

Performance Management System of the Bhutanese Civil Service at a Crossroad

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Abstract

This study evaluates the efficacy of the Bhutan Civil Service's current performance management system, Managing for Excellence (MaX), which has been debated amidst rising expectations for professionalism and public service delivery. Adopting a conceptual framework synthesized from Horwitz (2022) and enriched by insights from the OECD, World Bank, and McKinsey & Company, the study employed a mixed-methods approach. Data were collected through a survey of 539 civil servants across twenty districts, supplemented by interviews with 30 officials. The findings uncovered significant discontent, with an overall satisfaction mean score of just 2.80 out of 5. This dissatisfaction arises primarily from the mandated bell-curve distribution (forced ranking), perceived as a foreign, artificial, and inequitable tool in Bhutan's collective socio-cultural context. Critically, accountability registered the lowest mean score of 2.27, suggesting the system enforces bureaucratic compliance rather than fostering genuine ownership for results. Other critical weaknesses include the absence of multi-sourced feedback (client feedback rated lowest at 2.81), heavy emphasis on administrative aspects rather than developmental orientation (developmental planning mean score of 2.78), weak linkage between performance and career progression, low capacity of functionaries, and perceived deficiencies in transparency and fairness. Notably, consistently high standard deviations across all seven dimensions (ranging from 0.96 to 1.34) expose profoundly inconsistent implementation, where employee experiences are shaped more by individual supervisors than by uniform institutionalized processes.

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Consequently, the core objectives of MaX: strategic alignment, performance differentiation, and enhanced accountability remain only partially realized. The study recommends a strategic paradigm shift toward an outcome-based performance system through operational flexibility, integration of multi-source feedback, stronger connection between performance and career progression, and creating a win-win performance culture, all while aligning with Bhutan's unique philosophical context towards transforming the civil service into an enlightened and entrepreneurial bureaucracy as envisaged by His Majesty the King of Bhutan.

Keywords: *Performance Management System, Managing for Excellence (MaX), Forced Ranking, Employee Dissatisfaction, Gross National Happiness, Civil Service Reform, Outcome-Based Performance, Accountability*

Introduction

The Performance Management System (PMS) in the Bhutanese Civil Service has undergone a significant evolution, transitioning from a simple graphic rating scale appraisal to the forced ranking system in use today. The graphic rating scale form of appraisal was adopted primarily with the introduction of the Cadre System in 1989. This system was later superseded in 2006 by the Position Classification System (PCS). Under the PCS, agencies were delegated the responsibility to specify relevant outputs for their employees, replacing the centrally fixed factors on which civil servants had previously been evaluated at the end of the fiscal year.

While this output-based system focused on both the qualitative and quantitative aspects of individual performance, it failed to create a robust link between individual achievements and overarching organizational goals. Consequently, individual performance scores often remained high even when agencies demonstrated questionable overall performance. As a result, performance ratings became poor indicators of organizational efficiency and effectiveness. Furthermore, the appraisal data was largely confined to informing promotion decisions, thereby disconnecting the process from broader human resource development objectives.

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In response to these systemic shortcomings, the Royal Civil Service Commission (RCSC) launched the Managing for Excellence (MaX) system in 2016 as a cornerstone of its transformative "Good to Great" reform agenda. Founded on the principles of strategic goal alignment, performance differentiation, and enhanced accountability, MaX aimed to instil a performance-driven culture (Annual Report 2025-16, RCSC). However, despite improvements in goal-setting and accountability, the system attracted criticism for its foundational reliance on forced ranking. Media reports highlighted persistent issues, including a lack of transparency in moderation exercises at the agency level and perceived unfairness due to forced ranking system. The discontent became so pronounced that the PMS emerged as a political issue with parties pledging to overhaul it amidst rising civil servant attrition and slackness in public service delivery (The Bhutanese 2023; 2024).

Although the RCSC responded by releasing a revised MaX Manual (Edition III) in 2023, critiques from civil servants, media, and political figures continue unabated. This persistent dissatisfaction underscores an urgent need to reassess the performance management framework in terms of its relevance, fairness, and efficacy. Such a review is particularly critical as the RCSC and the government strive to retain top talent and to enhance public service delivery.

Therefore, this study aims to: (i) capture and analyse the perspectives and concerns of civil servants regarding the current PMS; (ii) validate the claims of discontentment on the existing PMS prevalent in public and media discourse; (iii) benchmark the civil service performance against international best practices on critical dimensions and (iv) provide evidence-based policy alternatives to the RCSC. The ultimate goal is to support the ongoing civil service reforms and contribute to the vision of cultivating an enlightened entrepreneurial civil service as envisaged by His Majesty the King of Bhutan. The findings of this study are intended to provide professional, actionable inputs to inform the development of a more robust performance management system.

Literature Review

Performance Management Systems (PMS) constitute a strategic framework to align individual endeavour with organizational goal. Evolving from a simplistic annual appraisal exercise, a modern PMS is a comprehensive and integrated process encompassing performance planning, ongoing feedback, and developmental review, thereby serving as a critical tool to enhance organizational capability and strategic direction (Armstrong, 2009). The usefulness of any PMS, however, is greatly mediated by employee perception in the organization. According to Bretz et al. (1992) employees interpret the PMS as a mirror of their professional worth and contribution, making their acceptance crucial. This perceptual dimension is often a source of friction, given that definitions of "effective performance" are socially constructed and can vary across contexts, potentially leading to perceptions of inequity and illegitimacy (Korenková et al., 2019). As a result, transparency, fairness, and clear communication are not merely beneficial but essential for system integrity (De Waal & Coevert, 2007). The success of any PMS is thus a continuous development process (Cutright et al., 2000).

