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## Designing Performance-Based Promotion Models for Hybrid Public–Private Institutions: A Policy and Systems Proposition

 **Deborah Obiajulu Elikwu**  
Brunel University London, UK

### ABSTRACT

Hybrid public–private institutions face unique challenges in designing promotion systems that balance public accountability with private-sector efficiency. This paper proposes a comprehensive performance-based promotion model grounded in New Public Management (NPM) theory and empirical evidence from state-owned enterprises and transitional economies. Drawing on systematic analysis of scholarly sources, we develop an integrated framework comprising five core components: competency-based assessment, multi-dimensional performance evaluation rubrics, evidence-based promotion thresholds, compensation harmonization mechanisms, and robust governance structures. The model addresses institutional tensions inherent in hybrid organizations by combining goal-based appraisal, verification committees, and transparent scorecard approaches. Implementation guidance emphasizes contextual adaptation, capacity building, and embedding practices within organizational routines. Simulation scenarios demonstrate the model's applicability across diverse institutional contexts. This proposition advances theoretical understanding of performance management in hybrid settings while offering practical tools for policymakers and HR practitioners navigating the complexities of public-private institutional reform.

### KEYWORDS

Performance-based promotion, hybrid institutions, state-owned enterprises, New Public Management, competency frameworks, public sector reform

## 1. INTRODUCTION

Hybrid public–private institutions, including state-owned enterprises (SOEs), equitized public entities, and corporatized government agencies, occupy a distinctive organizational space characterized by dual accountability structures, mixed governance models, and competing institutional logics (Zhu, Warner, & Zhao, 2011). These organizations must simultaneously pursue public policy objectives while operating under market pressures, creating fundamental tensions in human resource management practices, particularly in promotion and career advancement systems. Traditional civil service promotion models emphasizing seniority and procedural compliance often conflict with private-sector approaches prioritizing performance, competitiveness, and results orientation (Sutton, 2008). This institutional ambiguity generates significant challenges for designing promotion systems that are simultaneously fair, transparent, performance-driven, and contextually appropriate. The problem is particularly acute in developing and transition economies, where public sector

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modernization efforts intersect with economic liberalization, ownership reforms, and governance transformations (Vu, Plimmer, Berman, & Sabharwal, 2019). Empirical evidence suggests that poorly designed promotion systems in hybrid institutions can lead to demotivation, talent attrition, perceived unfairness, and organizational ineffectiveness (Sitalaksmi & Zhu, 2010). Conversely, well-structured performance-based promotion models have demonstrated measurable impacts on career advancement probabilities, organizational performance, and employee engagement in both developed and developing country contexts (Oh & Lewis, 2013). Research from the U.S. federal civil service indicates that employees rated "outstanding" were approximately 25% more likely to receive promotions compared to those with "fully successful" ratings, demonstrating that performance-promotion linkages can be empirically validated and operationalized (Oh & Lewis, 2013).

Despite growing recognition of the importance of performance-based promotion systems, significant knowledge gaps persist. First, most existing research focuses on either purely public or purely private organizations, with limited attention to hybrid institutional contexts where dual accountability structures create unique design challenges (Naveed, Salman, & Jadoon, 2017). Second, while numerous studies document the challenges of implementing performance management systems in developing countries, few offer comprehensive, actionable frameworks that integrate competency assessment, performance evaluation, promotion thresholds, compensation alignment, and governance mechanisms into a coherent system (Bennell, 1994). Third, the literature on state-owned enterprise reform often treats promotion systems as secondary to broader governance and ownership changes, rather than as strategic levers for organizational transformation (Hassard, Morris, & Sheehan, 2007). This paper addresses these gaps by proposing a comprehensive performance-based promotion model specifically designed for hybrid public–private institutions. The model synthesizes theoretical insights from New Public Management, empirical evidence from performance management implementations across diverse contexts, and practical lessons from state-owned enterprise reforms in Asia, Africa, Latin America, and Eastern Europe. By integrating competency frameworks, multi-dimensional performance rubrics, transparent governance mechanisms, and contextual adaptation strategies, the proposed model offers a practical blueprint for policymakers and HR practitioners seeking to modernize promotion systems while navigating the complexities of hybrid institutional environments.

## **2. Literature Review**

### **2.1. New Public Management and Performance Accountability**

New Public Management (NPM) emerged in the 1980s as a paradigm shift in public sector governance, emphasizing performance measurement, managerial autonomy, and market-oriented incentives as levers to improve public agency effectiveness (Shaw, 1999). Shaw (1999) conceptualizes NPM through three interconnected building blocks: performance measurement systems that generate reliable information about organizational and individual outputs; incentive structures that link rewards to measured performance; and managerial autonomy that enables managers to deploy resources flexibly in pursuit of performance targets. The synergistic interaction among these three elements is expected to generate continuous improvements in public sector performance over time (Shaw, 1999). The application of NPM principles to promotion systems represents a natural extension of performance accountability logic. If performance can

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be measured reliably and linked to organizational outcomes, then promotion decisions, which determine who occupies positions of authority and responsibility, should reflect demonstrated performance rather than seniority or political connections. Empirical evidence from China illustrates both the potential and the challenges of this approach. Burns and Zhiren (2010) document how NPM-influenced reforms shaped performance-oriented promotion practices in Chinese local government, creating measurable linkages between public service performance and political elite career advancement. However, they also highlight tensions between central control imperatives and local incentivization mechanisms, suggesting that promotion systems must navigate complex accountability relationships rather than simply importing private-sector practices (Burns & Zhiren, 2010).

The embedding of performance management practices within organizational routines emerges as a critical success factor. Newcomer and Caudle (2011) argue that performance management systems succeed not through one-off measurement exercises but through institutionalization of practices including regular use of performance information, organizational learning from performance data, and feedback loops that connect measurement to decision-making. For promotion systems, this implies that performance-promotion linkages must be embedded in organizational culture and supported by legitimate, transparent processes to avoid perceptions of unfairness or gaming (Newcomer & Caudle, 2011). Context sensitivity represents another crucial dimension of NPM implementation. Dzimbiri's (2010) analysis of performance management systems in Botswana reveals how institutional capacity constraints, governance structures, and monitoring capabilities shape the feasibility and effectiveness of NPM-inspired reforms in African public sectors. Promotion designs must align with local accountability structures and administrative capacity rather than assuming universal applicability of Western models (Dzimbiri, 2010). Similar lessons emerge from Caribbean public sector reforms, where Sutton (2008) emphasizes the importance of adapting NPM principles to Westminster-Whitehall governance traditions and addressing political economy constraints that affect reform implementation.

