

***I. Promoting Personnel Management based on Competency and Performance*****1. Establishing a Performance Appraisal System****(1) First Trial Run of the New Performance Appraisal**

In order to enhance the morale of public employees and improve the efficiency of administrative operations, it is necessary to promote personnel management based on competency and performance, with consideration of the characteristics of public services. It is important to establish an objective, fair, transparent, effective personnel evaluation system as a basic tool for such personnel management. For this reason, the NPA conducted the first trial run of the new personnel evaluations from January to June 2006, jointly with the Ministry of Internal Affairs and Communications, after thoroughly discussing with concerned persons such as the Cabinet Office and Ministries, and employee organizations, in order to verify the appropriateness of the new evaluation criteria and the effectiveness of the approach. Results of the first trial run follow.

**Results of the First Trial Run of the New Personnel Evaluations****1. Persons targeted**

Selected from Director- and Assistant Director-level personnel in the regular administrative services at the headquarters of the Cabinet Office and Ministries

(The number of participating personnel: Approximately 2,000 people evaluated and approximately 500 evaluators)

**2. Details**

- A. The evaluation was comprised of a work behavior section to evaluate the competency required to perform duties, and a role achievement section to evaluate the results of duties performed. Both sections were evaluated using an absolute evaluation method.
- B. Self evaluation, interview with supervisor, and feedback on the evaluation details were conducted.

**3. Major results of a questionnaire to the participants**

- Regarding the evaluation approach, half of the participants responded with

“Beneficial” for both the work behavior and the role achievement evaluations but some participants answered with “Duties do not match target setting,” and “Evaluation items do not match the workplace.”

- With regard to self evaluation and interview, many participants responded with “Beneficial” but some participants answered with “Great burden.”
- Many of the evaluated people who responded with “Unsatisfied” about the feedback on the evaluation details had not received guidance and advice on occasions such as the end of term interviews.
- \* The questionnaire results demonstrated that the new personnel evaluation system received a positive reception as a whole, but suggested issues to be resolved at the same time.

#### **4. Major opinions of concerned people**

- Some were positive about the disclosure of evaluation results but others were very cautious about the disclosure.
- With respect to complaint handling, some had the opinion that a third-party complaint handling organ involving employee organizations should be established, while others requested a system to be established to deal with complaints at an institutional government office.
- Some participants noted that it was difficult to set clear goals in the role achievement evaluation.
- Some participants noted that the work behavior evaluation needed improvement such as the simplification of evaluation items.
- Some participants noted that it was necessary to clarify the direction, namely, how to utilize evaluation results.

### **(2) Report on Public Employee Personnel Management**

At the time of the 2006 Remuneration Recommendation, the NPA made a report on the establishment of the personnel evaluation system again, further to the report made the previous year. An outline of the report follows.

#### **Outline of the Report on Establishment of the Personnel Evaluation System Made at the Time of the 2006 Remuneration Recommendation**

- The new performance appraisal system is basically designed to grasp employees’ competency and performance appropriately through the work behavior and the role achievement evaluations.

- It is necessary to promote a broad understanding of the importance of sharing recognition with supervisors through self evaluation, interview, disclosure of evaluation results, and feedback on the evaluation details in order to enhance fairness, understanding, and a sense of satisfaction.
- It is important to verify trial results sufficiently, reflect verification results in the evaluation criteria and the evaluation procedures, and expand the trial in a phased manner, based on the opinions of people concerned.
- Utilization of evaluation results and a system to handle complaints should be considered, while promoting discussion among people concerned, in order to realize a well-structured system steadily.