High-Impact Performance Management System

Contemporary scholarship outlines a clear architecture for PMS that focuses on development of employees rather than having it for mere administrative purpose (Josephine & Zabivullah, 2025). Some of the main pillars of high-impact performance management system include the following:

Strategic Cohesion and Dynamic Engagement

The paramount function of a PMS is to create a coherent and visible thread linking individual objectives to organizational strategy. This reorients the system from a retrospective, administrative record-keeping exercise into a forward-looking, dynamic process that actively shapes behaviour and decision-making in real-time (Armstrong, 2009; Horwitz, 2012). *For example, Australia promotes performance management as a capability-building system rather than a narrow rating exercise. The Australian Public Service Commission describes a*

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performance management approach aimed at improving agency maturity and strengthening practices through clearer expectations, feedback, and development focus (Australian Public Service Commission, 2021).

Procedural Justice and Motivational Linkage

The credibility and, ultimately, the success of a PMS are contingent upon employees' belief in its fairness. When performance evaluations are perceived as objective and consequential rewards are transparently linked to outcomes, the system reinforces legitimacy and cultivates a genuine high-performance culture. Conversely, opaque and arbitrary processes inevitably provoke cynicism, de-motivation, and attrition (Malik et al., 2011; Bacal, 2012). For example, Japan's Suntory Holdings employs a "continuous dialogue" system that emphasizes manager-employee conversations over forced rankings. By separating developmental feedback from compensation decisions, the company fosters trust and perceived fairness in the evaluation process (Varma, Budhwar, & DeNisi, 2023). Similarly, supervisors are trained in Australia's Commonwealth Bank to provide reliable and timely feedback to ensure procedural justice (Varma, Budhwar, & DeNisi, 2023).

Developmental Focus and Technological Enabler

In an era characterized by digital transformation, a sound PMS must be leveraged as a diagnostic tool to proactively identify and remediate competency gaps. By harnessing performance analytics, organizations can curate targeted, cost-effective development initiatives, thereby enhancing both individual employability and organizational resilience (Asian Development Bank, 2018). For example, US-based Microsoft abandoned its stack ranking system in favour of a model called "growth mindset" which emphasizes coaching, collaboration, and employee development, supported by tools that facilitate ongoing conversations between managers and team members (Varma, Budhwar, & DeNisi, 2023). Technology companies like Betterworks (2023) have also launched advanced analytics with DEIB (Diversity, Equity, Inclusion, and Belonging). Additionally, AI-powered platforms are now capable of delivering personalized "Growth Roadmaps" that help employees

view evaluation results as opportunities for growth rather than judgment (Flex, 2025).

Integration of Evidence-Based Practices

Leading frameworks advocate for a suite of the best practices, including regular coaching and mentoring, training in feedback delivery, the use of multi-rater assessments (e.g., 360-degree feedback) to address single-source bias. These characteristics in the PMS serves as a catalyst for sustainable growth (Kwela Leadership & Talent Management, n.d.). Singapore's GIC (Government of Singapore Investment Corporation) employs a robust 360-degree feedback system wherein managers receive multi-source feedback that informs both performance ratings and personalized development plans, reinforcing a culture of continuous improvement. India's Infosys has invested heavily in building the capacity of managers to ensure that feedback conversations are developmental rather than evaluative (Rao & Chawla, 2024).

The Forced Ranking Paradigm

Forced ranking, or "forced distribution," represents a particularly polarizing approach to performance calibration. This model mandates that managers distribute employee ratings along a pre-determined curve (e.g., 20% top performers, 70% core, 10% low performers), often with punitive consequences for those in the lowest tier (Cardinaels & Feichter, 2021; Mello, 2003). Championed by Jack Welch at General Electric, its underlying rationale was to instil a culture of excellence and accountability by forcing rigorous differentiation among personnel (Stewart et al., 2010).

Proponents argue that its primary virtue lies in combating pervasive managerial biases, particularly leniency bias, thereby creating an objective, data-driven basis for rewarding top talent and enforcing accountability (Chattopadhyay & Ghosh, 2012; Mello, 2003). However, a significant body of criticism highlights its negative effects. It can perversely incentivize managers to engage in strategic manipulation of rankings and thereby undermining the system's intended objectivity and integrity (Boyle, 2023). A 2010 Management Science study cited that while forced distribution yields short-term gains, it is followed by a "rather sharp drop in performance as

employees become demotivated (Berger, 2013). Such a system has also been subject to allegations of discrimination in some companies, as evidenced by litigation against corporations like Microsoft and Ford (Fett Law, 2022; Labor Law Advocates, 2024). Ultimately, the viability of forced ranking is highly delicate, being wholly contingent upon a very specific and high-stakes organizational culture which is difficult to cultivate and sustain (Willie, 2025; Loberg, Nüesch, & Foege, 2021).

From the overall analysis of the literature review, it is found that organizations are increasingly abandoning forced ranking systems due to the reasons such as creating low morale problems rather than inspiring improvement, discouraging collaboration and teamwork, manipulative and arbitrary rankings, and incompatibility with high performance culture where everyone could be star performers. NASA warned that "employees may receive ratings unrelated to their actual performance" when forced ranking principles are applied. Simulation research showed that forced ranking produces systematic classification errors reaching 53% under realistic conditions which means incorrect decisions prevail over correct ones leading to frustrations and mistrust in the organizations (Yusoff, 2025; McEntire, 2025); Zhang, T. (2025, Office of Personnel Management, 2026).

Global Best Practices: A Synthesis from Leading Institutions

Synthesis of frameworks from leading global organizations reveals a consensus on the core components of an effective PMS. The World Bank Group emphasizes that a successful PMS must be part of a broader performance ecosystem. It links performance management directly to good governance outcomes, stressing the importance of data-driven decision-making, transparency, and accountability (World Bank, 2021). The Organisation for Economic Co-operation and Development (OECD) advocates for a shift towards a "strategic and enabling" system with the following features:

- **Agile Goal Setting:** Aligning individual objectives with government priorities while allowing for flexibility based on the emerging needs.
- **Development-Centric Approach:** Using performance assessment for identifying competency gaps and creating personalized

development plans, rather than using it solely for routine administrative purposes.

