

Assessing Performance Management Systems from
Employees' Perspectives: An Exploratory Study

ASSESSING PERFORMANCE MANAGEMENT SYSTEMS FROM EMPLOYEES' PERSPECTIVES: AN EXPLORATORY STUDY

Abstract: *This paper focuses on the perceptions and experiences of employees in two different large organisations related to Performance Management Systems (PMS) in their respective organisations. Drawing on individual employee interview data, the research paper presents a comparative assessment of PMS and reports the interpretation of employee data under various themes pertaining to design and implementation considerations. The results suggest that PMS perceptions vary due to design anomalies and an incongruity in the implementation of PMS practices which has a bearing on the effectiveness and strength of the system. In considering PMS theory and practices, organisation intentions and actions, the paper seeks to engage in debates emerging on the organisation's dependence on PMS process for achieving goals and also developing employees.*

Keywords: **employee perceptions, PMS design, PMS implementation**

Introduction

The paper focuses on the perceptions and experiences of employees in two different large organisations related to Performance Management Systems (PMS) in their respective organisations. Specifically, it examines how the employees engaged with the system, lived and experienced it on a routine basis and seeks to explore the factors that defined their perceptions and experiences. The paper also reports, based on the same, an attempt at a qualitative assessment of the effectiveness and strength of the system centred on Bowen and Ostroff's (2004) framework. The research is relevant and timely in the Indian context when Indian organisations have warmed up to the idea and utility of a comprehensive and integrated PMS. According to Sharma et al.(2008), who have penned down the status of PMS implementation in India, a large variety of forms and designs of PMS exist in Indian organisations may it be Public firms , Private firms or Foreign Subsidiaries and the nature and content differ in the different types of organisations. This paper rests on the belief that it is necessary to gauge

whether PMS is moving towards being progressive in nature. Globalisation and liberalisation in the Indian context have brought in many challenges and a very volatile and fluid work scenario. This has led to a constant churning in the existing systems and a hunger for any knowledge that would lead to better systems in organisations. This paper, therefore, identified PMS as essentially a potential research area in terms of its design philosophy and implementation.

In view of the above, the research, while seeking to explore the ensuing research questions, reports the initial indicative findings in two organisations and concentrates primarily on the design and implementation considerations of PMS. Adopting a qualitative approach, it paves the way for a much detailed study. The questions include:

- What are the organisation's (represented by HR heads) perspectives about the intentions, design and implementation of PMS?
- How do employees describe PMS in terms of its practices?
- What are their perceptions and interpretations of the PMS practices?
- How does the design and implementation of PMS reflect on system effectiveness and strength?
- Do contextual factors have an effect on the experiential process of the employees?

Performance Management Systems

Like any other HR system, PMS is a bundle of practices aimed at making the most of the people resources from the organisation's point of view and serves as a strong indicator of strategic human resource management. DeNisi (2000) defines Performance management as 'a range of activities engaged in by an organisation, to enhance the performance of target person or group in order to bring in organisational effectiveness.' From the organisation's perspective, the

important aim of PMS is to enable achievement of business strategy (Armstrong, 2009) which is achieved in four ways - *Vertical integration*, *Functional integration*, *HRM integration* and finally *integration of individual needs* with those of the organisation, as far as possible. According to Aguinis (2009), PMS fulfils multiple purposes such as *Strategic purpose* which emphasises the achievement of crucial business strategy initiatives , *Administrative purpose* which focuses on furnishing valid information enabling administrative decisions, *Developmental purpose* which focuses on improving performance on an on-going basis , *Information purpose* oriented to providing information to employees and finally *Organisation Maintenance purpose* which helps maintain a record of historical data to enable workforce planning .

PMS has been immensely researched, debated and discussed by theorists, practitioners and researchers alike. It has resulted in a plethora of views and findings available to anyone interested in instituting PMS for managing, integrating and enhancing both employee and organisation performance .

According to theorists, PMS guided by work motivation theories viz. Equity theory, Expectancy theory, Goal setting theory, Cognitive Evaluation theory, Social Control theory, and Organisational Justice theory will enable organisations to draw maximum advantages. PMS is expected to tap the motivation and commitment of employees (Guest, 1997) and also lead to determination of individual merit (Smith and Rupp, 2004). According to Bowen and Ostroff (2004), PMS could act as a signal of organisation's intentions and expectations thus indicating the important link of PMS with Signalling theory too.

Lawler (2008, cited in Risher 2011) has dissected the stages of PMS into specific operational practices and listed recommendations for an effective system. Practices specified by

Lawler (ibid) include senior management commitment, cascading of goals based on business strategy, timely assessment of performance, assessing employee skills, on-going feedback, pay based on market value of individual skills, separate discussion for pay and development needs, rewards tied to performance measures, appropriate mix of rewards for individual, group and organisation performance, calibration committee meetings and use of HR technology. A PMS design which adopts these practices is expected to be effective in terms of fulfilling the purpose for which it is instituted.

