

Comparative Study of PMS Implementation Challenges in Innovative Organizations

Kajal Kiran, Jaya Yadav, Teena Bagga

Abstract: *In Lieu with competing individuals across organizations and sectors working in most challenging of business environments with an array of intelligent quotients and sky rocketing ambitions makes organizations rethink their performance management policies in tune with workforce requirements. It therefore becomes imperative for business units to accommodate human resource requirements into performance management systems and programmes to enhance workforce loyalty quotients. This paper focuses on the implementation challenges of performance management systems across Banking, Retail and Healthcare sectors. Primarily six implementation challenges were identified across these sectors and their mean ratings are derived using descriptive statistics and significance levels are studied for analyzing critical challenges dimensions.*

Index Terms: *Implementation Challenges, Performance, Performance Management.*

I. INTRODUCTION

Recent times have seen a major change in the role of HR. This is mainly because its focus is on evolving and implementing diverse functional techniques that allow for better implementation of important corporate strategies. In fact, it may be said that HR and corporate strategies are better aligned with each other. In contemporary times, HR has enabled the construction and maintenance of an employee work environment that has helped improve the performance of employees while at the same time providing opportunities that involve them in the process of making major decisions and plans of the organization.

Currently, most HR activities encourage employee motivation and try to develop high performance leaders. Thus, it can be said that HR has evolved into a facilitator and an enabler from merely being an appraiser. In an age of intense competition and globalization, organizations have recognized that the development of strategic HR practices can be an important way to gain an edge over their competitors (Bagga, 2014, 2015).

In order to streamline all employee activities in order to attain the major goals of a corporation, a well-designed performance management system is crucial. This is because it is an important tool that aligns every major organizational

function and sub function, thus directing all focus towards the ultimate attainment of the organizational goal. Therefore, in order to augment the productivity and growth at the individual as well as the organizational level, a broad system such as Performance management is important as it is intricately connected to the processes of planning, implementation, review, and evaluation.

That is, a well-constructed performance management system enables, empowers, and facilitates the development of all employees by clearly defining individual as well as team based responsibilities and by promoting a better understanding of shared mutual accountability. One of the toughest challenges faced by organizations today is the management of employee performances since it strictly depends on the employees' commitment and competence, as well as on the clarity of the their performances. However, a well-planned reward practice and feedback mechanism can help manage these and thus promote the performance management system as a crucial part of employee motivation and development. When the traditional performance appraisal system began to fail and its limitations began to be exposed, a need was felt for the introduction of a better and more streamlined system of performance management. This is because the traditional performance appraisal system lacked objectivity due to its vagueness in the diameters or parameters for measuring employee performances. Also, instead of behavior or measurable targets, the focus of the earlier performance appraisal system was on traits.

As a result of this, there was a lack of a clear system of feedback and involvement of employees in the appraisal process due to which the morale of the employees as well as their motivation to work was severely affected. To overcome these drawbacks, a performance management system is useful since it is geared towards the future rather than the past contributions of the employees in order to evaluate their performances. Although performance management has attracted some attention from diverse organizations, its importance in the near future can be predicted to grow since it will be intertwined with the processes of development management, talent, and career, as well as performance based pay.

II. LITERATURE REVIEW

According to Aguinis 2009, Performance management is described as the continuous process of identification of goals and objectives, aligning individual goals and objectives to the strategic goals of an organization.



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Kajal Kiran, Department of IT and Analytics, Amity Business School, Amity University, Uttar Pradesh, India

Dr. Jaya Yadav, Department of IT and Analytics, Amity Business School, Amity University, Uttar Pradesh, India

Dr. Teena Bagga, Department of IT and Analytics, Amity Business School, Amity University, Uttar Pradesh, India

and provision of meaningful feedback. Performance management can also be described as the process of creating such a work environment in which people are motivated to perform to the best of their abilities. Sole (2009) explained that there are two basic factors which influence performance management systems in public organization. Those are external and internal factors. Internal factors include leadership and internal management commitment, employee engagement performance-oriented culture, internal resources and maturity of PMS. External factors include labor unions, citizens & elected officials and other legal requirements.

As per to Waal and Counets (2009), the successful implementation of performance management systems undeniably can improves the overall quality of the business and performance. It is unlikely to expect that when a PMS is actualized, the performance of workers will be enhanced promptly and all the related issues will be quickly settled. To understand the maximum advantage of the PMS, the organisations must be set up to contribute assets to ensure that the directors and different representatives possess the framework and ought to be responsible for the execution the executives framework actualized, else it will be taken as a consistence action. The representatives won't get any from such framework. Indeed, even the association likewise won't pick up progress by such framework. No PMS can ever be flawless or complete when it is executed, i.e., the PMS develops as the association advances (Coleman, 2009).