- Managerial Empowerment: Equipping public managers with autonomy, flexibility and capacity to manage their teams' performance effectively (OECD, 2021).

McKinsey & Company highlights the failure of traditional, annual-review models and advocates for a continuous performance management cycle characterized by:

- Frequent, forward-looking feedback system rather than retrospective, once-a-year evaluation exercise.
- Coaching conversations to replace reliance on top-down ratings.
- A focus on strengths-based development to harness employee potential (De Smet et al., 2021).

Several countries have undertaken ambitious civil service reforms, providing valuable case studies. A notable example is Singapore, known for its rigorous and forward-looking PMS. Its system is deeply integrated with comprehensive evaluation, talent identification, succession planning and leadership development (OECD, 2017). Similarly, Kazakhstan's reforms, particularly those advanced by the Astana Civil Service Hub (ACSH) as a regional centre of excellence demonstrated a clear linkage between performance outcomes to training and development needs besides clarifying roles and responsibilities of civil servants (Astana Civil Service Hub, 2022).

The Bhutanese Context

The implementation of a PMS cannot be divorced from its cultural and philosophical milieu. In Bhutan, the development philosophy of Gross National Happiness (GNH) demands that administrative systems harmonize operational efficiency with the holistic well-being of employees and societal values such as compassion, equity, and community (Wangmo, 2014; Gyeltshen, 2019). Bhutan's own trajectory of PMS reform serves as a compelling case study in this complex interplay. The implementation of MaX has exposed a fundamental tension between its mechanistic design and the Bhutanese

socio-cultural context. Empirical studies showed that MaX is often perceived not as a developmental tool, but as a bureaucratic imposition - a compliance activity characterized by vague indicators, insufficient constructive feedback, and susceptibility to supervisor bias (Dorji & Tshering, 2020; Wangchuk, 2019). The compulsory bell-curve distribution, a hallmark of forced ranking, has been a particular flashpoint, generating widespread scepticism and employee anxiety. This individualistic, competitive mechanism which is inherent in a forced ranking system appears to clash profoundly with Bhutan's collectivist values, creating a dissonance and long-term viability (Lamsang, 2022; Ugyel, 2016, 2017).

Conceptual Framework

This study is guided by a synthesized conceptual framework built upon internationally recognized best practices in performance management which was developed by Horwitz (2022) of KWELA Leadership and Talent Management and further supplemented and validated by insights from leading global organizations, including the Organisation for Economic Co-operation and Development (OECD), McKinsey & Company, and the World Bank Group. This study focuses on the seven most critical dimensions of PMS which were derived from the above studies.

Strategic Goal Alignment

A cornerstone of modern PMS is the clear linkage between individual employee goals and broader organizational objectives. This study examines the efficacy of this vertical alignment, a principle that is also a central tenet of the Managing for Excellence (MaX) system (OECD 2021; Royal Civil Service Commission, 2023).

Management Commitment and Support

This dimension assesses the extent to which top leadership and line managers are genuinely committed to, and actively support, the implementation of the PMS. Effective systems require leaders to champion the process, allocate resources, and hold themselves accountable for its success (World Bank Group, 2022).

Multisource Assessment

Moving beyond a single source of feedback, this dimension investigates the use of diverse information sources for performance appraisal. The framework emphasizes the value of integrated 360-degree feedback mechanisms in providing a more holistic and balanced view of employee performance (Horwitz, 2022).

Employee Development and Growth

A strategic PMS should function as a tool for fostering employee potential, not merely for evaluation. This involves identifying competency gaps, providing frequent feedback, and facilitating growth through coaching, mentoring, and clear career pathways (McKinsey & Company, 2020).

Customization of PMS to Job Nature

This feature evaluates whether the PMS is flexible enough to accurately measure the diverse and often qualitative nature of work performed across different civil service roles, rather than applying a rigid, one-size-fits-all approach (OECD, 2017).

Perceived Equity and Fairness

The legitimacy of a PMS hinges on employees' perception of its fairness. This includes transparency in performance criteria, objectivity in the assessment process, and equity in the distribution of rewards and recognition (Horwitz, 2022).

System Institutionalization

The long-term sustainability of a PMS depends on its degree of institutionalization. This final dimension assesses the presence of supportive subsystems, such as robust grievance mechanisms, integrated HR processes, and a culture of trust, which ensure the system's continuity and resilience beyond temporary leadership or policy changes (World Bank Group, 2022). Collectively, these dimensions provide a comprehensive lens to analyse the strengths and weaknesses of the current PMS in the Bhutanese civil service and identify concrete areas for improvement.

Methods

This research is based both on the quantitative and qualitative studies. The quantitative aspects of the study were obtained mostly from the data collected from the google survey questionnaire besides some statistics from the secondary data while qualitative data were obtained from the open-ended questionnaire of the survey and selective interviews conducted among the civil servants.

This research study was undertaken during 2023-24. Questionnaire for the study was developed in close alignment with the conceptual framework of the study which had both the closed and open-ended questions. The same was pilot tested with 10 target participants. Likert scale was used in the questionnaire to obtain responses from the participants. In order to determine the adequacy of the sample, Krejcie and Morgan's (1970) widely accepted formula for sample size determination was used. According to their table, a population of approximately 30,000 requires a minimum sample of 379 respondents to achieve a 95% confidence level and a 5% margin of error (Krejcie & Morgan, 1970).

There was a total of 29,241 employees in the civil service during the government fiscal year 2023-24 (RCSC Annual Report, 2022-23). The questionnaire was circulated to all the civil servants in Bhutan working in the ministries, agencies and Dzongkhags (Districts) through the google survey forms in close collaboration with the chief/deputy chief Human Resource Officers (HROs) of the respective ministries/agencies and Dzongkhags. A total of 539 civil servants responded across the 20 Dzongkhags on a voluntary basis. Further, an interview was conducted with 30 individuals at various positions level and occupations across the 20 Dzongkhags to seek additional information in some of the critical areas which required further elaboration and verification.