Research in this area has resulted in findings that enable improvisation of existing systems. Nankervis and Compton (2006) suggest alignment, integration, collaboration, commitment, feedback, outcomes and user-friendly as the key guiding principles of developing a PMS. The design should be value-based and built on ethical principles such as respect for individual, mutual respect, procedural fairness in terms of subjectivity and biasness and transparency in decision (Winstanley and Stuart-Smith 1996). Setting up PMS in an organisation is all about bringing in adequacy of design and implementation of a collection of both structured formal techniques (Aguinis 2009) and as well as informal techniques (Nankervis and Compton 2006). Research, including in the Indian context, has brought out multiple factors which have a direct or indirect bearing on implementation of PMS. According to London, Scott and Mone (2004) , PMS may be deficient and non-motivating if practices are misused, poorly implemented or if there is a lack of program evaluation, lack of clear communication about the practical aspects of the system or a disregard for the contextual aspects. Aguinis (2009) points out discipline gap, flaws in the appraisal process and accountability and a visible lack of assessment of impact of PMS as salient factors responsible for failed PMS. The other factors which have been shown to affect PMS include type of firm, role of managers as discussed also in the people-performance

model by Purcell(2003), distal factors like organisation climate and culture, fairness of the system, rater-ratee training, appraisal frequency and quality, diversity in the workforce , cultural values , HR support to name a few.

Performance Management Systems – Research gap and theoretical framework

In sum, there are plenty of matching views on the use, design and implementation of PMS in organisations. Research points to a lot of do's for an effective PMS, but strangely, research which captures employee voice on the PMS design and implementation aspects leading to the effectiveness of this system is sparse (Buchner, 2007) , including in the Indian context.

To attain desired organisational purpose, it is important to not only have the right HR practices, but also, the right employee experiences and perceptions of those practices (Centre for Advanced Human Resource Studies 2011). According to Wright and Nishii's (2004) model of strategic HRM, intended HR practices on implementation by managers become actual HR practices within the employment relationship and the context of implementation. Further, these actual HR practices due to employee schemas and cognitive process transform into perceived HR practices, unique to every employee and results in either positive or negative employee behaviours. These reactions subsequently have an effect on the effectiveness of system in terms of its strength and achievement of its purpose.

Hence, seeking employee reactions or experiences could invariably highlight the anomalies in the design and process of implementation. It would also give insights into the elusive 'black box' mentioned in literature (Guest, 2011), in which is locked the affective, cognitive and behavioural perceptions and experiences which mediate the linkage between existence and effectiveness of the PMS. It would also enable to assess the system.

According to Boselie et al. (2005), an HRM system, in terms of its practices, can be assessed in three different ways: by its presence, by its coverage, or by its intensity. Another way to assess PMS could be using the theoretical framework given by Bowen and Ostroff (2004) to measure strength of the system. Strength, according to them, encompasses both content and process of HR systems. According to the framework, they define a strong HR situation as one wherein employees share a common interpretation of what is important and what attitudes and behaviours are expected and rewarded and a weak situation as an ambiguous one. Since the concept of strength of HRM system relies on judgements and perceptions of the employees themselves, these perceptions would be the appropriate unit of measurement for assessing strength.

Thus, this paper highlights the importance of defining PMS in terms of employee voice as the research focus and aims:

1. To define the design of PMS from employee perspectives. This includes:
 - a. Seeking information on what does PMS mean to them in terms of practices that are visible to them or that they have experienced.
 - b. Locating the presence or absence of PMS practices as in literature.
 - c. Seeking information on employee's interpretation of these practices in terms of values associated.
2. To understand the implementation process of PMS. This includes:
 - a. Seeking information on whether it is uniformly implemented.
 - b. Attempting to understand if there is a consistency in implementation process leading to a consensus in employee perceptions.
 - c. To delineate the contextual factors which have an effect on implementation of PMS.

3. To assess the effectiveness and strength of the PMS based on the perceptions of the employees.

Borrowing from the model of managing performance in organisations by Den Hartog et al. (2004), people-performance model by Purcell(2003) , Wright and Nishii's(2004) model of strategic HRM and the I/O psychology perspective of Aguinis (2009) , the paper presents the theoretical framework of research adopted for the study in Figure 1.

Method

The paper reports research that is interpretive in its epistemology and subjective in its ontology. It has followed a qualitative exploratory approach and adopted the Case Study method. Case study method enabled the researcher to place the perceptions within the context of the organisation type and make sense of the same. The research attempted to make sense of the on-going process of PMS and understand the status of design and implementation of PMS in a qualitative manner in accordance with the Case Study research paradigm which adopts an investigative mode with no preconceived hypothesis.

The paper draws on individual employee interview data in two different large organisations – one in the Private sector named as case A and the other in the Public sector named as case B. In all, 24 employees - 15 individual contributors and 9 managers were identified by the HR heads as research participants, using judgemental sampling, on the broad criteria of job title, age group and gender. Employees were chosen to fit into three age groups, corresponding roughly to three career stages: early career (ages 30 and below), mid-career (ages 31-50) and late career (ages 51 and over) with a healthy mix of males and female participants. They were interviewed using a semi structured interview schedule which explored their perceptions and experiences of various

stages of PMS. The participants were asked to reflect on PMS practices, in general, in their organisation without giving them any pre-defined list of practices. The interviews, though not very long, were aimed at getting rich insights and therefore, the researcher was also observing the interviewee's pitch, body language and expressions in the face to face interviews. Their reluctance and inhibitions were also noted along with the key information that they revealed in their interviews. The background of the participants and the diversity implied that a range of data would be available for analysis. Additionally, 3 HR heads/sub group heads were also interviewed.