Gunaratne & Du Plessis (2007) states that implementation of performance management systems encounter resistance at certain points throughout an organization. But in order to ease the resistance one has to focus carefully on the implementation of its sub projects which should include all the cultural and environmental issue in concern so that the PMS can be carefully implemented. Bouckaert & Peters (2002) suggested that PMS will not be effective in implementation without adequate management. Therefore another research question arises about the implementation of PMS in the public sector; if information is imperfect and there are political complexities in outcomes based performance management systems, through adequate management they can still provide effective guidance and a means of control which can improves program results.

In inspecting different examinations, it is shown that there are various conceivable issues that influence the effective usage of a performance management system (Rademan and Vos, 2001). De Waal and Counet (2009) recognized thirty-one issues related with the usage of performance management systems. It is demonstrated that one of the issues which influences the execution of a performance management system is that management put low need on the usage as a result of work weights and time imperatives. It was likewise seen this backs off the speed of usage of PMS. It is shown that where there is change of management particularly where old management is supplanted by new management who don't bolster the system, the execution of a PMS scarcely gets any need and numerous multiple times it is relinquished. One of the issues experienced in executing the performance management system is that it may require additional time and exertion than the association arranged or anticipated. As indicated by De Waal and Counet (2009), this

makes the association individuals disheartened by an absence of short term results. They at that point invest less time and vitality in executing the performance management system, which adds to the moderate usage of the performance management system. De Waal and Counet (2009) noticed that there can be lacking assets and limit with respect to the execution of a performance management system. This happens frequently in light of the fact that associations can't free enough assets and ability to actualize the system. This suggests if an association needs to prevail with regards to executing the performance management system, it ought to have adequate assets and limit with respect to actualizing the performance management system. This has suggestions for this investigation as it considers different variables, similar to assets, which sway on the usage of the performance management system. Another issue is that inability to execute the performance management system is brought about by the way that an association is either in its temperamental stage as it is occupied with real undertakings or is confronting some genuine money related issues. They additionally seen that one of the key explanations behind inability to actualize the performance management system is the absence of clear objectives for the usage of the performance management system and this is additionally confused by the absence of an unmistakable and justifiable methodology, mission and destinations for the association. This at last prompts the improvement of key performance pointers which are not significant, and along these lines it is discovered that a few associations measure the wrong performance markers.

One finding is that absence of management responsibility (counting center management duty) and lacking utilization of the system is a difficult issue and shows a limitation for the effective execution of a performance management system. Absence of management responsibility makes a circumstance where less or no need is put on the execution of a performance management system (De Waal, 2009). The absence of legitimately characterized key performance markers (KPIs) is likewise an imperative. It is noticed that associations experience issues in characterizing key performance regions, and thus they need trust and lose confidence in the system. At times there are excesses of key performance territories, and there is trouble in dealing with every pointer (De Waal, 2009). Ohemeng (2009) additionally shown that different issues related with the usage of performance management systems incorporate institutional fracture whereby basic leadership is divided among various divisions rather than one, and this make an issue of responsibility and duty. These issues structure the establishment for the improvement of research inquiries for this examination and comprehension of issues related with the usage of performance management systems.

De Waal and Counet (2009) noticed that absence of learning and abilities in performance management are a portion of the imperatives on fruitful usage of performance management. This normally results in a performance management system not being legitimately executed or just not being actualized by any stretch of the imagination. It is additionally expressed that the rater (administrator



or manager) must arrangement to utilize a critical thinking approach as opposed to a tell and move approach before meeting representatives. As per the creators , albeit prior examinations have demonstrated that the utilization of, and fulfillment with performance management systems stay testing, there is each sign that expanding use and mix of the accessible structure and hypotheses will support increasingly key connections between individual, group and hierarchical outcomes arranged results. At the point when authoritative objectives are connected to singular worker targets and objectives, the performance audit strengthen the practices that are predictable inside the hierarchical culture and the fulfillment of its objectives. Regardless of whether singular objectives and goals are not accomplished, it fills in as a reason for management to focus on the urgent business activities and think of effectiveness modalities to touch base at its key objective. Be that as it may, disregarding this, performance management systems are not constantly fruitful and don't generally helps in getting the ideal outcomes if not implemented effectively.

III. RESEARCH METHODOLOGY

Objective is this research is to identify the implementation challenges management face during implementation of Performance Management System in Retail, Healthcare and Banking Sector. Primary research is conducted using is reliable through well designed questionnaire. Questionnaire was distributed randomly among the managers at Tactic and strategic level. More than 250 questionnaires were circulated out of which 236 responses were collected. Few were incomplete or not properly filled; hence finally only 210 responses was taken for the study. Data analysis is done using SPSS and simple descriptive analysis is done.