## **2.2. Global Human Resource Trends in Hybrid Institutions**

State-owned enterprises and hybrid public-private institutions have undergone profound human resource management transformations over the past three decades, driven by ownership reforms, market liberalization, and governance modernization. These transformations provide rich empirical evidence about the challenges and opportunities of designing performance-based promotion systems in hybrid contexts. Chinese SOE reforms illustrate the complex interplay between ownership change and HRM transformation. Zhu et al. (2011) document through case studies how economic reform and ownership restructuring altered promotion, compensation, and performance management practices in formerly state-owned enterprises. Their findings suggest that HRM transformation varies significantly with ownership structure and governance arrangements, implying that promotion models must reflect the specific hybrid configuration rather than applying generic templates (Zhu et al., 2011). Hassard, Morris, and Sheehan (2007) extend this analysis by examining convergence toward Western corporate HRM models in corporatized Chinese SOEs, while noting persistent hybrid features that distinguish these organizations from purely private firms. This "third way" trajectory suggests that promotion systems in hybrid institutions must accommodate both market-oriented performance incentives and public accountability requirements (Hassard et al., 2007).

The phenomenon of symbolic compliance represents a significant challenge for HRM reform in hybrid institutions. Naveed, Salman, and Jadoon (2017) analyze how Pakistani state-owned enterprises adopt modern HRM practices symbolically while core governance structures remain unchanged, resulting in superficial implementation that fails to generate intended performance improvements. Their research suggests that promotion models may be implemented ceremonially unless governance incentives are fundamentally aligned with performance principles (Naveed et al., 2017). Lewis (n.d.) reaches similar conclusions in analyzing Chinese SOE HRM reforms, documenting resistance to private-sector HRM models when they conflict with entrenched public sector logics and cautioning against transplanting promotion designs without institutional adaptation. Indonesian SOE transformations following the 1997 Asian Crisis provide evidence that external shocks can catalyze fundamental HRM changes. Sitalaksmi and Zhu (2010) document how crisis-driven reforms forced Indonesian SOEs to modernize promotion, merit, and compensation systems to survive in increasingly competitive markets. Their analysis reveals that successful HRM transformation required addressing stakeholder relationships, institutional constraints, and organizational culture simultaneously rather than implementing isolated technical reforms (Sitalaksmi & Zhu, 2010). Human resource management challenges in SOEs extend beyond promotion systems to encompass broader issues of employment relations, political linkages, and organizational culture. Zhang (2015) identifies promotion channel reform, income distribution modernization, and performance evaluation system development as interconnected priorities for Chinese SOE human resource management. Zhao and Chen (2011) emphasize how distinct employment relations dynamics in SOEs, including political connections and collective bargaining traditions, affect the credibility and legitimacy of performance-linked promotions. Fa-sheng (2005) and Guang-ming (2008) analyze persistent problems in SOE human resource management, including inadequate training systems, weak performance differentiation, and limited career development opportunities, providing context for understanding why promotion reform is necessary but difficult.

### **2.3 Competency Frameworks and Performance Appraisal**

Competency-based approaches to performance appraisal and promotion selection represent a significant evolution from traditional examination-based or seniority-based systems. Competency frameworks define the knowledge, skills, abilities, and behavioral characteristics required for effective performance in specific roles, providing structured criteria for assessing promotion readiness. The most comprehensive operational model of competency-based promotion selection comes from Baugher, Varanelli, and Hall's (1994) ten-year evaluation of a performance-based promotional system in New York State government. Their system replaced content-based written examinations with dual assessment instruments: a Training and Experience (T&E) examination evaluating candidates' knowledge, skills, and abilities against position requirements, and a separate performance evaluation measuring recent job behaviors critical to the promotional position. Crucially, the system incorporated a Verification Committee composed of three experts who reviewed candidates' scores, interviewed candidates and supervisors, and made final determinations to offset potential rater bias (Baugher et al., 1994). This verification mechanism addresses a fundamental challenge in performance-based promotion: ensuring that assessments are accurate, fair, and defensible. The system also integrated career development by linking assessment outcomes to individualized development advice and lateral movement opportunities, creating a coherent connection between promotion selection and employee development (Baugher et al., 1994).

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The shift toward competency frameworks in civil service systems reflects broader trends in public sector modernization. Ramabrahmam and Mishra (2017) examine the readiness of Indian administrative services to adopt competency-based performance appraisal, highlighting the need to revisit appraisal procedures when transitioning from traditional systems to competency models. Their analysis suggests that competency framework adoption requires not only technical redesign of appraisal instruments but also cultural change in how performance is conceptualized and evaluated (Ramabrahmam & Mishra, 2017). The introduction of performance appraisal systems in transitional contexts reveals both opportunities and challenges. Szalai (2007) documents the implementation of performance appraisal in Hungarian central government, noting that the system was explicitly linked to promotions and career advancement within an NPM reform framework. However, the analysis also reveals that public administration had competing priorities beyond organizational reengineering, suggesting that promotion system reforms must navigate multiple institutional objectives simultaneously (Szalai, 2007).

#### **2.4 Compensation Systems and Organizational Effectiveness**

The relationship between compensation systems, performance incentives, and organizational effectiveness has important implications for promotion model design, particularly regarding whether and how to link promotion to pay-for-performance mechanisms. Empirical evidence suggests that the effects of performance-based pay are more complex and context-dependent than simple incentive theory would predict. Miller and Wang's (2016) field experiment evaluating government-mandated performance management systems found that public disclosure of relative performance information produced measurable quality improvements, whereas a concurrent pay-for-performance plan showed no incremental benefit. This finding suggests that transparency and informational mechanisms can be more powerful than direct monetary incentives in shaping behavior relevant to promotion criteria (Miller & Wang, 2016). The authors attribute this result to crowding-out effects, where overlapping incentive instruments dilute each other's impact, and to insufficient motivation of individual employees by the P4P plan beyond the informational effect of public disclosure (Miller & Wang, 2016).