The unit of analyses are the individual employees or participants in the organisations. The individual perceptions are combined to give a composite picture of PMS in the organisations which are part of this study. Although the final evaluation is of PMS as a whole in case organisations and essentially based on the individual perceptions and experiences of each participant, the interviews with the HR heads were helpful in refining the individual employee interview data.

Data Analysis has been done using Thematic Analysis tool with codes assigned for the following two themes identified in the literature review:

Design of PMS– Concerned with evidence of practices existing, experienced and interpreted by participants reflecting the fulfilment of organisation purpose and effectiveness of design.

Implementation facts and issues- Concerned with evidence of uniform implementation leading to consensus and consistency which will indicate the strength of the system.

The paper reports that categorising the data in this manner facilitated within and cross case analyses for similarities and differences. Within-case analysis was to understand each case as a discrete whole amidst its context. Cross-case analysis was aimed to bring out the commonalities and differences. It enabled to identify sub-themes facilitating the creation of a thematic map. The themes have also been qualitatively assessed based on Bowen and Ostroff's (2004) definition of strength of HR systems. This assessment is purely indicative and based on researcher's interpretation.

Contextual framework and HR head Perspectives

Data is drawn from two different organisations functioning within different contextual framework and harbouring different designs of PMS and varied perspectives.

Case A is a Private sector organisation which has evolved from a traditionally operated business to a professionally managed one in view of the transition in the business scenario. This organisation is a very old and renowned business house in India with its corporate headquarters in Mumbai. It is one of the largest engineering and consumer products manufacturing company in the country having varied interests with a total sales turnover of about 1100 million USD. It was established towards the end of 1800's and has since grown into a large conglomerate with a total current employee strength of around 2000 employees in India.

At the micro level, processes involving human resource development in organizations in this sector generally are largely governed by the respective organization's apex management and its policies. They are mainly HR driven and there is very little interference or regulation by government except in the form of a few labour laws governing basic employment conditions like minimum wages, safety, environment and health, etc. of workforce at the lower level (Rao and

Varghese, 2009). Profit being the primary motive, largely, the private sector enterprises diversifies in terms of product portfolio as well as in terms of geographical boundaries. The organisations have the liberty to choose the best candidate based on merit and accord him the pay due as per his merit and performance and also expel the non-performers. Their key to hiring and retaining employees rests in evolution of efficient and best practices for management of resources especially the human resources. All this notwithstanding, these organisations also face a different set of challenges. According to Rao and Varghese (ibid), although PMS in this sector has evolved and matured to a substantial degree, the organisations face critical issues such as shortage of skilled manpower, quick job changes impacting attrition, retention and employee skill development, multiplying job opportunities in the market, recognition methods of intellectual capital or talent pool, acknowledgement beyond compensation and benefits packages, disengagement and lack of robustness in HR systems.

According to the HR head of case A, PMS is an essential HR practice which added value to the business strategy of the organisation. Though driven by HR, it is owned by the line managers who implement it by the book. PMS is essentially web driven since the organisation believed that all HR processes need to be simple, intuitive and scalable for employees. The PMS is a very well integrated comprehensive system wherein the present and past performance, capabilities, self-evaluation, peer evaluation, supervisor evaluation and career track were all available.

Case B is a Public sector organisation. Reconstituted in the mid 1970's by the government of India, this company was the first refinery to process newly found indigenous crude in the country. Being a complete state controlled enterprise prior to liberalisation, privatisation and globalisation initiatives, the state divested part of its stake, yet retaining the controlling stake after the policy shifts. Thus began partial privatisation of this company and its operations and a

generous move towards increasing efficiency by people oriented approach. Its corporate headquarters is in Mumbai and it has very large employee strength.

Public Sector organisations, according to many theorists and analysts as seen in literature, are generally characterised by paternalistic management, standardization of employment practices irrespective of performance and model work policies privileging the employees and the employment contract. Combining this with the pressures of the government to adhere to rules and regulations and the risk-averse attitude of the management, it resulted in the work culture becoming slack and bureaucratic. All this changed in the post-liberalisation era when they started to lose talent to the private sector and the multinationals and had to compete on a level playing field with them, thus forcing them to look within to improve their operations and survive in the competition. Many good HR practices were introduced. With the government telling them to reduce their dependence on it, the aim now was to bring in more efficiency in operations and generate revenue. Though the government is involved in specifying the goals of the public sector organisations through an MoU (Memorandum of Understanding signed by both) and also laying down the guidelines called DPE (Department of Public enterprises) guidelines with respect to policies, it does not get involved in day-to-day governance issues and gives the desired flexibility and autonomy to operate effectively in a competitive environment. Some of these enterprises have actually been able to enhance their performance while looking at their competitors in both private and public sector. Thus, Public sector organisations now currently operate in both, a regulatory as well as competitive environment. The recent DPE guidelines (www.dpe.nic.in) have called for a robust and transparent performance based incentive system. The need to differentiate good performers and bad performers has been introduced with the guidelines clearly specifying the identification of bottom 5% poor performers.

