Effective implementation of performance management in higher educational institutions (HEI)

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Abstract: This study investigated the multifaceted factors affecting effective use of performance management. A target population of 50 employees was surveyed. A structured questionnaire was self-administered to the employees to collect data. Multiple regression analysis technique was used to explain the nature of the relationship between performance management and the factors affecting effective use of performance management. Results of the study showed that all the five factors: X1(Reward), X2 (Review), X3 (Communication and Feedback), X4 (Clear Assessment Strategy), X5 (Motivation) had a significant positive relationship with the performance management. The regression result also showed that the variation in performance management can be explained by the changes in X1(Reward), X2 (Review), X3 (Communication and Feedback), X4 (Clear Assessment Strategy), X5 (Motivation). This study provides if these factors are maintained by the employer in performance management, then performance management must be effective. Here some strategies have been given for effective implementation of performance management in higher educational institutions.

Key words: Performance management; Effective implementation; Strategies; higher educational institutions; Factors

1. Introduction

Performance management is a broader concept, encompassing performance appraisal as one of its cornerstone components. Like any management concept and tool, the success and failure of any performance management can be attributed primarily to the management and its employees. In the Indian context, Performance management is at a nascent stage as organizations still have performance appraisal system in place, primarily for financial reward administration and various administrative decisions making. Even though performance appraisal and the review system have undergone a lot of changes in the last twenty years, many still remain ineffective and expensive to run. There is a need to look at performance management and appraisal system closely, since many are not only useless, but can also actually harm productivity and the relationship between employees and employers. However, the relevance of performance management system as a tool of developing competitiveness of an organization that has not been properly understood by all its actors. Its role in enhancing organizational performance has lately been attracting the attention of a few of the progressive organizations. Performance management should be used as a tool to align the employee’s efforts with the organizational vision and strategies and the desired culture. Performance management is a key strategic activity of the management of any business organization. Organizations need strategic support of employees to stay competitive in this global economy. Assessing the value and effectiveness of an appraisal program is necessary for determining how to improve it.

2. Literature review

Macheng Boipono, Tsomele Goitseone Tsomele & Rammolai Mogadime (2014) in a paper named “implementation of performance management system (PMS) in schools: success factors” focused on PMS that is faced with implementation challenges, teachers interviewed appreciated the need for a system like PMS that could be used to measure their performance. However, the feeling is that the system should be redesigned to suit the school environment and not the current one size fit all approach. For better implementation and monitoring, teachers responsible of PMS should not do day to day teaching as combining PMS coordination with teaching compromises its effective implementation.

Kammy Haynes and Warren Bobrow in the paper named “HOW TO DESIGN AND IMPLEMENT AN EFFECTIVE PERFORMANCE MANAGEMENT PROGRAM” focused on the preparation before the appraisal meeting; conducting the appraisal meeting; and the follow-up after the meeting. A breakdown in any one of these areas will decrease the effectiveness of your PM. Within each phase, a variety of steps can
be taken to improve your PM system and employee reactions.

PRO-ACTIVE MANAGEMENT SERVICES (2008) in the paper “PERFORMANCE MANAGEMENT SYSTEM - IMPLEMENTATION POLICY” said that the appraisal system must be evaluated at different levels. The model as further developed by the employers must include reference to the mechanisms, systems and processes for auditing the results of the performance measurements as part of its internal auditing processes as set out below. The auditing processes must look at whether the PMS is practical and functioning in terms of the legislative framework and if the measurements (cost, time, resources) are reliable. Based on the reports received by it and specifically the AG’s assessment of the annual report, the Council will obtain an overview of how well performance measured up to what it set out to achieve, which are red flag areas and where improved performance is needed.

Anne von Elverfeldt (2005) in the paper named “Performance appraisal – how to improve its effectiveness” investigated some important information. First of all, it should be decided if the integration of more appraisal sources could be useful. According to the findings peers and customers are seen as valuable information sources. A second implication which is relatively easy to implement should be that raters receive more or better training in the development of objective and relevant objectives. What the exact reasons for this problem are must be analyzed by further research. The training material and-task should be investigated as well as the amount of time which is spent with training. The third idea for improvement is that employee whose performance result is good, they are able to get some reward. If they are honored by some reward then employees will be more efficient for the organization and the performance management process will be effective.