### **(3) Second Trial Run of the New Performance Appraisal**

After the completion of the first trial run, the NPA analyzed results of the trial jointly with the Ministry of Internal Affairs and Communications. The NPA tried to improve the trial system, including simplification of the evaluation items and viewpoints of the work behavior evaluation, as well as improvement of the evaluation sheet, and held discussions with the Cabinet Office and Ministries, and employee organizations for review. Based on this, an agreement on the second trial run of the new performance appraisal was achieved at the Secretary Meeting of the Personnel Management Administration Council Board comprised of personnel management directors from the Cabinet Office and each Ministry held on November 22, 2006. The second trial run was initiated in January 2007. Progress of the second trial run is as follows:

#### **Progress of the Second Trial Run of the New Performance Appraisal**

##### **1. Persons targeted**

Selected from Director-, Office Head-, Assistant Director-, Unit Chief-, and Officer-level personnel in the regular administrative services at the headquarters of the Office and Ministries

(Number of participating personnel: Approximately 9,400 people evaluated and approximately 2,100 evaluators)

##### **2. Period**

Basically six months from January to June 2007

##### **3. Major changes from the first trial run**

- Expansion of the scope of people evaluated to Unit Chief-, and Officer-level

personnel at the headquarters of the Cabinet Office and Ministries

- Substantial simplification of evaluation items and viewpoints of work behavior evaluation of the Director- and Assistant Director-level personnel so that they will be understood easily
- Improvement of the evaluation sheet such as adding a comment column to the self evaluation section and a remark column to the coordinator evaluation section
- Thorough implementation of in-detail guidance and advice through feedback

In order to promote understanding of the performance appraisal among the targeted persons and facilitate smooth implementation of the trial, the NPA held seven explanatory meetings for evaluators (including Director General-level personnel) (with a total of 541 participants) and 17 explanatory meetings for people to be evaluated (with a total of 1,387 participants) jointly with the Ministry of Internal Affairs and Communications from December 2006 to January 2007.

#### **(4) Future Challenges**

In order to establish systematically the new performance appraisal system, it is important to continue to promote efforts in a phased manner, such as expanding the scope of targeted persons to regional public organizations and specialized positions, based on the opinions of people concerned and reflecting validation results of the trial runs in the evaluation criteria and procedures. It is also necessary to consider how to utilize evaluation results in human resources development, appointments, personnel allocations, and remunerations, as well as disclosure and feedback on evaluation results, and a system for the proper handling of employees' complaints.

## **2. Expanding the Recruitment and Promotion of Female National Public Employees**

### **(1) Toward the Enlargement of the Recruitment and Promotion of Female National Public Employees**

Participation of females in national government administration is an issue to work on actively to realize a gender-equal society. Under this recognition, the NPA revised the "Guidelines concerning the Enlargement of the Recruitment and Promotion of Female National Public Employees" (a notice issued by the Secretary-General in 2001) in 2005, incorporating matters on active efforts toward expanding the promotion of female public employees in particular, based on past

efforts made to expand the recruitment and promotion of female employees.

Pursuant to the revised Guidelines, the Cabinet Office and each Ministry formulated a “Plan to Enlarge the Recruitment and Promotion of Female Employees,” which set a goal to be achieved by FY 2010, and have been facilitating efforts comprehensively and systematically as a whole since FY 2006, based on the new plan.

## **(2) State of Recruitment and Promotion of Female National Public Employees and Future Challenges**

The ratio of female recruits through the Level I Examination in FY 2001, when the guidelines above were formulated, was 15.6%. However, the ratio of female recruits through the Level I Examination increased to 21.1% in FY 2006, an increase of 5.5 percent. Regarding female employees recruited through the Level II and III Examinations as well, efforts for increasing female recruits have been promoted smoothly. On the other hand, in regard to the ratios in existing employees broken down by rank, the ratio of females at the rank of Director/Head of Office or at the headquarters of Ministries and Head of regional organizations or above levels only slightly increased from 1.4% in FY 2001 to 1.8% in FY 2005. The ratio of females at the rank of Assistant Director at the headquarters of Ministries and Director at regional organizations also increased slightly from 5.3% to 5.9% during the same period. These data indicate the need for further efforts.

