$. *** $p < 0.01$. **** $p < 0.001$.

the chief executives proactively sought solutions for the organization's identified problems as well as managing employee performance effectively...

The importance of entrepreneurial leadership is often mentioned, such as in this quote:

Chief executives play a critical role in innovating PM schemes. Because under this sky (under the current institution), the chief executives need to take risk or even exceed the vested authority a bit, so that the change become successful. This is because several current obsolete policies are preventing the public organization from operating effectively...

and others note the lack of such leadership, such as

...The current institution (laws) does not hold the accountability of chief executives for the organization's performance sufficiently. Only chief executives who have high dignity and courage commit renovating the PM practice. This is because the innovation is not imperative and the change process might result in risks and resistance from the employees...In fact, many chief executives tend to avoid displeasing subordinates because the current policy regulates that the subordinates have a vote of confidence if the chief executive should be reappointed when the term ends...

Our study also examines the role of the HR function. Interviews show that the role of HR units in employee PM innovation is uneven and sometimes passive, although some well-designed PM systems in this study were related to competent HR staff. According to some respondents, their HR units' expertise does not really matter because current regulations require public organizations to strictly comply with the regulations of upper agencies in HR practices. Therefore, HR units' function is administration, only. However, leadership enables competent HR, as evidenced by this quote:

...The role of personnel unit is largely dependent on the chief executive's perspective. During the term of the former director who always sought solutions to improve the department's performance via improving the employees' performance, the HR units were encouraged and enabled to leverage their competence in seeking solutions aiming to materialize his innovation ideas. The HR units played a very active role in innovating PM practices and other HRM practices. However, when the director retired, the new director was not really interested in improving the department's performance. He only required the HR units to conform to the set procedure. Consequently, the personnel unit has not had any proposal to improve the department's performance. The employee PM practice gradually returned to the old system.

Finally, various interviews also note the presence of corruption and personal relationships affecting the use of employee PM. For example, the following comment is from a respondent whose organization is clustered in the laggard group:

...chief executives in many public organizations formed "interest groups" to look after their own interest. The employees who raised voice for the organization's general benefit or fighting against destructive behaviours will be isolated. As a result, many public employees constrained themselves from commenting or participating the organization's affairs. They only attempt to fulfill their jobs at minimal requirement. That is reason why regardless of reform effort from the government, the performance of public organizations is still limited...

Such comments attest to the importance of furthering employee PM reforms in organizations.

6 | DISCUSSION AND CONCLUSION

HR issues are increasingly recognized as critical in the public administration of developing countries (Berman, 2015; Tong et al., 1999). This study examines a combination of core PM practices: goal-based appraisal, feedback, participation, and provision of consequences. We have three main study findings. First, we find that broadly designed and well implemented employee PM systems are associated with improved job experiences and perceived organizational performance in the study population. Second, our findings also show that for employee PM systems to have such effect, all five practices should be implemented at strong levels. Third, our results also show the importance of entrepreneurial executive leadership, executives' accountability, and HR autonomy in implementing these reforms. HR expertise boosts executives' leadership in implementing PM.

As a public sector reform, employee PM can effectively assist organizations to achieve many desirable goals. Employee PM provides clarity, feedback, and reinforcement that channels employees' energies clearly towards strategic targets. For example, a goal of improving service cascades from organizational to individual goals. The PM process also allows for strengthened work motivation, commitment, job satisfaction and perceived organizational performance. These are part of a result-oriented culture. These outcomes are crucial when irresponsibility, low work ethic, bureaucracy, and corruption are a "bottleneck" for reform and development (Berman, 2015; Ho & Im, 2015). Identifying strong performers can also help with other processes such as succession, downsizing, and compensation, which are often ineffectively implemented because organizations do not sufficiently differentiate between good and poor performers. Finally, employee PM fosters merit principles through evaluating and rewarding employees objectively and fairly which, in turn, discourages arbitrary personnel decisions and directs employees to increase their attention to performance (rather than, say, to seek patronage). Thus, employee PM is a useful tool for strengthening a broad range of reforms.