Mohd Haizam Mohd Saudi (2014) in the paper named “The effects of the performance management system and the organizational culture on the employees attitude in Malaysian government statutory bodies: a case study of Majlis Amanah Rakyat (MARA)” said that this final Chapter summarized the conclusions based on the research findings for each Research Hypothesis and the research problem. It then discussed the impact of the findings and their contributions to new theory development and offered recommendations for consideration by policy makers. Finally, it covered the limitations that emerged during the research process and provided a summary of the opportunities for further research.

3. Objective of the study

1. To identify the factors affecting effective use of performance management in higher educational institutions.

2. To give suggestions regarding strategies for effective implementation of performance management in higher educational institutions.

3.1. Factors affecting effective use of performance management in higher educational institutions

Effective implementation of performance management, ongoing review and management of performance is crucial. The factors affecting effective use of performance management are listed here:

1. Reward-The opinion on linking reward with performance seems to be divided, some favoring it and others opposing it. However it is prudent to administer reward through a separate mechanism. That employee whose performance result is good, they are able to get some reward. If they are honored by some reward then employees will be more efficient for the organization and the performance management process will be effective.

2. Review-A continuous review of the strategy, the performance being managed and systems and processes being used to manage is important. The focus of performance management should be to drive action for improvement and learning, rather than control. Focus should also be on the development of action plans in order to explain how the gaps between performance measures and goals can be closed and review their progress periodically.

3. Communication and feedback- Communication and reporting of performance and feedback on an ongoing basis are essential. This provides providing information to individuals on their performance and progress and on what is required to continue to perform well in the future, particularly in view of any change programed and evolution of job roles. Feedback should be based on facts, not subjective opinion, and should always be backed up with evidence and examples. The aim of feedback should be to help employees understand the impact of their actions and behavior. Corrective action may be required where the feedback indicates that something has gone wrong. However, wherever possible, feedback should be used positively to reinforce the good aspects and identify opportunities for further positive action. Giving feedback is a skill and those without training should be discouraged from doing so.

4. Clear assessment strategies- Improved performance consists of innovation, a better growth strategy, and/or improved execution. Your strategic plan should define the best combination of these for sustained improved performance, i.e., the plan targets growth strategies, innovation and/or improved execution. This is done through two assessments, the strategic and the internal. The strategic assessment defines priority opportunities and threats to innovation/growth of the business. The outcome is the list of priority,
executable strategies for growth. The internal assessment defines priority opportunities to improve performance through better quality, better consistency, lower cost, better fulfillment, better systems, better morale, better leadership etc. Put together, you have your strategic or change agenda that spurs improved performance; in short, you have the change agenda for performance management.

5. Motivation- When roles and responsibilities are clear, motivation is increased. If employees know what they are supposed to be doing, there is no loss of motion due to confusion or uncertainty. Instead, a motivated individual will be in action, and a team full of motivated individuals will feed off of each other and help keep that motivation going. Every concern requires physical, financial and human resources to accomplish the goals. It is through motivation that the human resources can be utilized by making full use of it. This can be done by building willingness in employees to work. This will help the enterprise in securing best possible utilization of resources.

Fig. 1: The conceptual model of factors affecting effective use of performance management in higher educational institutions (HEI)

4. Research methodology

Table 1: The performance management in HEI model summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.948a</td>
<td>.899</td>
<td>.892</td>
<td>.324</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), motivation, Reward, review, clear assessment strategies, Communication

Table 1 reports the model of performance management in Higher Educational Institutions with the coefficient of determination $R^2 = 0.682$ at 0.05 significant level. The coefficient of determination indicated that 64.6% of the variation in the performance management for the sample of 50 that can be explained by reward (X1), review (X2), communication (X3), clear assessment strategies (X4) and motivation (X5).

Table 2: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>5</td>
<td>12.938</td>
<td>123.021</td>
<td>.000b</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>69</td>
<td>.105</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>74</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: PM.
b. Predictors: (Constant), X1 (Reward), X2 (Review), X3 (Communication And Feedback), X4 (Clear Assessment Strategy), X5 (Motivation)

5. Findings

Here multiple Regression analysis is used to determine whether independent variables simultaneously impact the dependent variable (Y) or not. For this analysis performance Management is used as the dependent variable (Y) and reward (X1), review (X2), communication (X3), clear assessment strategies (X4) and motivation (X5) as independent variable. These elements and the results of multiple regression analysis were presented and interpreted accordingly.
Table 2 reports the summary ANOVA and F statistic which reveals the value of F (18.867) being significant at 0.05 confidence level. The value of F is large enough to conclude that the set of independent variables reward (X1), review (X2), communication (X3), clear assessment strategies (X4) and motivation (X5) as a whole were contributing to the variance in performance management.