In consideration of this, the new plans developed by the Cabinet Office and each Ministry incorporate various efforts to expand the promotion of female public employees, such as setting goals clarifying target employees in accordance with the number of female public employees by rank and post, securing opportunities for female public employees to participate in training that could contribute to promotion, allocation of female public employees to posts to which female employees were not assigned previously, and introduction of a mentor system to provide female employees with guidance and advice from senior employees.

The NPA intends to continue to promote comprehensive, systematic efforts, such as active recruitment activities for female students, appropriate follow-up of progress including reviews and evaluations of plans of the Cabinet Office and each Ministry, and step-by-step implementation of “mentor development training” as part of support to introduce the mentor system into the Cabinet Office and each Ministry.



Mentor development training

### **3. Promotion of Employees Recruited through the Level II and III Examinations, etc., to Senior Posts**

It is necessary to ensure the thoroughness of personnel management based on the ability and aptitude of each employee, in order to further vitalize the public services. It is important to facilitate the promotion of employees with eagerness and ability, recruited through the Level II and III Examinations, etc., to senior posts.

In light of this, the NPA carries out the Administration Training (Special Courses for Assistant Director-, Unit Chief-, and Officer-level personnel, respectively) as part of its policy for the promotion of employees based on the “Guidelines concerning the Promotion of Employees Recruited through the Level II and III Examinations, etc. to Senior Posts” (a notice issued by the Secretary-General in 1999). The NPA also dispatches persons selected from among those who have undergone the training for overseas training through the Short-Term Overseas Fellowship Program.

In addition, the NPA regularly holds the “Liaison Council on the Promotion of Employees Recruited through the Level II and III Examinations, etc.,” comprising personnel management directors from the Cabinet Office and each Ministry, in order to exchange opinions. By gathering and publishing information on the actual state of promotions at each Office and Ministry, the NPA supports efforts made by the Cabinet Office and Ministries. At a Council meeting held in FY 2006, results of the “Follow-up Survey of the Administration Training (Special Courses) Participants,” conducted for the first time the previous year, were reported. According to the survey results, personnel allocation as part of policy for promotion and promotion earlier than

conventional practices (promotion and grade increase) were actually applied to training participants after they completed the training. The Cabinet Office and most Ministries position the Administration Training (Special Courses) as one of the tools for the policy for promotion of the Level II and III employees and utilize the training actively.

The NPA will steadily encourage promotion of Level II and III employees to senior posts in close cooperation with the Cabinet Office and each Ministry.

#### **4. Modalities for the Recruitment, Selection, and Fostering of Future Senior Officials**

The career system widely practiced for the personnel administration at the Cabinet Office and Ministries is a system where candidates for senior officials are selected through examinations at the recruitment stage and promoted at an early stage with virtually no differential treatment among those recruited in the same fiscal year until they reach a certain stage. However, there is a criticism against this system because the one-time recruitment examination has a substantial impact on future promotion to a senior official, and abilities and performance are not reflected in the personnel management appropriately, giving adverse effects on the willingness of competent employees recruited through the Level II and III Examinations, etc.

Meanwhile, it is and will be very important to systematically secure/foster future senior officials with strong management ability in administrative operations who support development of the country's overall strategy. Therefore, it is necessary to conduct a broad review of the system for these purposes, taking the criticism against the present practice into consideration.

The NPA recognizes that it is necessary to shift the public service promotion management system from the current seniority system based on the year of recruitment to a system based on ability, performance, and aptitude, considering the establishment of the performance appraisal system and expansion of recruitment from outside the government and promoting common recognition among a wide range of people concerned. The NPA will continue to promote reviews of the system to enhance the vitality of the entire organization by facilitating promotion of a variety of employees, regardless of the type of recruitment examinations.