Quantitative data were analysed using SPSS software and excel while the open ended and qualitative responses were first clustered into broad thematic areas and reported under respective areas of findings.

Results

This section presents and discusses the findings of the study, structured around the seven dimensions of the conceptual framework derived from international best practices (Horwitz, 2022; OECD, 2021; McKinsey and Company, and World Bank, 2022).

Overall Satisfaction of the Existing PMS

To gauge the overall level of satisfaction among the civil servants on the existing performance management system (PMS), respondents were asked to rate their satisfaction level on a scale of 1-5 where 1 represents very low and 5 very high level of satisfaction. On the whole, civil servants rated their satisfaction level at an average level with a mean score of 2.80. This overarching sentiment is crucial, as employee perception is a fundamental determinant of a PMS's legitimacy and efficacy (Bretz et al., 1992). Qualitative data overwhelmingly attributes this dissatisfaction to the forced ranking system, or "bell curve." Respondents consistently described it as an artificial and inequitable mechanism that creates "internal resentments" by segregating employees based on administrative quotas rather than genuine performance differentials. This finding resonates strongly with global criticism of forced ranking, which highlights its tendency to foster internal competition, erode morale, and be perceived as fundamentally unfair (Cardinaels & Feichter, 2021; Van & Theo, 2022).

Analysis by Conceptual Framework Dimensions

The discussion integrates the quantitative and qualitative data to provide a nuanced analysis of the strengths and weakness of the existing PMS in the Bhutanese civil service.

Strategic Goal Alignment

One of the main objectives of the Managing for Excellence (MaX) is to align individual performance to the organizational and national goals. Table 1 shows the views of the civil servants on the alignment of their individual work plans with the organizational targets and then to the national goals.

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Table 1

Views of Respondents on the Alignment of Their Individual Work Plan to the Organizational and National Goals

Statements	Mean scores	Standard Deviation
My agency performance targets are aligned to the National Vision/Goal	3.86	1.022
My Individual Work Plan is linked well to my organizational goal	3.70	1.109
My Individual Work Plan is aligned well to my divisional/sector goal	3.68	1.105
Individual productivity in my agency has improved upon implementation of Managing for Excellence (MaX) in the Civil Service.	3.06	1.060
Public service delivery in my agency has improved upon implementation of Managing for Excellence (MaX) in the Civil Service.	2.86	1.118

From the above information, it shows that IWPs are not highly aligned with the organizational and national goals in spite of RCSC's efforts to do so through the introduction of MaX system. Surprisingly, the present findings indicated a declining trend of civil service performance alignment towards the national goal as compared to the findings of similar research carried out in 2020 (Dema, 2020) which showed high alignment with a mean value of 4.38. This could be attributed to the fact that MaX was initially aligned with agency performance scores. Such performance scores were derived from the assessments of Annual Performance Targets (APTs)/Annual Performance Agreements (APA) of agencies which were further linked to the national goals. Under such a system, heads of divisions, specialists, heads of departments and heads of agencies were awarded proxy scores based on their respective department and agency performance scores. All these sub-systems helped in reinforcing a stronger alignment between organizational and national goals. However, this system was discontinued by the RCSC with the introduction of new Max Manual 2023 (Edition III). Some of

the views expressed by the civil servants during the interview also supported this for the lack of high alignment between individual IWPs to the divisional, organizational and national goals. Similarly, the survey indicates that the MaX system hinders high productivity for many civil servants, primarily by stifling teamwork through its bell-curve mechanism and failing to provide systematic developmental plans.

It was envisaged that the public service delivery would be improved significantly with the accountability system under the MaX. While there is no baseline information, findings based on the feedback of the civil servants (providers of public service) showed that it has not improved significantly with the introduction IWPs under the MaX which resonates well with the sentiments of public as well as the political parties as well. Some of the civil servants indicated that many of the IWPs are not crafted well with clear KPI on service delivery which are further greatly aggravated by the absence of proper clients' feedback system at the agency level.

The standard deviations across all items range from 1.022 to 1.118, indicating substantial variability in responses. This suggests that experiences with goal alignment and the perceived effectiveness of the MaX system are not uniform across the civil service. While some employees report strong alignment and positive outcomes, others perceive weak linkages and limited impact.

Management Commitment and Support

Management commitment and support is critical for the success of PMS in the organization. 69.2% of the respondents expressed an average level of commitment and support to the PMS in their organization while only 30.8% of the respondents rated it 'high' to 'very high'. Further, respondents were asked to give their opinions (on a Likert scale of 1-5) on the extent of support they get on the PMS. Responses are given in Table 2 below.

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Table 2

Management Support to the Employees on Various Aspects of PMS

Statements	Mean scores	Standard Deviation
Management/leaders in my organization have the capacity to formulate specific goals and targets.	3.38	1.062
Management/leaders in my organization communicate goals and targets to the employees on time.	3.37	1.084
Management/leaders in my organization communicate performance indicators/criteria on time.	3.37	1.077
Management/leaders in my organization facilitate capacity development to implement performance management system.	3.09	1.095
Management/leaders provide effective monitoring and coaching of performance in my agency.	3.10	1.118
Management/leaders in my organization take feedback from employees/stakeholders/clients to improve PMS.	3.02	1.169

Summarizing the findings from the above table, the average scores of management support is in the range of 3 on the scale of 1-5 which is an average level score but not very good or excellent and thereby indicating that there are rooms for improvement. Respondents expressed that most of the management support on the PMS is related to the administrative matters while developmental part is negligible. This could be due to various factors including lack of in-depth knowledge and skills in managing performance at the organizational level while some respondents perceived that management/leaders have limited discretion and flexibility in managing performance at their organization level mainly due to fixed quota associated with the bell curve system irrespective of level of performance.

The standard deviations in Table 2 range from 1.062 to 1.169, indicating considerable variability in how civil servants perceive management support for performance management across different agencies. The high standard deviations reveal that employee experiences differ significantly depending on their agency and supervisors.

