



Quản lý công

Session 11: Salary, Rewards, and Punishment

Session Overview

- What decide civil servants' benefits (salary, etc.)?
- What is appropriate level of civil servant benefits?
- How to measure performance?
- Vietnam's Civil Service Salary - Discussion



Why is Compensation Important?

- Monetary Compensation: Direct compensation (base pay, allowances, bonus, etc.) + Indirect compensation (pension, welfare, holidays, social insurance, etc.).
- Non-monetary Compensation: Honor, recognition, social status, job security, prizes, etc.
- **Importance:**
 - Compensation for carrying out jobs.
 - Important tool to secure talents – attract talents, reduce turnover rate.
 - Motivation factor
 - Feedback to performance

Nature of Civil Servant Compensation

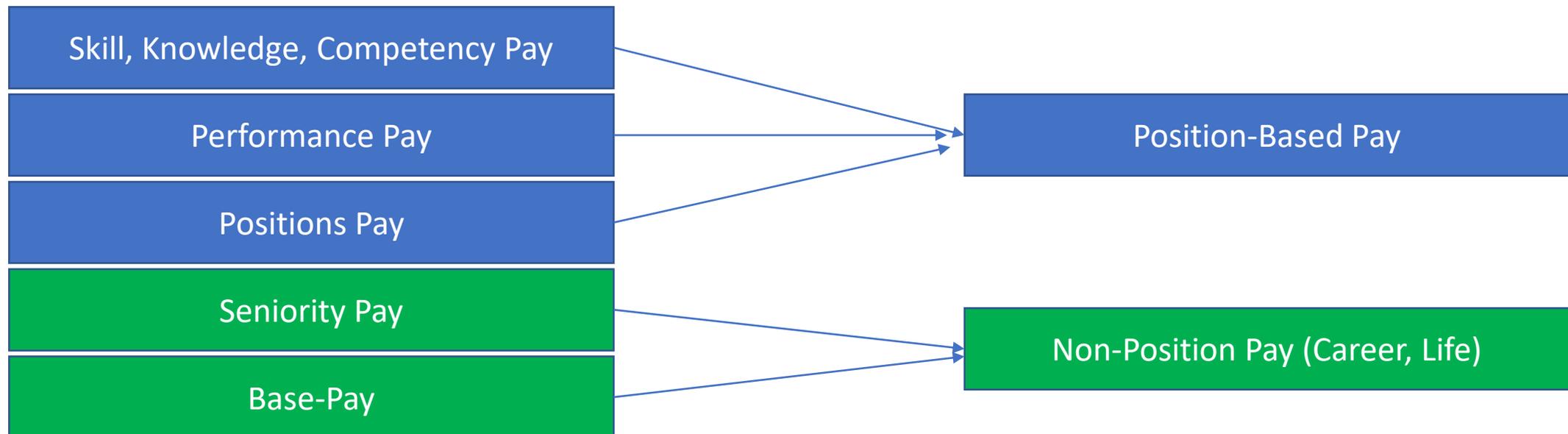
- In addition to **job** itself, organizational situation or political environment affect salary scale for civil servants: (e.g.) seniority (not directly related to level of difficulty).
- Legally bounded (legal, political, and social agreement is necessary) + sensitive to macro-economic situation (government finance) + public value.
(e.g.) In Vietnam – sensitive to the minimum wage, the Consumer Price Index.
- Hard to calculate market value of public services (usually salary is lower than market).
- Non-monetary compensation is important – ‘public service motivation.’

What Determine Civil Society Salary in Theory?

- Private companies – consider sales and performance.
- Civil servant salary is very sensitive to the national budget and citizens' perspective.
- **This year's salary** = The scale of government personnel expenses (budget, taxation, etc.) + Balance with private sector salary + previous year's salary and increase + total number of civil servants + economic growth and the CPI.

Biggs and Richwine (2012)

- Person-to-person approach (similar person in private sector)
- Job-to-job approach (similar job and job capacity in private sector)



Question

- Seniority-based pay system's primary basis for pay is employee's tenure (years of appointments, career, experience). **World trend is moving from seniority-based to position-based pay.** What are advantages and disadvantages of seniority-based pay? Discuss.

Performance-Based Pay: How to Measure

- Performance evaluation is necessary – evaluation on performance in certain period of time.
- Evaluate what? – contribution to achieving organizational goals, individual performance (sales, service, effectiveness, etc. + amount of work, completion in timely manner, difficulty, etc.)
- Main purpose of the evaluation: 1. Evaluation Criteria; 2. Development
- Evaluation Indicators must have (Noe, Hollenbeck, Gerhart, Wright, 2012): 1. Validity; 2. Reliability; 3. Differentiation; 4. Specificity; 5. Acceptability; 6. Applicability

Is Performance Evaluation Fallacy-Free?