Koonmee's (2012) evaluation of performance management system implementation in the Thai public sector reinforces these findings. The study found that goal setting and performance appraisal had stronger effects on organizational and individual effectiveness than performance-based pay, with agency-level effects exceeding individual-level effects. This pattern implies that promotion models should prioritize clear goal-setting processes and robust appraisal mechanisms over reliance on pay incentives alone (Koonmee, 2012). Performance-based pay models in transitional economies offer additional insights. Grinberg, Akhunov, Volodin, Gubarev, and Dzyuba (2018) propose a mixed bonus scheme for Russian civil servants that aligns financial incentives with regional socio-economic development indicators, framing this approach as compatible with NPM principles when adapted to public sector constraints. Their model suggests that compensation systems can support performance-oriented promotion when metrics are carefully chosen to avoid distortions and when bonus structures complement rather than substitute for career advancement incentives (Grinberg et al., 2018). The scorecard approach to human resource strategy provides a framework for aligning compensation, promotion, and other HR practices with organizational objectives during institutional transitions. Jurkiewicz and Bradley (2002) advocate utilizing an HR scorecard that integrates training, rewards, and culture change with privatization or corporatization objectives. This

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approach offers a structured method for calibrating compensation and promotion incentives during transitions from public to hybrid organizational forms, ensuring that HR practices support rather than undermine strategic goals (Jurkiewicz & Bradley, 2002).

Pham's (2018) analysis of HRM practices in equitized Vietnamese SOEs highlights how lifting wage constraints during equitization creates opportunities for performance-aligned compensation linked to promotion and retention strategies. This finding suggests that compensation flexibility is a necessary but not sufficient condition for effective performance-based promotion systems in hybrid institutions.

## 2.5 Research Gaps

Despite substantial research on performance management, promotion systems, and hybrid institutional governance, several critical gaps remain. First, most empirical studies focus on single-country contexts, limiting understanding of how promotion models must be adapted across different institutional, cultural, and economic environments. Second, while numerous studies document implementation challenges, few provide comprehensive frameworks that integrate competency assessment, performance evaluation, promotion thresholds, compensation alignment, and governance mechanisms into coherent systems. Third, the literature offers limited guidance on how to sequence and phase promotion system reforms within broader organizational change initiatives. Fourth, there is insufficient attention to the specific governance mechanisms, such as verification committees, appeals processes, and transparency requirements, that can enhance the legitimacy and fairness of performance-based promotion decisions in hybrid contexts where trust in management may be limited. This paper addresses these gaps by synthesizing evidence from diverse contexts to develop a comprehensive, adaptable promotion model specifically designed for hybrid public-private institutions.

## 3. Methodology and Policy Design Approach

This paper employs a policy design and systems synthesis methodology to develop a comprehensive performance-based promotion model for hybrid public-private institutions. The approach integrates three complementary methods: systematic literature synthesis, comparative institutional analysis, and policy architecture design.

**Systematic Literature Synthesis:** We conducted a comprehensive review of scholarly literature on performance management systems, promotion practices, competency frameworks, and hybrid institutional governance published before 2020. The synthesis focused on identifying empirically validated practices, documented implementation challenges, and contextual factors that condition system effectiveness. Sources were selected based on relevance to hybrid institutional contexts, methodological rigor, and geographic diversity to ensure the model reflects lessons from developed and developing countries across multiple continents.

**Comparative Institutional Analysis:** We analyzed promotion and performance management practices across diverse institutional contexts including U.S. federal civil service (Oh & Lewis, 2013), Chinese local government and SOEs (Burns & Zhiren, 2010.; Zhu et al., 2011), Vietnamese public organizations (Vu et al., 2019), Indonesian SOEs (Sitalaksmi & Zhu, 2010), Thai public sector (Koonmee, 2012), Botswana public service (Dzimbiri, 2010), Russian civil service (Grinberg et al.,

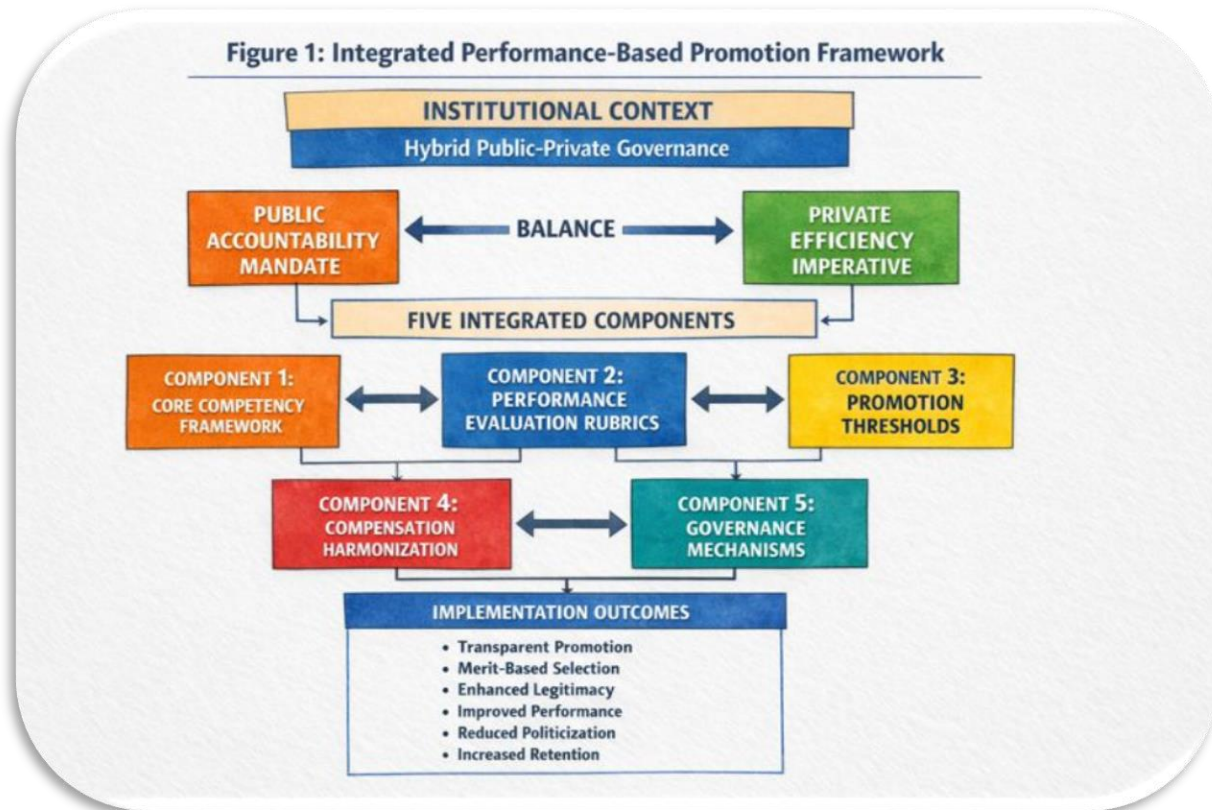
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2018), Hungarian central government (Szalai, 2007), and Caribbean public sectors (Sutton, 2008). This comparative approach enabled identification of common success factors and context-specific adaptations.