Multisource Assessment

According to the best practices of performance management, multiple sources of information provide highly credible and reliable inputs to judge any performance. Respondents were asked to give their views on the Likert scale of 1-5 on the sources of information commonly used in their organizations during the assessment of individual performance. Responses are provided in the Table 3 below.

Table 3

Information Sources Commonly Used for Individual Performance Assessment in The Civil Service Agencies

Statements	Mean scores	Standard Deviation
Individual performance assessment in my organization is carried out purely based on the judgment of supervisors	3.36	1.143
Feedback of peers are taken into account for performance assessment in my organization	3.01	1.087
Feedback of subordinates are taken into account for performance assessment in my organization	2.94	1.099
Feedback of clients are taken into account for performance assessment in my organization	2.81	1.101
Present PMS promotes group performance	3.36	1.067
Present PMS assesses performance only on quantitative data	2.86	0.989
Present PMS assesses performance only on qualitative data	3.08	1.041

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From the above analysis, it tells us that multiple sources of feedback for performance assessment purpose are rated comparatively low. Feedback from clients is ranked much lower than that of the subordinates and supervisors. Under the MaX system, while Leadership Feedback System (LFS) is provided on an annual basis for the executives by the subordinates and heads of divisions by the peers and subordinates respectively, it is not comprehensive across all positions. Feedback of the clients is not given much importance under the existing PMS which is a matter of concern towards improving public service delivery.

The standard deviations in Table 3 range from 0.989 to 1.143, indicating moderate to high variability in how civil servants perceive the sources of information used in performance assessments. The highest variability is observed for the statement that assessments are based purely on supervisor judgment ($SD = 1.143$), suggesting that some employees experience heavy supervisor discretion while others do not. Similarly, the relatively high standard deviations for peer feedback ($SD = 1.087$), subordinate feedback ($SD = 1.099$), and client feedback ($SD = 1.101$) reveal that practices vary widely across agencies. This inconsistency highlights the absence of a standardized approach to gathering performance inputs, contributing to perceptions of unfairness and bias.

Employee Growth and Development

Performance management system is expected to help in the employee growth and development process besides documenting and accounting day-to-day performance of the employees. Respondents were asked to give their views in terms of the extent of the employee growth and development provided through the existing performance management system. Results are presented in Table 4 below.

Table 4

Extent of Opportunities for Employee Growth and Development in the Existing PMS of the Civil Service

Statements	Mean scores	Standard Deviation
Present performance management incorporates development plans for my future growth.	2.78	1.080
There are regular performance feedback systems and coaching practices in my organization	2.79	1.058
Present performance management system identifies the competencies gaps in employees.	2.71	1.025
There is system in place to address competencies gaps among employee in my organization through appropriate interventions	2.89	1.071
I feel that I have opportunities for career growth and development in my organization	2.72	1.023
Employees in my organization are motivated by the career prospects	2.82	1.082

From the above analysis, it can be analysed that the existing PMS provides just an average level of opportunities for employee growth and development, thereby leaving behind significant gap to address in the future. Employee growth and development are rated comparatively lower by the civil servants which means that they are not too happy with the available opportunities in their organizations. Many of the civil servants reported that the existing PMS is more focused on administrative aspects rather than being a developmental tool for the employees. Such reasons could explain high employee turnover and brain drain in the civil service. One civil servant remarked, "Limited career development and advancement in the civil service prompt many to explore new avenues outside the system based on their own passions and aspirations."

The standard deviations in Table 4 range from 1.023 to 1.082, indicating consistently high variability in how civil servants perceive opportunities for their growth and development. Despite uniformly low

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mean scores (all below 3.0), the high standard deviations reveal that some employees do experience meaningful development support, while the majority do not. This suggests that access to coaching, feedback, and career growth is highly dependent on individual supervisors or agency practices rather than being systematically embedded in the PMS. The variability further indicates that the system lacks standardization in its developmental function, leaving employee growth to chance rather than institutional design.

Customization of PMS to Job Nature

A good PMS should recognize diverse nature of occupations, jobs and positions in the public service and thereby customizing appropriate performance management methods and tools to measure diverse nature of works, rather than applying a rigid, one-size-fits-all approach (OECD, 2017). Respondents were asked as to whether the nature of works performed by them were adequately measured or not by the present system. While 50.6% of the respondents expressed that the existing PMS is customized to the nature of works performed by them, 49.2% disagreed to such statement. Further, they were asked to rate the extent to which the existing PMS measures the actual level of work performance. The feedback results of the civil servants are presented in Table 5 below.

Table 5

Extent To Which Existing PMS Measures the Actual Work Performance

Measurement level of work	Response of civil servants (in percentage)
1-25%	11.9%
26-50%	26.2%
51-75%	43.2%
76-100%	17.7%

The data reveals a significant disconnect between the Performance Management System (PMS) and actual work performance: only 17.7% of civil servants believe their performance is captured with high accuracy (76-100%), while 38% perceive a weak linkage (50% or less). This gap stems primarily from lack of adequate attention paid to the

work planning between staff and supervisors, coupled with a weak culture of coaching and monitoring for Individual Work Plans (IWPs). Some civil servants reported that many additional responsibilities shouldered by civil servants go unnoticed due to lack of attention of the supervisors. To address this, IWPs require periodic reviews supported by relevant task metrics, as the management principle holds that "anything not measured is lost." Furthermore, the current "one-size-fits-all" approach, while ensuring uniformity, fails to account for the diverse nature of work across the 19 occupational groups in the civil service. Customizing the PMS to different roles and responsibilities is therefore essential to accurately assess and drive performance.

Sense of Equity and Fairness

Equity, fairness, transparency and accountability are critical components of any good performance management system. Therefore, respondents were asked to give their views on these areas. Results are presented under Table 6 below.