The Executive Director-HR's perspective suggested that PMS is a standalone exercise aimed at giving feedback related to performance on targets and suggests measures to improve performance with respect to targets. The developmental aspect seemed to be segregated from PMS and intended to be implemented via a separate parallel system, mainly for the employees who displayed potential.

Data Analysis

The Individual employee data have been categorised into themes to enable data analysis in the research paper.

Design of PMS

Case A - The participants' description of the entire PMS consisted of the practices which included: Organisation goals leading to their individual goals , Discussion on goals , Self-evaluation, 360 degree feedback and capability assessment considered before final Performance appraisal by department head , Periodic review which included both formal and informal review leading to either promotions or increments , Presence of reward and recognition measures to support PMS , Development based discussion highlighting on potential, aspirations, job change , Calibration of ratings and Escalation for any grievance to HR department.

It reflected a close alignment of their targets with the organisational business strategy, the link between evaluation and outcomes in terms of pay, promotions and training needs to some extent and the link between various HR systems. The participants also highlighted the importance attached by the organisation to the personal goals. They valued the system for its simplicity, assumption that employees are responsible, objectivity in terms of measurement, freedom to discuss and review their goals, knowledge of performance standards so as to evaluate

their performance, anonymous evaluation of supervisor, responsibility undertaken by manager to ensure development, appreciate good performance and make the employees feel valued for their contribution. The system was also appreciated for encouraging cooperation in terms of seeking guidance and support from peers and colleagues and freedom to develop skills and seek career growth. The practices highlighted as unfavourable included forced ranking, fitment into bell curve and moderation procedure leading to dissatisfaction, a typical view being ‘Forced ranking, Relative comparison dissatisfies you. It places you along with others. Though you feel you have done well, in comparison your performance does not get appreciated’. Findings revealed that the practice of normalisation after the calibration committee discussions seemed to make unclear the performance to outcome relationship and reduced their trust level.

As implementers of the process, the line managers followed all the essential practices of the system. They considered the system to be very beneficial in ensuring the goal achievement of the group. It enabled them to keep track of performances of their group members and ensured their progressive behaviour leading to favourable outcomes. However, what bothered them was the directives of the system to force rank the team members to form a bell curve. According to them, the extreme performers could be rated very easily but justifying the rating of mediocre and borderline cases was an issue.

Case B - The participants’ description of the entire PMS consisted of the practices which included: SBU goals leading to their goals, Discussion on goals minimal and restricted to qualitative targets, Final performance appraisal by department head leading to performance related incentive payment and, in some cases, promotion and mid-year and end-year review. In some cases informal review was also mentioned.

All the participants basically categorised it as a goal setting and target based performance measurement exercise only. The awareness that their goals were a part of the larger SBU was evident but the link to organisation goals was not explicitly mentioned. Also the participants observed that their personal goals and aspirations were not considered as part of PMS for want of proper guidelines from HR to the managers. The responses also indicated a lack of integration of PMS across various SBU's and functions in the organisation as well as integration of PMS with other HR systems was missing. In fact, the participants criticised the system because it failed to give them clarity about the use of data collected through PMS. According to them, the crucial de-link was with the reward mechanism, promotions being the only way to appreciate. The participants refrained from ascribing the system in terms of many performance values. The aspect of discussion on goals was minimally seen and this was corroborated by the fact, as expressed by an employee, that this was the first year when goals were being discussed. Prior to this year, goals were mandated and conveyed to the employees. PMS was essential because it gave them clarity, directed their performance with respect to team and quantified their contribution. However, it was tagged as a routine exercise, a compulsion from HR, to enable the management to pay the performance related pay. The practices highlighted as unfavourable, in this case too, included forced ranking, fitment into bell curve and moderation procedure leading to dissatisfaction. A key point that was mentioned by many participants was that this system did not capture all the work related achievements and fell short of their expectations in terms of it being an inclusive process, a typical view being '...However, what we do is fluid and includes many other actions which are not recorded in the PMS. Nothing is done about the other assignments that we undertake'. This indicated a major inadequacy in PMS design from employee perspective.

The line managers also understood PMS as an exercise where targets were set and performance was evaluated. The intermittent steps of having a mutual agreement on goals and giving both formal and informal continuous feedback were added to the basic understanding. A distinct disconnect was observed in the comments of various managers. While some indulged in associated developmental tasks, there were others who did not take it any further than conveying the final performance marks. This evidently suggested that, not all managers were uniformly aware of the purpose and the linkages of PMS. Relating performance to outcome was also a problem area. Most of them clearly expressed their discomfort with the moderation and the bell curve aspect and therefore disowned the final outcome in terms of performance marks given to the employee, a typical view being ‘... I usually ask my superior, in what range should I give the performance marks. I give accordingly. So after moderation also, there are no grievances’. Some managers felt that bell curve brings in mediocrity in performance. Also they pointed out that absence of other reward and recognition measures such as cash awards did not enable them to keep the employees motivated. Over the years, they felt that not much had changed except for the ornamentation. The templates had changed and timelines had just started to improve current year onwards. The exercise was routine in nature and the role of HR was peripheral.