## **5. Proper Operation of the Change-in-Status System**

The Change-in-Status system is a system established for the purpose of ensuring an environment in which public employees carry out their duties as servants of the whole community fairly and without being influenced by personal considerations under the merit system. It is a system designed for the proper and efficient operation of public services by taking actions such as dismissal or demotion against the will of personnel in certain cases.

The Cabinet Office and each Ministry needs to implement appropriate personnel management, such as helping the employee to recognize that he/she may be hampering the efficient performance of duties, requesting improvement from the employee, and taking necessary measures such as providing training, if an employee may fall under the specified cases. In judging the appropriateness of applying changes in status, the Cabinet Office and each Ministry needs to make an appropriate, reasonable judgment in line with the purpose of the Change-in-Status system, based on objective data and evidence, to avoid arbitrary disposition because changes in status cause disadvantageous modification to the status of an employee.

For this reason, the NPA notified the guidelines for the Change-in-Status system to the Cabinet Office and Ministries in October 2006. The guidelines stipulate how to handle such cases including procedures and points to note for the appointing officers, illustrating typical cases that require consideration of applying the Change-in-Status system. The NPA intends to continue efforts for appropriate utilization of the Change-in-Status system, including appropriate follow-ups for the Cabinet Office and Ministries after issue of the guidelines, to facilitate application in line with the purpose of the system and to further ensure appropriate, efficient operation of public services at the Cabinet Office and each Ministry.

### **Outline of the Guidelines for the Change-in-Status system**

#### **(Measures to be taken when an employee may fall under the specified cases for changes in status)**

#### **1. Poor work performance (pertinent to Item 1 of Article 78 of the National Public Service Act) and lack of qualifications (pertinent to Item 3 of Article 78 of the National Public Service Act)**

For an employee whose work performance is not adequate or an employee whose problematic behavior raises doubts about his/her qualifications for public service, the following actions shall be taken.

- (1) Give a warning and guidance repeatedly and, where appropriate, review assignments, provide training or take other measures.
- (2) Issue a document (warning letter) stating the possibility of change in status if the poor work performance or problematic behavior, which raises doubts about his/her qualifications for public service, continues.
- (3) Apply the Change-in-Status system (dismissal or demotion) if the employee falls under Item 1 (poor work performance) or Item 3 (lack of qualifications) of Article 78 of the National Public Service Act on the ground that the poor work performance or problematic behavior is not improved.

## **2. Mental or physical disorder (pertinent to Item 2 of Article 78 of the National Public Service Act)**

In the following cases, two doctors shall diagnose the employee and determine whether the case falls under Item 2 of Article 78 of the National Public Service Act (mental or physical disorder). (The employee shall be dismissed if the two doctors diagnose that the employee has a mental or physical disorder.)

- (1) When the employee has difficulty performing his/her duties due to insufficient recovery from a mental or physical disorder at the time of completion of the three-year temporary retirement period due to the disorder
- (2) When there appears no possibility for the employee to recover sufficiently to perform duties during the temporary retirement period
- (3) When the total period of repeated sick leave and temporary retirement periods exceeds three years and such a situation is expected to continue and interfere with duty performance

## **3. Violation of the order of a visiting doctor (pertinent to Item 3 of Article 78 of the National Public Service Act)**

With regard to the following employees, a written order shall be issued to direct the employee to receive diagnosis by two doctors when he/she does not obey repeated directions to visit a doctor, and the employee shall be dismissed based on Item 3 of Article 78 of the National Public Service Act (lack of qualifications) if he/she does not obey the written order.

- (1) An employee who has not sufficiently recovered from a mental or physical disorder and it seems to be impossible for the employee to perform duties upon completion of the three-year temporary retirement period
- (2) An employee whose work performance is poor or whose problematic behavior raises doubts about his/her qualifications for a public service probably due to a

mental or physical disorder

**4. Disappearance (pertinent to Item 3 of Article 78 of the National Public Service Act)**

In principle, an employee whose period of disappearance is over one month shall be dismissed.