**Policy Architecture Design:** Based on synthesized evidence and comparative analysis, we developed an integrated promotion model comprising five interconnected components: competency frameworks, performance evaluation rubrics, promotion thresholds, compensation harmonization mechanisms, and governance structures. Each component was designed to address specific challenges identified in the literature while maintaining coherence with other components. The model emphasizes modularity and adaptability, allowing organizations to tailor implementation to their specific institutional contexts while maintaining core design principles. The proposed model is presented as a policy and systems proposition requiring empirical validation through pilot implementations. We acknowledge that the model's effectiveness will depend on contextual factors including organizational culture, institutional capacity, governance quality, and stakeholder support. The simulation scenarios presented in Section 5 illustrate how the model can be adapted to different institutional configurations.

#### 4. Model Architecture

The proposed performance-based promotion model comprises five interconnected components designed to address the unique challenges of hybrid public–private institutions. Figure 1 presents an integrated view of how these components interact to create a coherent promotion system.



**Key Features:**

- **Dual Accountability Integration:** Balances public mandate with efficiency
- **Component Interdependence:** Five components work synergistically
- **Feedback Loops:** Continuous improvement through governance oversight
- **Contextual Adaptation:** Framework adjusts to institutional capacity

The proposed performance-based promotion model comprises five interconnected components designed to address the unique challenges of hybrid public–private institutions. Each component is grounded in empirical evidence and theoretical principles while allowing for contextual adaptation.

**4.1 Core Competency Framework**

The competency framework defines the knowledge, skills, abilities, and behavioral characteristics required for effective performance at different organizational levels. Drawing on Baugher et al.'s (1994) validated approach, the framework

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distinguishes between:

**Technical Competencies:** Domain-specific knowledge and skills required for functional excellence (e.g., financial analysis, regulatory compliance, project management, technical expertise relevant to the organization's mission).

**Managerial Competencies:** Capabilities required for supervisory and leadership roles (e.g., team leadership, resource allocation, performance coaching, strategic planning, stakeholder management).

**Institutional Competencies:** Abilities to navigate hybrid organizational contexts (e.g., balancing public accountability with operational efficiency, managing dual reporting relationships, understanding regulatory and market environments, ethical decision-making under competing pressures).

**Adaptive Competencies:** Capacities for continuous learning and change management (e.g., innovation orientation, resilience, cross-functional collaboration, digital literacy). Each competency is defined through behavioral indicators that describe observable actions demonstrating competency mastery at different proficiency levels (developing, proficient, advanced, expert). This behavioral specificity enables objective assessment and reduces rater bias. The framework is developed through systematic job analysis involving subject matter experts, current position holders, and supervisors. For hybrid institutions, job analysis must explicitly address the dual accountability structure by identifying competencies required to manage both public policy objectives and operational performance targets. The competency framework is periodically reviewed and updated to reflect evolving organizational priorities and environmental changes.

#### 4.2 Performance Evaluation Rubrics

Performance evaluation rubrics operationalize the competency framework by defining assessment criteria, measurement methods, and rating scales. The rubric design synthesizes evidence from multiple sources on effective performance management practices (Vu et al., 2019; Koonmee, 2012; Newcomer & Caudle, 2011).

**Multi-Dimensional Assessment:** Following Vu et al.'s (2019) evidence on effective performance management in transitional economies, the rubric incorporates five interconnected practices:

1. **Goal-Based Appraisal:** Individual performance goals are derived from organizational objectives through a cascading process, ensuring alignment between individual contributions and institutional priorities. Goals are specific, measurable, achievable, relevant, and time-bound (SMART), with explicit linkages to the competency framework.
2. **Continuous Feedback:** Regular feedback sessions (quarterly minimum) provide ongoing performance information rather than relying solely on annual reviews. Feedback addresses both results achieved and competencies demonstrated, supporting employee development.

3. **Reward-for-Performance Linkage:** Performance ratings are explicitly linked to both compensation adjustments and promotion eligibility, creating clear incentives for high performance. However, following Miller and Wang's (2016) findings, the system emphasizes transparency and informational feedback rather than relying exclusively on monetary incentives.
4. **Poor Performer Management:** The system includes structured processes for addressing sustained poor performance, including performance improvement plans, additional training, and, if necessary, reassignment or separation. This ensures that promotion opportunities are reserved for demonstrated performers.
5. **Employee Participation:** Employees participate in goal-setting, provide self-assessments, and can request review of performance ratings through structured appeals processes. Participation enhances perceived fairness and legitimacy.