Implementation facts and issues

Case A - PMS was identified as a development tool going by the number of participants who described it so, but it was observed that there is a lack of consensus in the responses regarding this. Among all the responses, the consensus was limited to the extent of it being a goal setting and review system, indicating non uniform implementation of developmental aspect leading to less visibility of the same. Also some participants expressed the lack of a continuous feedback and a comprehensive evaluation and career tracking program. Though the interviewed

line managers assured the fact that continuous feedback is given, the perceptions proved otherwise, highlighting the fact, that not all managers followed the due process. This suggested that there is a distinct lack of consensus. While some participants praised the feedback process, there were a few others who berated it with a typical view being, 'Just as you crack the CAT exam and you are told in one line, whether cleared or not, so also here, not much is shared in terms of feedback'. The system fell weak at its penultimate stage. The managers were unable to bring in a distinct and transparent connect between evaluation and outcome which could be due to many reasons including national cultural factors and hence possibly many felt it to be non-motivational. The participants also mentioned the system as not being motivational, in terms of, driving them to go beyond routine. The need to complete targeted tasks and also attain the stretched targets seemed to have been normalised by them highlighting the fact that managers were less involved in invigorating the employees to excel beyond target completion. Relationship with manager and his managing style were also identified as a very important element to get a satisfactory evaluation. Distributive justice, organisation politics and favouritism leading to bias also came out to be very important factors for employees. This also raised serious doubts about the integrity of the managers in implementing it. Some participant's responses also hinted at the fatalistic and patriarchal attitude inherent to Indian culture which reflects their inherent reluctance to take over the responsibility of their career. Some participants related effectiveness of PMS to self in terms of their initiative, abilities and maturity for whom, an effective PMS was not about design of PMS or implementation of practices but more about self-orientation.

Case B - PMS had mostly been identified as a goal setting and measurement tool as described by many participants. Delayed and inadequate feedback was highlighted as a major

apprehension which diminished their desire to enthusiastically understand and correlate their performance to marks received. The final feedback on performance became outmoded in such a case. However, the current year onwards, the company had brought changes with respect to timely feedback delivery which was yet to reflect in their daily organisational experiences. The managers were unable to bring in a distinct and transparent connect between evaluation and outcome which could be due to many reasons including the context in which they are functioning and hence possibly many employees felt it to be non-motivational. Only a single participant perceived that the feedback was satisfactory since the manager discussed both the positive and negative aspects. Relationships with manager and managerial attributes were identified as a very important element in many interactions to get a satisfactory evaluation, a typical view being, 'Trust and fairness, it all depends on relationship with boss. If relationship is good, everything is fine and you get positive remarks.'

. Implementation of the system seemed to be blighted by a lack of communication of policy decisions which indirectly reduced their trust and led to perceiving the system as unfair. The promotion policy was incomprehensible and dysfunctional to many line managers. Time-bound promotions in the first 3 grades at the start of the career for the early career level and grade employees, a move to retain them, had raised doubts in their minds about its veracity. Perceptions with respect to fairness or bias and preferential treatment in the system were minimal, reasons being twofold. First, being the delay in declaration of results organisation-wide and subsequent delay in feedback and second, related to lack of a link between PMS and annual increments as outcome. The incentive amount was the only pay related component Due to the delay, they were no longer in the comparable mode and hence the system outcomes were also not

challenged. Criticality of Job role was perceived as one of the key elements attached to an effective performance appraisal.

As regards feedback or performance review, most of the managers said that they gave informal feedback on a continuous basis and as well formal feedback mid- year but some managers also restricted their feedback in terms of the number of times and as well as the content. They made it very precise and performed the role of a mere message purveyor. Some of the line managers also acted as mentors while for some the performance evaluation was a 'report reading session'. Those who gave detailed feedback highlighted the strengths and weakness as well as areas of improvement. What was not captured or discussed about are the potential and capabilities of the employee and their career aspirations since there were no guidelines from HR. While appreciating the fact that with PMS, documentary evidence was created to judge performance, they also rued the fact that it lacked transparency and the link with final outcomes.

Within-Case Analysis

The research reported in the paper interpreted that in case A, the PMS practices spoke of a more progressive PMS. It looked at PMS with a view to fulfil strategic, administrative and developmental goals .The Private sector organisation had moved ahead in aligning its PMS in line with global needs. The traditional features like casteism or groupism did not seem to govern any PMS decisions and was replaced by performance oriented professional approach. Efficient use of human resources seemed to be a major concern and the organisation left no stone unturned to ensure that employee oriented human resource practices were in place. Given the operational freedom available to these organisations, they aimed to better their HR systems. But there seemed to be a lack of orientation in ensuring uniform execution of PMS practices. They needed

to make the practices more visible, train and motivate managers to homogeneously implement PMS aimed at bringing in consensus among employees and make it more transparent with outcomes to be self-explanatory and visibly related to efforts.