Table 6

Sense of Equity, Fairness, Transparency and Accountability

Statements	Mean scores	Standard deviation
Present performance evaluation criteria associated with my IWP are fair and transparent	2.63	1.061
My supervisor communicates clearly the evaluation criteria prior/during the finalization of annual work plan	2.72	1.085
The moderation criteria are communicated well in advance so that employees know where to focus their efforts from the beginning of the performance cycle	3.14	1.176
There are no cases of abrupt changes in the evaluation criteria in my agency	3.02	1.186
There are no cases of nepotism/favouritism associated with the moderation exercise in my organization	3.14	1.100

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Employees are satisfied with the results of the moderation exercise	2.97	1.181
Rewards/incentives (eg, promotion) and recognition systems associated with the present PMS are based on fair and transparent system	2.62	1.227
Accountability has been enhanced in the civil service at every level with the introduction of MaX	2.27	1.084

Findings from the above tell us that employees are not very happy with the results of the moderation, fairness and transparency of the evaluation criteria and the communication of such criteria to the employees. High concerns are expressed on the lack of objective evaluation criteria and transparency of the system including the criteria adopted in moderation exercises at the level of agencies. This may be due to low commitment and capacity of the supervisors and human resource officers besides high discretionary authority of the heads of agencies as chairman of the moderation committee and HRC which are at times not used in a professional way due to veto power of the chair. Feedback ratings on the recognition system is also poor (2.62). One of the main objectives of the MaX was to enhance accountability system but judging from the feedback of the respondents, it is just at the average level only (2.27 mean scores) which is not promising even after ten years of MaX introduction in the civil service. In fact, this is rated lower than goal alignment which is another pillar of MaX as discussed above.

Table 6 exhibits the highest standard deviations in the entire study, ranging from 1.061 to 1.227, indicating extreme variability in perceptions of fairness, transparency, and accountability. The statement regarding fair reward systems recorded the highest SD (1.227) alongside a very low mean (2.62), revealing that while most employees perceive the system as unfair, a minority do experience it as transparent and equitable. Similarly, high variability in responses on moderation satisfaction (SD = 1.181) and abrupt changes in criteria (SD = 1.186) suggest that some agencies conduct fair and consistent moderation exercises, while others do not. This points to uneven implementation of procedural justice across the civil service, where employee trust in the

system depends heavily on the integrity and capacity of their local leadership and moderation committees.

System Institutionalization

The way performance management system is institutionalized in the organization has lot to do with its sustainability and continuity of the system. This also reflects the level of commitment and acceptance of the new system among the management and employees in the organizations. The results as presented in Table 7 shows the level of PMS institutionalization process across civil service agencies in terms of key indicators.

Table 7

Respondents' Views on the Extent of Institutionalization of the Existing PMS (MaX)

Statements	Mean scores	Standard deviation
There is sense of overall satisfaction in the present performance management system	2.80	1.118
There is strong commitment and support of top management to improve and continue the system.	3.41	1.340
Line managers/supervisors are committed to maintain a fair and sound performance management system in my organization	2.97	1.005
Human Resource Officer(s) have the capacity to implement and provide required expertise for the performance management system in my organization	3.04	1.065
There are fair appeal/grievance system to address performance issues	2.89	1.050
There are fair and transparent rules for performance management system in my organization	2.86	1.059
Present PMS is well integrated with other HR systems eg. career growth, training, etc)	2.82	0.963

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Employees have trust and confidence on the decisions given by the Human Resource Committee (HRC) on the PMS related matters.	2.97	1.064
Feedback of clients and stakeholders taken positively in my organization for continuous development of the PMS	2.63	1.055

Findings from the above tells us that the overall institutionalization process of the PMS is not strong in spite of strong rules and processes specified in the MaX Manual and BCSR amidst variations of views among civil servants. The fact that the overall satisfaction level is just at 'average' range (2.80 mean score) indicates that there are areas of improvement. Amongst others, the issues of fairness and transparency, low capacity of the HROs, low integration of the PMS with other HR system like the career development and low confidence on the appeal system are areas of concerns. Commitment of the supervisors and line managers is also rated lower than that of the top management. There is also low trust on the decisions of the HRC. Therefore, we can conclude that there a number of areas which require further reinforcement towards institutionalization of MaX in the civil service.

Table 7 revealed the highest standard deviation for top management commitment ($SD = 1.340$). This indicates that while some employees perceive strong leadership support for the PMS, many others do not, reflecting wide variation in how top management engages with performance management across different agencies. The relatively lower but still substantial variability in HRC trust ($SD = 1.064$), grievance fairness ($SD = 1.050$), and rule transparency ($SD = 1.059$) further confirmed that institutionalization of the PMS is uneven. This dispersion underscores that the MaX system is not uniformly institutionalized across the civil service agencies, leaving its effectiveness dependent on individual agency leadership and implementation quality rather than systemic strength.

Discussions

The findings of this study reveal a performance management system at a critical juncture, caught between its well-intended aspirations and its practical implementation. This discussion is organized around the key themes that emerged from the findings, linking them directly to the study's four research objectives: (i) capturing and analysing civil servants' perspectives on the current PMS; (ii) validating claims of discontentment prevalent in public discourse; (iii) benchmarking the system against international best practices; and (iv) providing evidence-based policy alternatives.

The Bell Curve: A Bottleneck in Creating a Win-Win Work Culture

The most salient finding of this study validating Research Objective 2 is the profound discontent emanating from the forced ranking system. With an overall satisfaction mean score of just 2.80 and consistently high standard deviations across fairness-related items (SD up to 1.227 in Table 6), the quantitative data strongly corroborates the widespread dissatisfaction reported in media and public discourse. Qualitative responses further amplified this finding, with civil servants describing the bell curve as an artificial mechanism that breeds "internal resentments" and pits colleagues against one another.