**Rating Scale and Calibration:** The system employs a five-point rating scale (Exceptional, Exceeds Expectations, Meets Expectations, Needs Improvement, Unsatisfactory) with detailed behavioral anchors for each level. To address rating inflation and ensure meaningful differentiation, the system incorporates calibration sessions where supervisors collectively review ratings to ensure consistency and appropriate distribution. Research from the U.S. federal civil service demonstrates that meaningful rating differentiation is essential for performance-promotion linkages to function effectively (Oh & Lewis, 2013).

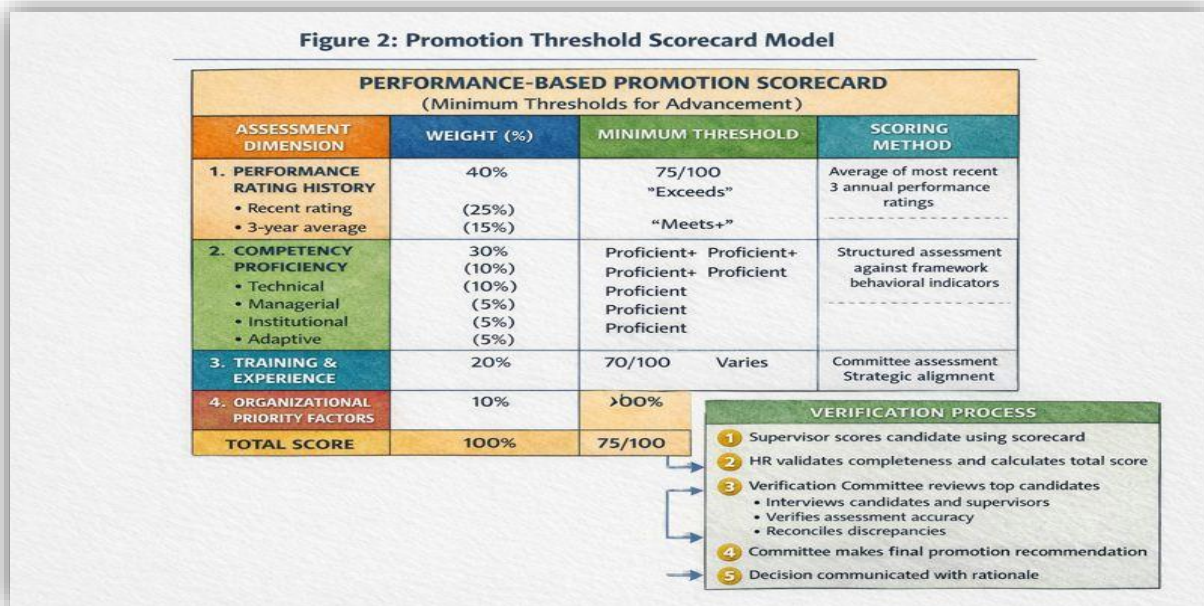
**Dual Assessment Instruments:** Following Baugher et al.'s (1994) validated model, the system employs two separate assessment instruments scored by different raters:

- **Training and Experience (T&E) Assessment:** Evaluates candidates' accumulated knowledge, skills, and abilities against promotional position requirements. Scored by HR specialists using structured rubrics.
- **Recent Performance Assessment:** Evaluates demonstrated job performance over the most recent 12-24 months using the competency framework and goal achievement metrics. Scored by immediate supervisors with input from peers and subordinates where appropriate.

This dual assessment approach provides multiple perspectives and reduces the impact of individual rater bias.

#### 4.3 Promotion Thresholds

Promotion thresholds define the minimum performance standards and competency levels required for advancement to higher organizational levels. Figure 2 presents the comprehensive scorecard model used to assess promotion readiness.



**Scoring Guidelines:**

- Scores of 90-100: Exceptional readiness for promotion
- Scores of 75-89: Meets promotion threshold (competitive selection)
- Scores of 60-74: Developing readiness (not yet eligible)
- Scores below 60: Significant development needed

The threshold design balances meritocratic principles with practical considerations of organizational capacity and career development.

**Performance History Requirements:** Candidates must demonstrate sustained high performance over multiple evaluation periods. Specifically:

For advancement to supervisory positions: Minimum "Exceeds Expectations" rating in most recent evaluation period and average "Meets Expectations" or higher over previous three years. For advancement to senior management: Minimum "Exceeds Expectations" rating in most recent two evaluation periods and demonstrated "Exceptional" performance in at least one period over previous five years. For advancement to executive positions: Consistent "Exceeds Expectations" or "Exceptional" ratings over previous five years with demonstrated strategic impact. These requirements ensure that promotion reflects sustained performance rather than single-period achievements, addressing concerns about gaming

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and short-term optimization. Competency Proficiency Requirements demands candidates to demonstrate required proficiency levels in competencies relevant to the promotional position. Proficient or higher in competencies is critical to the promotional role, just as it is for supervisory positions; Advanced or higher for senior management.

1. Overall performance rating scores (weighted 40%)
2. Competency proficiency levels relevant to promotional position (weighted 30%)
3. Training and experience assessment scores (weighted 20%)
4. Organizational priority considerations (e.g., diversity, succession planning, critical skill gaps) (weighted 10%)

This weighted approach balances objective performance metrics with strategic organizational needs while maintaining transparency about selection criteria. Verification and Appeals: Following Baugher et al.'s (1994) model, a Verification Committee composed of three senior managers reviews promotion recommendations, interviews candidates and supervisors as needed, and makes final determinations. The committee serves multiple functions: verifying accuracy of performance assessments, ensuring consistency across organizational units, offsetting potential bias, and providing development feedback to unsuccessful candidates. Candidates who disagree with promotion decisions can appeal through a structured process that reviews procedural compliance and assessment accuracy without substituting committee judgment.

#### **4.4 Compensation Harmonization**

Compensation harmonization addresses the challenge of aligning pay structures with promotion systems in hybrid institutions where public sector pay scales may conflict with market-based compensation requirements.