In Case B, the Public sector organisation, the research reported in the paper interpreted that the PMS practices seemed to be limited to a mere goal setting exercise and aimed to fulfil only the strategic and administrative goal. The developmental aspect was conspicuously missing. Within the controlled and regulated context in which the Public sector organisations operated, it seemed to be far more difficult to bring in an absolute changeover from the traditional performance appraisal concept. Issues of casteism, groupism, gender bias, and bossism had come out confirming the fact that the implementation of PMS had not yet reached the professional level. The management had not yet been able to smoothen out implementation of PMS and practically all the managers had issues. Some were battling their own career issues while some had issues with the PMS design. Some of the managers had development- led discussion while most had only pay- led discussions. Therefore, there was an evident disparity in the organisation's purpose in having PMS and the manager's knowledge about it. This led to large and distinct variance in employee perceptions. This gap was a palpable cause of displeasure among employees which could have had a negative impact on their motivation. Lack of a link between PMS and other HR systems and apparent lack of information to employees about use of performance data led them to distrust the organisation's purpose of having PMS. There were other parallel systems about which not all employees were aware. These were apparently intended for a certain level of managers and above and not universally applicable to all employees.

Within-case analysis had brought out the sub-themes within the broad themes and helped create a thematic map as in Figure 2 which summed up the essence of the research reported in this paper. It was evident from the data analysis that both the design and the implementation of PMS interplayed with each other in influencing the effectiveness and strength of PMS.

Cross-Case Analysis

This is reported in a tabular format in Table 1 for a clear understanding.

Assessing the strength of PMS in both cases

In terms of the presence, coverage and intensity of all the practices as put forward by Boselie et al. (2005) and with respect to all participant employees, the picture seemed to be more discerning and weak in case B than in case A. There was a clear lack of immediate recall of all practices and the overall purpose of PMS especially in case B. However, in both cases, the system seemed to be weak in terms of the intensity of the practices.

Bowen and Ostroff (2004) also discuss about evaluating the strength of an HR system in terms of its two meta features i.e. content and process with the organisation climate and psychological climate as mediators. Content means the individual practices and policies underlying any HR system directed towards achieving particular objectives. These are largely driven by the strategic goals and values of the organisation. Process refers to the designing and effective administration of the system. This is especially important because these practices are viewed as signals from their employers by the employees indicating what behaviours are desired, what outcomes are to be expected and so on. In case of mixed signals, the interpretation is varied leading to a variance in expected behaviour. Bowen and Ostroff propose three meta features to classify an HR system as strong. These include distinctiveness, consistency and consensus and

have been adapted from Kelley's *Covariation Model*(1967) which is concerned with both social perception and self-perception (www.en.wikipedia.org/wiki/covariation_model , accessed on 17 March 2013).

Distinctiveness is sequentially measured by visibility and understanding of the practices, system steered by legitimate authority and it being relevant towards fulfilment of organisation goals. In both the cases in this research, the saliency or visibility and understanding of the practices had not been seen to be uniform in totality. *Consistency*, measured by instrumentality, validity and consistent HRM messages was a matter of concern in both cases. *Consensus* involves agreement among message senders i.e. the HR managers and the line managers to whom the HR role is devolved and also the fairness of the system. Going by the employee reactions to that, it was evident that in both the organisations, the system was not perceived to be fair equivocally.

Thus, the research reported in the paper interprets that PMS practices in both organisations did not really indicate a strong HR system favouring a positive perception of the organisation climate.

Discussion

On the basis of interview data from 24 employees in two large organisations, one from Private Sector and another from Public sector, the paper reported the perceptions and experiences of employees about PMS in their organisations leading to an assessment of the system. Based on these, the paper attempted to put forth general findings related to the present status of PMS in the two organisations in terms of use, design and implementation considerations and also attempted to put forth a thematic map highlighting the factors that could affect PMS perceptions in any

organisation, in general. The paper highlighted the need to have a scale to assess effectiveness of systems based on employee perceptions and experiences in order to bring in improvements.

The emerging findings support the theoretical framework and indicate that there is a gap between PMS that is theoretically described and that which is practiced in organisations with respect to managing performance on a day-to-day basis. The perceptions of the participants have conspicuously highlighted some favourable practices and some unfavourable practices in the design of PMS in their respective organisations. The perceptions have also indicated inadequacy of the design as a reason for disappointment. Further, implementation of PMS, being the key to employee experiences and perceptions, has also been seen to be marred by incongruity, lack of consensus and visibility. The criticality of manager's role and HR support came out distinctly for a PMS to be assessed as a strong system thus confirming link with signalling theory. The findings have been in line with earlier research as highlighted in the literature review. They indicate the evolving nature of PMS and the organisation's need to reach a level of 'best fit' in terms of design and 'best executed' in terms of implementation founded on the various theoretical perspectives. The findings bring out lucidly that PMS is unlikely to be appreciated and valued if implemented in a context that failed to support employee development and growth.

By being qualitative in nature, the research reported in this paper tried to bridge the gap between theory and practice. The strength of this study also lies in the fact that the employees were not asked about definite pre-defined practices but the open ended nature of the questions sought a spontaneous account based on recalling their experiences. Employee voice is something that had not been stressed upon in literature for getting the right perspective and bringing in alignment between theory and practice. Though the findings are at a general level, this research is a step towards understanding the enactment of HR practices in reality in the Indian context. It

enabled to understand the factors that influence the construction of reality of PMS. The paper proposes that until and unless the accountability of organisations is not measured in terms of strength of PMS, which includes an effective design, uniform implementation and maintenance of an effective culture and climate to support employee performance according to employees' needs and expectations, the findings of any study on PMS from employees' perspectives will be replicated every year as has been observed by the researcher in earlier studies.