While the Royal Civil Service Commission's objective to differentiate performance and counter leniency bias is conceptually sound and aligns well with proponents' arguments that forced ranking combats managerial leniency (Chattopadhyay & Ghosh, 2012; Mello, 2003), however, the implementation has generated significant unintended consequences that mirror global criticisms. As Cardinaels and Feichter (2021) and Van and Theo (2022) documented, forced ranking systems often foster internal competition, erode morale, and are perceived as fundamentally unfair. The Bhutanese experience validates these scholarly concerns. More importantly, the system's inherent individualism and forced competition clash with the collectivist and non-confrontational values central to Bhutan's Gross National Happiness philosophy. This finding aligns with Ugyel's (2016, 2017) earlier observations about the cultural dissonance created by importing mechanistic performance tools into Bhutan's unique socio-cultural

context. The tension between the system's design and the cultural milieu it serves represents a fundamental misalignment that procedural refinement may find difficult to fully resolve which serves as a critical insight in developing culturally appropriate alternatives (Research Objective 4).

The Compliance-Development Dichotomy

A core principle of modern performance management, as established in the literature review, is the shift from a retrospective, compliance-focused exercise to a forward-looking, developmental process (Armstrong, 2009; Horwitz, 2012). Against this benchmark (Research Objective 3), the findings indicate that the MaX system remains firmly entrenched in the former category.

The low scores on developmental planning ($M = 2.78$, $SD = 1.080$), competency gap identification ($M = 2.71$, $SD = 1.025$), and regular coaching ($M = 2.79$, $SD = 1.058$) in Table 4 reveal a system perceived as an annual bureaucratic ritual rather than a continuous cycle for fostering growth. The high standard deviations across these items further indicate that where developmental practices do exist, they are inconsistently applied—dependent on individual supervisor initiative rather than systemic design. Employees are assessed and categorized, but the system fails to provide a clear, supportive pathway for them to improve their skills or advance their careers.

This emphasis on evaluation over development represents a critical strategic failure, particularly in an era of high attrition. As the Asian Development Bank (2018) emphasized, a sound PMS must leverage performance analytics to identify and remediate competency gaps, thereby enhancing both individual employability and organizational resilience. The current developmental deficit as documented through Research Objective 1 helps in explaining the rising civil servant attrition that became a political issue during the 2023 national election, due to its lack of focus to harness and nurture the talents.

The Illusion of Alignment and the Erosion of Accountability

The study indicates moderate success in the procedural alignment of Individual Work Plans with organizational objectives, with mean scores ranging from 3.68 to 3.86 in Table 1. This addresses Research

Objective 1 by documenting that civil servants generally perceive their IWPs as linked to organizational and national goals which is a foundational objective of the MaX system (RCSC, 2023).

However, the weak perceived improvement in both individual productivity ($M = 3.06$, $SD = 1.060$) and public service delivery ($M = 2.86$, $SD = 1.118$) suggests that this alignment is more theoretical than substantive. The high standard deviations on these outcome measures ($SD > 1.06$) reveal that even where alignment is achieved on paper, it does not consistently translate into tangible results. This can be interpreted as a case of "hitting the target but missing the point." Civil servants may be completing IWPs that are aligned on paper, but the system does not effectively motivate or enable them to deliver meaningful outcomes for citizens.

This connects directly to the most alarming finding: the critically low rating for enhanced accountability ($M = 2.27$, $SD = 1.084$ in Table 6), which represents the lowest mean score across the entire study. The high standard deviation here (1.084) indicates that while most employees perceive no accountability improvement, a minority hold divergent views—suggesting that accountability outcomes vary significantly across agencies. It appears that procedural accountability in the forms of completing the procedures and undergoing moderation has been mistaken for genuine performance accountability focused on achieving results. This finding directly addresses Research Objective 2 by validating public and political concerns about slackness in public service delivery despite a decade of MaX implementation.

Benchmarking against international best practices (Research Objective 3) reveals a stark contrast. The OECD (2021) advocates for systems that create a "visible thread" between individual objectives and organizational strategy while shaping behaviour in real-time. Similarly, McKinsey & Company (2020) emphasizes frequent, forward-looking feedback over retrospective evaluation. The slackness to translate procedural alignment into improved service outcomes suggests that the current approach lacks the dynamic engagement that characterizes high-performing systems internationally.

Institutionalization Challenges: A Reform Yet to Take Root

The long-term sustainability of any reform depends on its successful institutionalization. The World Bank (2022) emphasizes the need for supportive subsystems and a cohesive culture to ensure the sustainability of reforms. Against this benchmark (Research Objective 3), the fragile institutionalization of the PMS documented in Table 7 reveals a system that has not been fully internalized across organizations.

The commitment gap between top management and line managers is particularly telling. While top management commitment received a mean score of 3.41, the highest in Table 7, its standard deviation of 1.340 is the highest in the entire study, indicating extreme variability in how leadership support is experienced across agencies. Line manager commitment, by contrast, scored lower ($M = 2.97$, $SD = 1.005$). This disparity suggests that while the reform may be driven from the top, it lacks crucial buy-in from the middle managers and supervisors responsible for its day-to-day execution.

Limitations of the Study

While this study provides insights into the performance management system of the Bhutanese civil service, several limitations should be acknowledged. First, the reliance on self-reported data from civil servants may introduce social desirability bias, potentially influencing the accuracy of responses regarding sensitive topics such as fairness and transparency. Second, although the sample of 569 respondents exceeds the minimum required by Krejcie and Morgan (1970), the voluntary nature of participation means that those with strong opinions, either positive or negative, may have been more likely to respond, potentially skewing the findings. Third, the cross-sectional design captures perceptions at a single point in time (2023-24), limiting the ability to draw causal conclusions or track changes in attitudes over time.

This study was undertaken during 2023-24 and therefore does not capture the impact of ongoing reforms initiated by the present Royal Civil Service Commission. The RCSC has continued to review and refine the MaX system in response to persistent critiques, including parliamentary motions and public discourse. Consequently, the

findings presented here represent a snapshot of the system at a specific juncture and may not reflect more recent developments or improvements. Future research should examine the effectiveness of these ongoing reforms and track how perceptions evolve as the system continues to adapt. Future studies should also consider longitudinal designs, and deeper case studies of specific agencies to complement the broad survey approach employed here.