The system distinguishes between annual performance-based pay adjustments (typically 0-10% of base salary) and promotional salary increases (typically 10-20% of base salary). This distinction ensures that promotion remains a significant career milestone with meaningful financial rewards while allowing annual adjustments to recognize high performance without promotion. Each organizational level has a salary band with minimum, midpoint, and maximum values benchmarked against comparable positions in both public sector and relevant private sector comparators. For hybrid institutions, benchmarking includes both government agencies performing similar functions and private companies in related industries. This dual benchmarking ensures that compensation is sufficient to attract and retain talent while remaining defensible from a public accountability perspective. Salary bands, promotion salary increase guidelines, and the relationship between performance ratings and pay adjustments are publicly communicated to all employees. Regular pay equity analyses examine whether compensation patterns reflect performance and competency differences rather than demographic characteristics, addressing potential discrimination concerns. The system allows limited flexibility to offer above-band compensation for positions requiring scarce skills or facing intense market competition, subject to executive approval and public disclosure. This flexibility is essential for hybrid institutions competing with private sector employers for specialized talent.

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Drawing on Grinberg et al.'s (2018) mixed payment scheme model and Jurkiewicz and Bradley's (2002) scorecard approach, the compensation system integrates individual performance incentives with organizational performance metrics. A portion of annual bonuses (typically 20-30%) is tied to organizational or unit-level performance indicators, creating shared incentives for collective success while maintaining individual accountability.

#### **4.5 Governance Mechanisms**

Robust governance mechanisms are essential for ensuring that performance-based promotion systems operate fairly, transparently, and legitimately in hybrid institutional contexts where trust in management may be limited and multiple stakeholders have oversight interests. This aligns with integrated governance approaches that unify risk allocation, compliance, and performance monitoring through feedback-driven oversight within a single decision architecture (Kolade, 2019). As noted in Section 4.3, Verification Committees review all promotion recommendations. Committee composition includes representatives from HR, senior management, and employee representatives, ensuring multiple perspectives. Committee members receive training on bias recognition, structured interviewing, and evidence-based decision-making. Committee deliberations are documented, and decisions include written justifications referencing specific performance evidence and competency assessments.

Transparency Requirements: The system incorporates multiple transparency mechanisms:

- Publication of promotion criteria, competency frameworks, and evaluation rubrics
- Communication of promotion decisions with summary rationales (protecting individual privacy)
- Annual reporting on promotion patterns including demographic breakdowns, promotion rates by organizational unit, and relationship between performance ratings and promotion outcomes
- Public disclosure of appeals processes and aggregate appeals statistics

These transparency mechanisms operationalize Miller and Wang's (2016) finding that public disclosure of performance information can be more effective than pay-for-performance alone in driving performance improvements. Hybrid institutions typically have multiple oversight bodies including government ministries, boards of directors, employee unions, and regulatory agencies. The governance structure includes regular reporting to these stakeholders on promotion system operation, including metrics on system fairness, effectiveness, and employee perceptions. Stakeholder feedback is systematically incorporated into periodic system reviews and refinements. Following Newcomer and Caudle's (2011) emphasis on embedding performance management practices, the governance structure includes mechanisms to institutionalize promotion system operation:

- Integration of promotion planning into annual strategic planning and budgeting cycles
- Regular training for supervisors on performance evaluation and promotion assessment

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- Systematic collection and analysis of employee feedback on promotion system fairness and effectiveness
  - Periodic external audits of promotion system compliance and outcomes
  - Continuous improvement processes that use performance data and stakeholder feedback to refine system components

**Contextual Adaptation Mechanisms:** Recognizing that hybrid institutions operate in diverse contexts with varying institutional capacities, the governance structure includes explicit processes for contextual adaptation. Organizations conduct periodic assessments of institutional capacity, stakeholder expectations, and environmental constraints, using these assessments to adjust system complexity, documentation requirements, and implementation timelines. This adaptive approach reflects lessons from Dzimbiri's (2010) analysis of performance management in Botswana and Sutton's (2008) review of Caribbean public sector reforms, both of which emphasize the importance of aligning system design with local capacity and governance traditions.

## 5. Simulation Scenarios and Outcomes

To illustrate the model's applicability across diverse institutional contexts, we present three simulation scenarios representing different hybrid institutional configurations and implementation challenges.

### Scenario 1: Large State-Owned Enterprise in Transition Economy

**Context:** A telecommunications SOE in Southeast Asia undergoing partial privatization. The organization employs 5,000 staff, faces increasing market competition, and must balance government policy objectives (universal service, national security) with commercial performance. Current promotion system is seniority-based with limited performance differentiation.

**Implementation Approach:** Phased implementation over three years. Year 1 focuses on developing competency framework and training supervisors on performance evaluation. Year 2 introduces dual assessment instruments and Verification Committee for senior management promotions. Year 3 extends system to all organizational levels and integrates compensation harmonization.

**Expected Outcomes:** Based on evidence from similar contexts (Sitalaksmi & Zhu, 2010; Vu et al., 2019), expected outcomes include: 15-20% improvement in employee perceptions of promotion fairness; 10-15% increase in promotion rates for high performers; 20-25% reduction in voluntary turnover among high-potential employees; measurable improvements in organizational performance metrics (customer satisfaction, operational efficiency) as high performers advance to leadership positions.

**Critical Success Factors:** Strong executive sponsorship; investment in supervisor training; transparent communication about system rationale and operation; alignment with broader organizational transformation initiatives; flexibility to adjust implementation pace based on organizational capacity.

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**Scenario 2: Corporatized Government Agency in Developed Country**

**Context:** A postal service agency in a European country transitioning from traditional civil service model to corporatized structure. The organization employs 15,000 staff, operates under commercial principles while maintaining universal service obligations, and faces competition from private logistics companies. Current promotion system combines civil service examinations with seniority preferences.

**Implementation Approach:** Pilot implementation in two regional divisions over 18 months, followed by national rollout. Pilot focuses on testing competency framework, performance evaluation rubrics, and Verification Committee processes. Extensive consultation with employee unions and civil service oversight bodies throughout pilot phase.

**Expected Outcomes:** Drawing on evidence from similar developed-country contexts (Baugher et al., 1994; Oh & Lewis, 2013), expected outcomes include: successful replacement of written examinations with competency-based assessments; 25-30% increase in promotion probability for employees with "Exceptional" ratings compared to baseline; improved alignment between organizational performance priorities and employee career incentives; enhanced legitimacy of promotion decisions through Verification Committee oversight.