- Evaluator (usually your boss) plays a critical role – Is there any possibility of error in evaluation? (Mahler, 1947)

Halo Effect
(Nisbett &
Wilson, 1977)

Horn effect

Leniency
Strictness

Central
tendency

Contrast
Effect

Balance
Effect

Primacy

Recency

Performance-Based Pay: How to Measure

- Norm-Referenced Appraisal (Comparative Appraisal)
 - Selective Ranking – Decide upper ranking 1, below ranking 1 first – and then evaluate others.
 - Forced Distribution – Forcefully allocate workers from very good (10%) to very poor (10%)

Selective Ranking	
Ranking	Employees Name
Upper ranking 1:	Mr. Vu
Upper ranking 2:	Ms. Tran
Others:	Ms. Ngoc
Below ranking 2:	Mr. Phuoc
Below ranking 1:	Mr. Nguyen

Behavior-Referenced Appraisal

- Evaluate behavior related to position and performance

Graphic Rating Scales					
Communication Skill	Communication skill that clearly express thoughts and facts in the context of an individual or organization				
Mark the number that best represents the employee's performance level	1	2	3	4	5
	Very good	Good	Neutral	Poor	Very Poor

Graphic Rating Scales (GRS): Scoring and Calculating the Evaluation Items (leadership, knowledge, performance, participation, motivation, etc.)

Mixed Standard Scales (MSS): GRS + Specific Comments

Behavioral Observations Scales, BOS)

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Positive Behavior

1-1	Identify trends in international financial markets from time to time and compile comprehensive reports.				
Hardly visible	1	2	3	4	Very visible
1-2	Collect relevant data and statistics from time to time regardless of exchange rate fluctuations.				
Hardly visible	1	2	3	4	Very visible

Negative Behavior

2-1	Some typos and errors as well as simple statistical errors are found in reports.				
Hardly visible	1	2	3	4	Very visible
2-2	Hear citizens' complaints with misinformation and analyses.				
Hardly visible	1	2	3	4	Very visible

Vietnamese Law on Appraisal

- In your view, what are major criteria for civil servant evaluation in Vietnam? Your experience? Share and Discuss

Article 56

- Observance of the line and policies of the Party and laws of the State
- Political qualities, ethics, lifestyle, and working style and manners
- Specialized or professional capabilities and qualifications
- Task performance progress and results
- Sense of responsibility and collaboration at work
- Attitude in serving the people

Article 56.2 – leading and managerial positions

- Results of operation of agencies
- Leading and managing capabilities
- Capability of mobilizing and uniting civil servants.

Law on Cadres and Civil Servants (2009)

Vietnam's Civil Servant Salary

- *Law on Cadres and Civil Servants* (2008): Is civil servant system in Vietnam career-base? Y / N
- Class A, B, C, D // Leading or managerial posts (Article 34 'Category of Civil Servants').
- Rank promotion → take examination (under Ministry of Home Affairs).
- Are mechanisms for promotion or performance-based pay increase are generally transparent and standardized? Y / N
- Civil servant receives a salary equivalent to *the minimum wage* multiplied by a coefficient corresponding to his/her job categorization and scale.
- Does current salary system emphasize *equality* of income? Y / N

Salary-Level Debates in Vietnam

Tuoi Tre News (October 13, 2016): “**Salary of Vietnam’s public servants only meets 50% of living standards.**” (Thang Van Phuc) – “not enough to regenerate working capacity, not reflect their real value of labor.” According to current payroll protocols, Vietnam’s president and Party Secretary earn around 15,000,000 VND a month

VN Express (October 13, 2016) – “Vietnam’s meager government salaries...invite corruption.” “No official survey has been conducted of government official’s assets, but insiders say they are substantial.” “**Almost no one depends on their official salaries anymore.**” “There are actually many rich people in Vietnam’s public sector.” “79% of public servant have non-salary incomes or other allowances.”

“Vietnam employs among some of Asia’s largest number of civil servants, accounting for up to 4.8% of the national total population. Dr. Pham Duy Nghia from FUV cited the Ministry of Internal Affairs’ statistics updated by late March this year that said the country had **around 11 million people who receive salary or subsidies from the state budget.** On the total, around 1.3 million were at ward and commune level.” (dtiNews, August 29, 2018). ***Vietnam’s population – 95,540,000 (2017)

In-Class Discussion

- Kết luận, lương của nhân viên công chức ở Việt Nam là quá thấp (chỉ bằng 50-60% so với khu vực tư nhân) và hiển nhiên là gần 80% nhân viên nhà nước có những nguồn thu nhập khác ngoài lương (tham nhũng). Nhưng Việt Nam vẫn không thể đáp ứng nhu cầu tăng lương của nhiều nhân viên nhà nước, nguyên nhân số lượng lao động nhận lương nhà nước quá nhiều. Bạn có đồng ý với nhận định này? Giải pháp là gì? Hãy thảo luận.