Conclusion

The evidence presented in this study leads to an inescapable conclusion that the Managing for Excellence (MaX) system, in its current form, has not fully achieved its core objectives and is considered not fully suitable to the future needs taking into views of many civil servants and lessons learnt from other countries. Major concerns are related to the forced ranking system which is widely perceived as artificial, inequitable, and culturally dissonant within Bhutan's collectivist values while benchmarking against international best practices reveals significant gaps in developmental orientation, multi-source feedback, and integration with career progression. Critically, the consistently high standard deviations across all seven dimensions of the conceptual framework (ranging from 0.96 to 1.34) expose a system suffering from inconsistent implementation, where employee experiences are shaped more by the capacity and fairness of individual supervisors and agencies than by uniform institutionalized processes. The primary goals of MaX which are strategic alignment, performance differentiation, and enhanced accountability remain only partially realized, with accountability registering the lowest level of perceived success (mean score of 2.27), suggesting the system enforces bureaucratic compliance rather than fostering genuine ownership for results which could pose a challenge to the future aspirations of the civil service. These findings point clearly to the need for fundamental reform: a strategic paradigm shift toward an outcome-based, development-oriented system that respects for Bhutan's unique cultural context while aligning with international best practices, thereby transforming the performance management system from a bureaucratic compliance tool into a genuine enabler of employee growth, organizational excellence, and the

enlightened entrepreneurial civil service envisioned by His Majesty the King of Bhutan.

Recommendations

Based on the study's findings, the following evidence-based recommendations are proposed to guide the modification of the existing PMS in the Bhutan civil service.

Paradigm Shift from a Process-Oriented to an Outcome-Based System

The current system's preoccupation with monitoring inputs, activities, and procedural compliance has fostered a siloed mentality and micromanagement, creating what the study terms the "illusion of alignment" where individual work plans are completed on paper but fail to translate into improved productivity or service delivery. Furthermore, the wide variability in how performance is measured across agencies indicates that the current process-oriented approach is applied inconsistently, undermining its credibility and legitimacy.

It is recommended to undertake a fundamental reorientation toward an outcome-based performance framework. In this model, the Royal Civil Service Commission would hold agencies accountable for agreed results while granting them genuine operational flexibility in how those results are achieved. This approach should be replicated at the individual level, where civil servants are evaluated based on outcomes delivered rather than the activities completed. By shifting focus from bureaucratic compliance to tangible results, this model would naturally incentivize creativity and innovation, minimize micromanagement, and create a win-win culture more attuned to Bhutan's collectivist ethos. Critically, this shift would address the finding that accountability remains the weakest pillar of the current system, transforming it from a compliance exercise into a genuine driver of organizational performance.

Elevate the PMS into a Strategic Tool for Growth and Development

The study's findings reveal that the current PMS is perceived as fundamentally administrative rather than developmental, with low scores on development planning, competency gap identification, and

regular coaching. The high variability in these areas further indicates that where developmental practices do exist, they are inconsistently applied depending on individual supervisor initiative rather than systemic design. This developmental deficit helps explain the rising civil servant attrition that became a political issue during the recent national election.

To address this, the PMS must be transformed from a purely administrative tool into a central strategy for employee growth and development. This requires systematically linking performance assessments to personalized development plans, clear career pathways, and lateral mobility opportunities. The system should proactively identify competency gaps and address them through coaching, mentoring, and targeted training interventions. By investing in the long-term growth and employability of civil servants, the PMS can become a compelling reason for top talent to join and remain in the civil service. This developmental orientation would align the Bhutanese system with international best practices where continuous feedback and capability-building are prioritized over retrospective rating.

Integrate a Robust Multi-Source Feedback Mechanism

To overcome the pervasive concerns about bias and fairness, the system must incorporate structured 360-degree feedback. The findings reveal that multiple sources of feedback are rated comparatively low, with feedback from clients ranked the lowest which explains the low priority on service delivery by many agencies. The high variability across feedback sources indicates that practices vary widely across agencies, with some employees experiencing heavy supervisor discretion while others benefit from more balanced input. This absence of a standardized approach to gathering performance inputs contributes significantly to perceptions of unfairness and bias that permeate the current system.

To overcome these concerns, the system must incorporate structured multi-source feedback mechanisms that systematically solicit input from peers, subordinates, and clients. Such multi-source assessment provides a more holistic and credible view of performance while minimizing the single-source bias inherent in supervisor-only evaluations. This practice would not only enhance procedural justice but also reorient civil servants toward citizen-centric service

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delivery and thereby addressing the weak public service delivery scores. With today's technological capabilities, implementing such a system is both feasible and imperative for driving behavioural change and improving the quality of public services. International examples demonstrate how robust multi-source feedback can reinforce a culture of continuous improvement and trust.

Replace the Rigid Bell Curve with a Differentiated Agency Approach

One of the biggest discontentment that has surfaced under the MaX is its fixed percentage of quota predetermined by the RCSC irrespective of the performance level. It is therefore recommended to move away from rigid, centrally-mandated bell curve quotas, particularly for high-performing agencies. Instead, agencies that consistently achieve their agreed outcomes should be granted the flexibility to manage performance using internally developed systems, subject to robust oversight. This differentiated approach would require the strengthening of agency-level performance management systems built on outcome-based target setting, with agency performance evaluated by an independent body to ensure objectivity and avoid conflicts of interest.

Crucially, this recommendation acknowledges that the current one-size-fits-all approach fails to account for the diverse nature of work across the civil service's many occupational groups. By linking flexibility to demonstrated performance, the system would incentivize agencies to cultivate high-performance cultures. This paradigm shift from enforced quotas to earned autonomy would transform the PMS from a source of resentment into a genuine enabler of organizational excellence, contributing to the enlightened and entrepreneurial civil service envisioned by His Majesty the King of Bhutan.

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