It is also stated in the paper, that factors such as sample selection by the HR heads, inclusion of only two organisations in the study and a qualitative indicative analysis of strength assessment may mar the extrapolation of the findings to the respective sectors. Nevertheless, the research detailed in the paper has presented many propositions and a list of explanatory variables on which depended the effectiveness and strength of PMS according to employee perceptions and experiences. This is summarised in Table 2. The paper proposed that these variables, if pursued in research, would contribute specifically to enrich the available knowledge pool on ways and means of increasing effectiveness of PMS in terms of design and implementation in the Indian context.

This paper is timely and appropriate in allowing for consideration of issues emerging from debates over PMS as a development tool. Performance Management Systems need to be resolute and durable and not just enhancing. The research reported in this paper has been able to point out that the gap between intended and actual PMS practices can be narrowed by incessantly seeking the perceptions of those for whom the system is being instituted. This will enable to make the system robust in nature. Further research either in the qualitative or quantitative mode with respect to the variables identified in this research would definitely strengthen the knowledge domain in this area of study in the Indian context.

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Tables

Table 1- Cross Case Comparison between Case A and Case B

Parameter	Case A - Private Sector	Case B - Public Sector
Purpose	<ul style="list-style-type: none"> a) Alignment of organisation goals with individual goals. b) Personal aspirations considered c) Linkage of PMS with other HR systems d) Oriented towards fulfilment of Strategic, Administrative Developmental, Information and Organisation maintenance purposes. e) Mainly viewed as business tool 	<ul style="list-style-type: none"> a) Alignment of SBU goals with individual goals b) Personal goals not considered c) Delink with other HR systems d) Oriented towards fulfilment of Strategic , Administrative and Organisation maintenance purposes e) Mainly viewed as HR or management tool f) PMS across functions is in silos
Design	<p>a) Practices included in design are:</p> <ul style="list-style-type: none"> - Organisation goals leading to their goals - Discussion on goals - Self-evaluation , 360 degree feedback and capability assessment considered before final appraisal by department head leading to promotions, increments and performance pay - Periodic review which included both formal and informal review - Presence of reward and recognition measures to support PMS - Development based discussion highlighting on 	<p>a) Practices included in design are:</p> <ul style="list-style-type: none"> - SBU goals leading to their goals - Minimal discussion on goals - Final performance appraisal by department head leading to performance pay - Mid-year and end-year review

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	<p>potential aspirations and job change</p> <ul style="list-style-type: none"> - Escalation of any grievance to HR department <p>b) Values attached to PMS are plenty indicating a positive synergy.</p> <p>c) Forced Ranking , Moderation and Bell curve indicated as unfavourable practices</p>	<p>b) Values attached to PMS are few in number and include mainly clarity on contribution in terms of goals and discussion on goals. Routine exercise indicating a less value based proposition for the employees.</p> <p>c) Forced Ranking, Moderation and Bell curve indicated as unfavourable practices</p> <p>d) Inadequacy of PMS design to include all performance indicators indicated</p>
Implementation	<p>a) Inconsistency in implementation of feedback practice and developmental aspects</p> <p>b) Relationship with managers to some extent indicated as a determinant of good appraisal</p> <p>c) Inadequacy of managers in building up the vigour of the system indicated</p> <p>d) Evaluation outcomes affected by bias , leniency , favouritism, politics thus hampering the perceived fairness</p> <p>e) Cultural factors had an influence on implementation of practices</p>	<p>a) Developmental practices not communicated by HR and so not implemented</p> <p>b) Relationship with managers and managerial attributes strongly indicated as a determinant of good appraisal</p> <p>c) Inadequacy of feedback and delayed feedback by managers indicated</p> <p>d) Implementation affected by bias, leniency, favouritism, politics and lack of communication of policies thus creating a feeling of unfair practices</p> <p>e) Cultural factors had strong influence on implementation of practices.</p>
Other findings	Self-drive leads to less dependence on system and manager as anchors	Importance of Job role perceived as key factor for good appraisal

Table 2 - Summary of Explanatory Variables Emerged from the Study

Sr. no	Variables
1	Firm type and culture
2	Values based PMS
3	Demography of employees
4	Adequate , clear and justified communication of system practices
5	Practices within organisational justice framework
6	Visibility of developmental practices and linkages to other HR systems
7	Clear and tangible link between goal accomplishment and performance related pay
8	Clear linkage between displayed performance and expected outcomes
9	Participatory goal setting
10	Inconsistency in implementation
11	Training of managers in various PMS aspects
12	Manager's positive affect towards subordinate
13	Competency and motivation of managers
14	Personality factors of employees
15	Critical Job incumbency