Our study results point to key roles for very high level leadership in promoting this reform, either from political leaders or from central/core agencies. The effectiveness of any reform program will be modest when institutional issues are not addressed. Holding executives accountable requires supra-organizational oversight by higher level authorities, which is not uncommon. For example, in Indonesia, the president stipulates that all its public agencies have to report performance accountability to the central government (Akbar, Pilcher, & Perrin, 2012). China's PM is encouraged and supported from the very highest level, albeit not without challenges (Burns & Zhiren, 2010). Our results may suggest that supra-leadership (a) delegate authority to lower organizations and their leaders to use employee PM at their discretion and (b) actively hold executives accountable to ensure effective application.

Effective PM includes performance contingent pay, which has a fraught track record in government. Generally, the consensus of past studies is that pay-for-performance schemes are not very effective in the public sector and can be very harmful (Perry et al., 2009; Plimmer, Bryson, & Teo, 2017). While we concur, it is worth clarifying that although pay-for-performance and employee PM are more difficult to develop in coping, administration or policy-making agencies, they are feasible and effective in crafting jobs in service delivery organizations such as hospitals and universities. This is because job performance in these organizations is easier to measure. They are also sometime revenue earning and so have more flexibility than other public organizations. Also, although this study finds that effective employee PM uses a broad mix of financial and nonfinancial incentives, the role of financial rewards for performance cannot be overlooked, particularly in settings such as Vietnam where public sector salaries are not enough to meet basic needs and are falling behind rising private sector salaries. Money matters, particularly in transitional economies where the attractions of a public sector job might be more about financial security than an intrinsic desire to serve the public (e.g., Hasnain et al., 2012). The findings for performance-reward links may be particularly salient in transitional country public services, which have serious and entrenched problems. In western settings, results could well be more nuanced (Richard, Plimmer, Fam, & Campbell, 2015).

Although our findings indicate that employee PM is an effective tool to improve employee attitudes, organizational performance, and other reform efforts, it can lead to unwanted consequences. Bevan and Hood (2006) argue that the introduction of PM can lead to the distortions of measures and gaming. We observed some side effects as well, particularly regarding pay incentives. For example, to create funds for performance-based pay, some hospitals sought ways to increase revenue such as requiring patients to buy unnecessary medical services (MOH, 2018). Meanwhile, to save administration costs in order to fund performance-based pay, some administration agencies reduced fieldwork related to information collection. As others have noted, policy makers and executives need to be "on the look out" for gaming and disincentives in such systems, and weigh these new risks against problems with the status quo.

This study has several practical implications. Setting the right institutional context beforehand is crucial. First, employee PM needs to go hand in hand with organizational performance that is measured by key

performance indicators, and chief executives need to be accountable for the organization's performance. Second autonomy, including HR, is a prerequisite for an effective PM system. If chief executives do not have the ability to reward good performers and deal effectively with poor performers, then the system will be ineffective, perhaps becoming a ritual, only. Third, the reform process needs people who are committed and able to pursue innovation. Developing and fostering entrepreneurial leadership should not be underestimated. Fourth, the promotion procedure of chief executives should be carried out in open and transparent ways. Selection criteria should underscore leadership competency, work achievements, and entrepreneurial spirit rather than compliance and political personality. Fifth, promulgating a general guideline on employee PM for public organizations should reduce confusion and increase the confidence of implementing organizations.

Like all studies, this study has limitations. First, organizations that use advanced employee PM in this study are self-selected in so far as the majority of public organizations in Vietnam still adhere to traditional, trait-based appraisal. Despite sample diversity, we caveat findings for our relatively small sample as only a small number of organizations are using this reform. Second, study measures are necessarily based on perceptions (such as job attitudes and motivation), as objective data are not available. The consistency within organizations and clusters and triangulation with qualitative interviews, however, are important validity checks. Further studies might seek evidence of longitudinal effects in future years. Third, no study can examine all factors. Although this study examines perceived nepotism, personal relationships and anticorruption, other factors of organizational culture, HRM interventions (e.g., training and development) remain unexplored and in need of further research. Further research might also be needed to examine the effect of employee PM in supporting other public sector reforms. We also call for further investigation and measurement of job type in future studies.

In summary, employee PM is an important part of PARs generally. Comprehensive and transparent systems such as those in the advanced cluster of employee PM practices are likely to advance development outcomes better than opaque patronage systems. Although problems of inefficiency, red tape, political corruption, and other factors will no doubt continue, progress is also made on better aligning employee efforts with organizational and improved performance. Whatever the challenges facing the public sector, it is clear that having more effective personnel practices will contribute to better outcomes.

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