**Critical Success Factors:** Extensive stakeholder consultation and buy-in; rigorous pilot evaluation with adjustments before national rollout; investment in Verification Committee training and support; integration with existing civil service legal frameworks; clear communication about how new system preserves merit principles while modernizing assessment methods.

**Scenario 3: Small Hybrid Institution in Resource-Constrained Environment**

**Context:** A public utility company in Sub-Saharan Africa with 500 employees, operating under mixed public-private ownership. The organization faces capacity constraints, limited HR expertise, and institutional environment characterized by weak governance and limited trust in management. Current promotion practices are informal and perceived as politically influenced.

**Implementation Approach:** Simplified implementation focusing on core elements: basic competency framework (3-4 competencies per level), streamlined performance evaluation (annual reviews with structured rubrics), small Verification Committee (3 members), and transparent communication of promotion decisions. Implementation supported by external technical assistance and phased over two years.

**Expected Outcomes:** Based on evidence from resource-constrained contexts (Dzimhiri, 2010; Bennell, 1994), expected outcomes include: establishment of transparent, documented promotion processes where none existed previously; gradual improvement in employee perceptions of promotion fairness; reduction in politically influenced promotion decisions through Verification Committee oversight; foundation for more sophisticated system development as organizational capacity grows.

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**Critical Success Factors:** Realistic expectations about implementation pace and system sophistication; external technical support for capacity building; strong emphasis on transparency and documentation to build trust; adaptation of system complexity to available HR capacity; integration with broader governance strengthening initiatives; patience to allow cultural change to develop gradually. These scenarios illustrate that the proposed model is adaptable to diverse contexts while maintaining core design principles: competency-based assessment, multi-dimensional performance evaluation, transparent thresholds, compensation alignment, and robust governance. Success depends on contextual adaptation, stakeholder engagement, capacity building, and sustained leadership commitment.

## 6. Discussion

The proposed performance-based promotion model addresses several critical challenges facing hybrid public–private institutions while raising important considerations for implementation and future research. Hybrid institutions must simultaneously satisfy public accountability requirements and market performance imperatives. The model addresses this tension through institutional competencies that explicitly recognize dual accountability, governance mechanisms that provide oversight to multiple stakeholders, and transparency requirements that enable public scrutiny while protecting operational flexibility. The competency framework's inclusion of "balancing public accountability with operational efficiency" as a core institutional competency signals that navigating this tension is a valued organizational capability rather than a problem to be eliminated. Naveed et al.'s (2017) documentation of symbolic HRM adoption in Pakistani SOEs highlights the risk that promotion systems may be implemented ceremonially without genuine impact. The model addresses this risk through several mechanisms: Verification Committees that provide independent oversight of promotion decisions; transparency requirements that enable stakeholders to assess whether the system operates as designed; embedding practices that integrate promotion processes into organizational routines; and explicit linkage of promotion to both compensation and career advancement, creating tangible consequences that reduce the feasibility of purely symbolic implementation.

Miller and Wang's (2016) finding that public disclosure of performance information outperformed pay-for-performance in driving quality improvements has important implications for promotion system design. The model emphasizes transparency mechanisms, publication of criteria, communication of decisions with rationales, public reporting on promotion patterns, as primary drivers of system legitimacy and effectiveness. While compensation harmonization is included, the model does not rely primarily on monetary incentives to motivate performance. Instead, promotion itself, with its associated status, authority, and career advancement, serves as the primary incentive, supplemented by transparency that enables employees to understand and trust the connection between performance and advancement. The simulation scenarios illustrate that effective implementation requires adaptation to local context, particularly institutional capacity. Dzimbiri's (2010) analysis of Botswana and Bennell's (1994) examination of LDC public sectors emphasize that promotion system sophistication must match available HR capacity and governance quality. The model addresses this through modular design that allows organizations to implement core elements (basic competency framework, structured performance evaluation, Verification Committee) before adding more sophisticated components (multi-rater assessment, complex weighting algorithms, integrated HRIS systems). This phased approach enables organizations to build capacity gradually while establishing foundational practices. Vu et al.'s (2019) finding that

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performance management serves as a mediation agent transmitting reform effects to organizational outcomes suggests that promotion system reform should be integrated with broader change initiatives rather than implemented in isolation. The model's emphasis on embedding practices, stakeholder engagement, and alignment with strategic objectives reflects this insight. Successful implementation requires connecting promotion reform to ownership restructuring, governance modernization, strategic planning, and organizational culture change initiatives. The model synthesizes evidence from diverse contexts including the United States (Oh & Lewis, 2013; Baugher et al., 1994), China (Burns & Zhiren, 2010

; Zhu et al., 2011), Vietnam (Vu et al., 2019; Nguyen, 2016), Indonesia (Sitalaksmi & Zhu, 2010), Thailand (Koonmee, 2012), Botswana (Dzimbiri, 2010), Russia (Grinberg et al., 2018), Hungary (Szalai, 2007), and the Caribbean (Sutton, 2008). This geographic diversity strengthens confidence that core design principles have broad applicability. However, the model's effectiveness in specific contexts will depend on factors including governance quality, institutional capacity, cultural norms regarding authority and meritocracy, legal frameworks governing public employment, and stakeholder power dynamics. Organizations implementing the model must conduct thorough contextual analysis and adapt components accordingly.

Promotion systems inevitably involve political economy dynamics, particularly in hybrid institutions where government ownership creates opportunities for political influence. The model addresses these dynamics through Verification Committee oversight, transparency requirements, and documented decision-making processes that increase the cost of politically motivated promotion decisions. However, the model cannot eliminate political influence entirely, particularly in contexts where political interference in SOE management is systemic. In such environments, promotion system reform must be accompanied by broader governance reforms that strengthen institutional autonomy and reduce political capture. The literature documents numerous failed performance management and promotion reforms (Newcomer & Caudle, 2011; Dzimbiri, 2010). Common failure factors include: insufficient stakeholder consultation leading to resistance; overly complex systems that exceed organizational capacity; lack of sustained leadership commitment; failure to address underlying governance problems; and inadequate investment in training and capacity building. The model addresses these failure factors through emphasis on stakeholder engagement, modular design allowing capacity-appropriate implementation, governance mechanisms that build legitimacy, and explicit attention to embedding practices. However, these design features cannot guarantee success in the absence of genuine leadership commitment and adequate resources.