IV. DATA ANALYSIS AND FINDINGS

A. Respondents Profile

Table 1: Respondents profile

Profile	Frequency	Percentage
Gender		
Male	142	88.0
Female	158	12.0
Experience		
<10 Years	42	21
10-20 Years	68	34
20-30 Years	74	37
>30 Years	16	08
Level		
Tactic	130	65
Strategic	70	35
Sector		
Retail	116	58
Banking	44	22
Healthcare	40	20
Total	200	100

Table 1 shows the profile of Respondents. It can be clearly seen that the diversity of respondents is maintained to get the

generic perspective.

B. Implementation Challenges

Table 2: Implementation Challenges _Descriptive Statistics

	N	Min	Max	Mean	SD
Identifying measuring/evaluating dimensions	360	1.00	5.00	3.7944	1.18579
Linking/Aligning it with Business Strategy	360	1.00	5.00	3.3611	1.52514
Communication	360	1.00	5.00	2.8000	1.42364
Linking job descriptions to performance management	360	1.00	5.00	2.5028	1.08932
Linking compensation to performance management	360	1.00	4.00	2.7222	.72792
Keeping leaders focused	360	1.00	4.00	2.9944	1.09441
Valid N (listwise)	360				

On a scale of 1-5 respondents were asked to rate the various implementations challenges they faced while incorporating performance management, In the table 1 we can see the mean rating of the same aspects which were asked. As per the results the most important challenge is “Identifying measuring/evaluating dimensions” as the mean value is 3.7944 and it holds immense significance as the starting step of identifying and incorporating challenges of implementation. Second challenge which is of paramount significance is “linking/aligning it with business strategy” as the mean value is 3.3611 which speak volumes of the importance of the fusion of strategy with identified measures for impactful decision and solutions. Followed is the next challenge named “keep leaders focused” as its mean value is 2.9944 demonstrating the paramount importance of leadership positions and roles and the positive changes they can bring in with induced skillsets and intelligent quotient. Next challenge is “communication” with a mean value of 2.8000 signifying the centrifugal role of sharing of information to all respective departments, groups , verticals and individuals of the task assigned to them and what is expected from them as a measurement criterion of performance management system. Following this is “Linking compensation to performance management” with a mean value of 2.7222 aiming at applying the organizations compensation programmes , pay packages , rewards , promotions to accountable performance attributes of competing individuals and groups. Next dimension is “Linking job descriptions to performance management” with a mean value of 2.5028 referring to the process of syncing job descriptions with performance management to demarcate the realistic, forthcoming and value orientation jobs in the organization so as to plan



the compensation programmes accordingly.

Table 3 :Implementation Challenges_Sector_Group Statistics

		N	Mean	F	Sig
Identifying measuring/evaluating dimensions	Retail	14	3.729	1.11	.33
		8	7	1	0
	Healthcare	11	3.747		
		5	8		
	Banking	96	3.947		
	Total	35	3.793		
		9	9		
Linking/Aligning it with Business Strategy	Retail	14	3.385	.051	.95
		8	1		0
	Healthcare	11	3.347		
		5	8		
	Banking	96	3.322		
	Total	35	3.356		
		9	5		
Communication	Retail	14	2.770	.139	.87
		8	3		1
	Healthcare	11	2.782		
		5	6		
	Banking	96	2.864		
	Total	35	2.799		
		9	4		
Linking job descriptions to performance management	Retail	14	2.459	.219	.80
		8	5		4
	Healthcare	11	2.513		
		5	0		
	Banking	96	2.552		
	Total	35	2.501		
		9	4		
Linking compensation to performance management	Retail	14	2.716	.109	.89
		8	2		7
	Healthcare	11	2.704		
		5	3		
	Banking	96	2.750		
	Total	35	2.721		
		9	4		
Keeping leaders focused	Retail	14	2.986	.007	.99
		8	5		3
	Healthcare	11	3.000		
		5	0		
	Banking	96	3.000		
	Total	35	2.994		
		9	4		

As we can see the results of the Table 3, significant value for all the items is greater than .05 demonstrating the similarities of incorporated performance management systems across Retail sector , Healthcare sector and Banking sector. This can be attributed the fact that performance identifications measures and performance management

processes across sectors are standardized and framed in tune with intra-inter sector specific critical factors with less degree of customization across organizations and institutions. Hence we can conclude there is no significant difference regarding implementation challenges in between the sectors.

V. CONCLUSION

Incorporated Performance management systems are the centrifugal ingredients of their critical human resource factors. Six critical performance management systems implementation challenges identified across sectors of Retail ,Healthcare and Banking are Identifying measuring/evaluating dimensions , Linking/Aligning it with Business Strategy, Communication, Linking job descriptions to performance management, Linking compensation to performance management, keeping leaders focused. The difference between derived mean ratings assigned to these 6 different challenges attributes the difference in their importance quotients. The factors derived bears no significance differences across these 3 sectors demonstrating the application of standardized performance management systems across organizations.

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