Figures

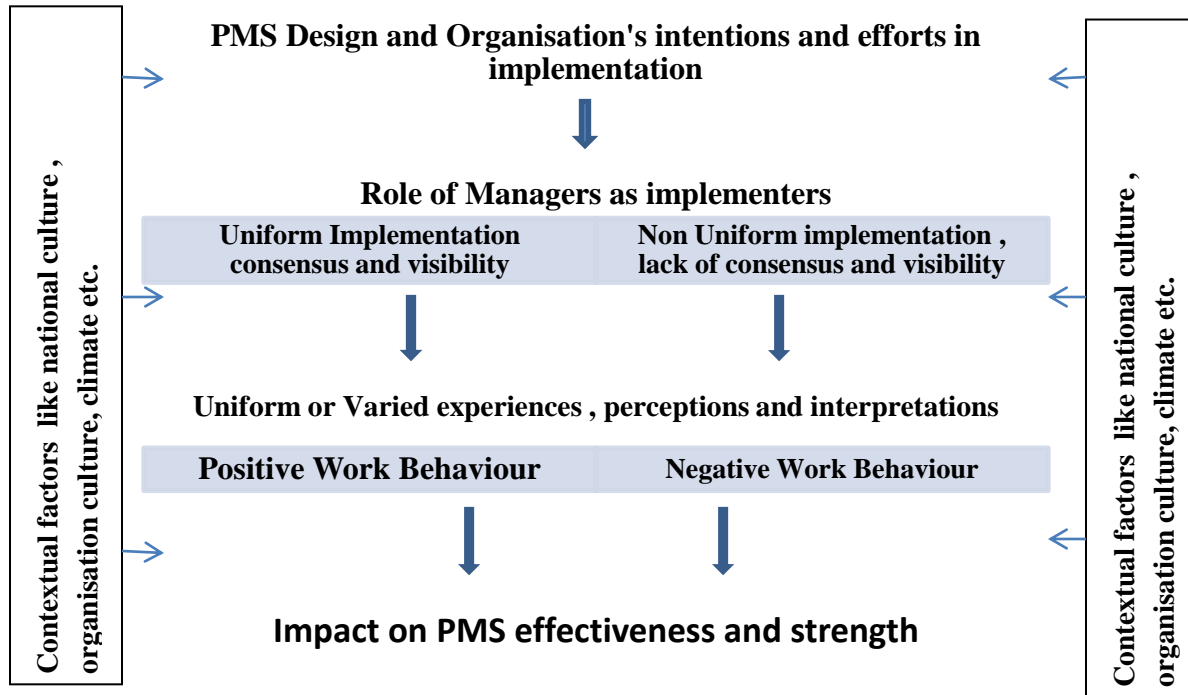


Figure 1 – Theoretical framework of research

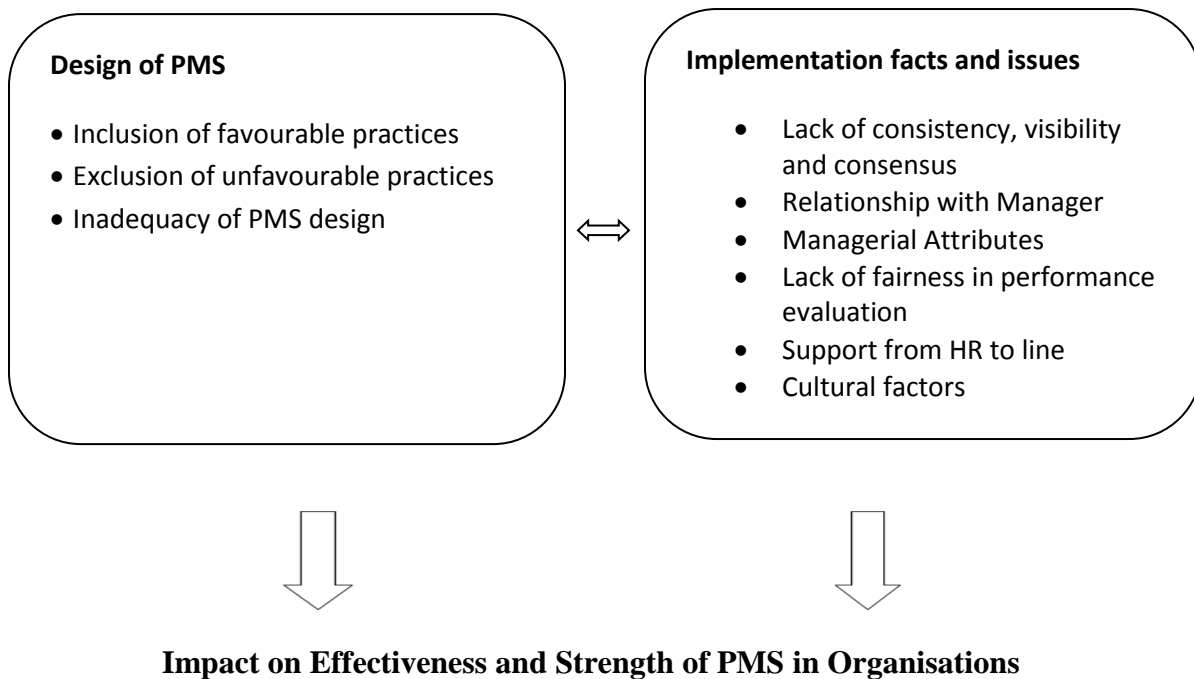


Figure 2 - Thematic Map