Compared to purely seniority-based systems, the proposed model offers stronger performance incentives and better alignment between organizational needs and employee advancement. Compared to purely market-based systems, it provides greater transparency, stakeholder oversight, and attention to public accountability requirements. Compared to traditional civil service examination systems, it offers more comprehensive assessment of job-relevant competencies and recent performance rather than test-taking ability. The model's comparative advantage lies in its integration of multiple assessment methods, robust governance mechanisms, and explicit design for hybrid institutional contexts.

## **7. Limitations and Further Research**

This paper presents a policy and systems proposition based on systematic synthesis of existing literature. Several

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important limitations must be acknowledged, pointing toward priorities for future research. The proposed model has not been empirically validated through implementation and evaluation in actual hybrid institutional settings. Future research should conduct pilot implementations in diverse contexts, rigorously evaluate outcomes using both quantitative metrics (promotion rates, employee perceptions, organizational performance) and qualitative methods (case studies, process evaluations), and systematically document implementation challenges and adaptations. Longitudinal studies tracking promotion system effects over multiple years would be particularly valuable for understanding how systems evolve and whether initial improvements are sustained. While the model is designed for adaptability, research is needed to identify contextual boundary conditions beyond which the model may not be appropriate or effective. For example, in environments with extremely weak governance, pervasive corruption, or complete absence of meritocratic norms, the model's emphasis on transparent, competency-based promotion may be infeasible without prior foundational governance reforms. Research should identify minimum institutional capacity thresholds and prerequisite governance conditions for successful implementation.

Performance-based promotion systems can generate unintended consequences including gaming of performance metrics, excessive focus on measurable outputs at the expense of important but difficult-to-measure activities, and increased competition among employees that undermines collaboration. Future research should systematically examine unintended consequences in hybrid institutional contexts and develop mitigation strategies. The model requires significant investments in competency framework development, supervisor training, Verification Committee operation, HRIS systems, and ongoing administration. Research is needed to quantify implementation and operating costs and compare these to benefits including improved organizational performance, reduced turnover, and enhanced legitimacy. Such cost-benefit analyses would help organizations make informed decisions about whether and how to implement the model. While the model synthesizes evidence from diverse contexts, most existing research comes from Asia, Africa, and developed Western countries. Research is needed on model applicability and required adaptations in other regions including Latin America, the Middle East, and Eastern Europe. Additionally, research should examine how cultural dimensions (e.g., individualism-collectivism, power distance, uncertainty avoidance) affect model implementation and effectiveness. The model does not extensively address how digital technologies, including HRIS systems, data analytics, artificial intelligence for competency assessment, and blockchain for transparent record-keeping, might enhance promotion system operation. Future research should explore technology integration opportunities and challenges, particularly for resource-constrained organizations.

While the model includes pay equity analyses and demographic monitoring, more research is needed on how performance-based promotion systems affect different demographic groups and whether they reduce or exacerbate existing inequities. Research should examine intersectional effects (e.g., gender-ethnicity interactions) and develop strategies to ensure that promotion systems advance rather than hinder diversity and inclusion objectives.

## **8. Conclusion**

Hybrid public–private institutions face distinctive challenges in designing promotion systems that balance public accountability with operational efficiency, meritocratic principles with stakeholder expectations, and performance

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incentives with fairness and transparency. This paper has proposed a comprehensive performance-based promotion model specifically designed for these complex institutional contexts. The model integrates five interconnected components: competency frameworks that define job-relevant capabilities including institutional competencies for navigating hybrid contexts; multi-dimensional performance evaluation rubrics incorporating goal-based appraisal, continuous feedback, and employee participation; evidence-based promotion thresholds requiring sustained high performance and verified competency proficiency; compensation harmonization mechanisms that align pay structures with promotion systems while maintaining market competitiveness; and robust governance structures including Verification Committees, transparency requirements, and stakeholder oversight. Grounded in New Public Management theory and empirical evidence from diverse contexts including the United States, China, Vietnam, Indonesia, Thailand, Botswana, Russia, Hungary, and the Caribbean, the model synthesizes lessons about what works, what fails, and why. Key insights include: the importance of embedding practices within organizational routines rather than implementing one-off reforms; the power of transparency and informational feedback relative to pay-for-performance alone; the necessity of contextual adaptation to match system sophistication with institutional capacity; the value of Verification Committees and dual assessment instruments for reducing bias and enhancing legitimacy; and the need to integrate promotion reform with broader organizational change initiatives.

The simulation scenarios demonstrate that the model can be adapted to diverse institutional configurations, from large SOEs in transition economies to corporatized agencies in developed countries to small utilities in resource-constrained environments, while maintaining core design principles. Success depends on realistic expectations, stakeholder engagement, capacity building, sustained leadership commitment, and patience to allow cultural change to develop gradually. The model advances both theoretical understanding and practical guidance. Theoretically, it extends NPM principles to the specific challenges of hybrid institutional contexts, integrates insights from competency-based assessment and performance management literatures, and addresses governance mechanisms required for legitimacy in environments with multiple stakeholders and limited trust. Practically, it provides actionable frameworks, assessment instruments, and implementation guidance that policymakers and HR practitioners can adapt to their specific contexts. Significant research opportunities remain, particularly regarding empirical validation, contextual boundary conditions, unintended consequences, cost-benefit analysis, and equity implications. However, the model provides a rigorous foundation for organizations seeking to modernize promotion systems while navigating the complexities of hybrid public-private institutional environments. By combining meritocratic principles with robust governance, transparency with flexibility, and evidence-based design with contextual adaptation, the model offers a pathway toward promotion systems that are simultaneously fair, effective, and legitimate.

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