Table 3: PM regression model

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>B</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Constant)</td>
<td>.139</td>
<td>.105</td>
</tr>
<tr>
<td>1</td>
<td>X1</td>
<td>.030</td>
<td>.071</td>
</tr>
<tr>
<td></td>
<td>X2</td>
<td>.068</td>
<td>.070</td>
</tr>
<tr>
<td></td>
<td>X3</td>
<td>.225</td>
<td>.081</td>
</tr>
<tr>
<td></td>
<td>X4</td>
<td>.044</td>
<td>.074</td>
</tr>
<tr>
<td></td>
<td>X5</td>
<td>.587</td>
<td>.090</td>
</tr>
</tbody>
</table>

a. Dependent Variable: PM  
b. Predictors: (Constant), variables reward (X1), review (X2), communication (X3), clear assessment strategies (X4) and motivation (X5)

The above table evaluates and interprets the standardized coefficient of correlation (beta). In this study after estimation of contribution it is established that all independent variables are significantly contributed in variance of the performance management at 5% significant level. The coefficients are significant and the regression equation will be:

\[ Y = 0.139 + 0.030X_1 + 0.068X_2 + 0.225X_3 + 0.044X_4 + 0.587X_5 \]

Reward is positively related to performance management in higher educational institutions with \( \beta = 0.039 \ (\alpha < 0.05) \). Therefore it is found that performance management is positively affected by reward. That means it is proved that on the basis of employees’ performance reward may be given by the organization.

Review is positively related to performance management in higher educational institutions with \( \beta = 0.078 \ (\alpha < 0.05) \). According to the analysis, Review is also positively related with performance management. Here it is identified that review is an important factor to improve current performance management process.

Communication is positively related to performance management in higher educational institutions with \( \beta = 0.190 \ (\alpha < 0.05) \). This factor is also affect to the performance management positively. After completion of performance management result must be communicated and discussed by the employer in the organization. If performance result will be discussed, then employees can improve their performance.

Clear assessment strategies is positively related to performance management in higher educational institutions with \( \beta = 0.048 \ (\alpha < 0.05) \). This factor is also important to affect the effective implementation of performance management. Clear assessment strategies must be taken by the organization those are clearly understandable by the employees in the organization.

Motivation is positively related to performance management in higher educational institutions with \( \beta = 0.667 \ (\alpha < 0.05) \). If employees are motivated by the performance management within the organization, then they definitely try to give their best.

6. Suggestions

In an environment characterized by increasing competition, complexity and turbulence, organizations can only remain competitive by continuously improving their performance so as to rapidly sense and respond to environmental changes. Therefore, devising appropriate strategies for effective implementation of performance management is crucial to the very survival of organizations. Some of the strategies for effective implementation of performance management are discussed in the following below:

1. Top management agreement, commitment and leadership- Starting with a clear agreement at the top on the strategy, goals, measures and the performance targets to be implemented is crucial for effective implementation of performance management in higher educational institutions. It may give support to the employees which help in implementing performance management.

2. Building a performance-oriented work culture- For performance management system to be successful, organizations must align their human resources to their culture. Culture drives organizational performance because an organization becomes successful by developing a real meaningful culture where performance is one of the core values.

3. Evaluator’s participation and accountability- Having the agreement, commitment and leadership at the top is insufficient if it does not go along with having the agreement, commitment and leadership of rest of the management team. Furthermore, the involvement of employees is also crucial. It is essential that evaluator become accountable for the performance.

4. Training and feedback- Employees at all levels need to learn the principles of the system, its measures, tools and procedures. Individuals can distort the information system by smoothing, biasing, focusing, gaming and filtering illegal acts.
Therefore it is important to train and educate individuals on how to engage rather than bypass the causes of dysfunctional behavior.

5. Reward administration system- The fundamental objective of performance management is to improve organizational performance through the improvement of employee performance. The goal is to allow employees the opportunity to progress systematically to their full potential in order to meet the organization’s strategic needs and the employee’s personal development goals.

7. Conclusion and scope for further research

Performance management is about improving and developing performance, as well as rewarding, motivating and communicating for performance. Performance management results in the designing and development of training and development program, career advancement plan, succession management etc. Here five factors are identified those positively affecting on effectiveness of implementation of performance management in higher educational institutions. Here some strategies have focused on some strategies those can help to improve the effectiveness of performance management in this sector. For further research bottleneck may be identified in performance management. Apart from that researcher can focus on some new ways to improve the performance management.

References

Anne von Elverfeldt (2005), “Performance appraisal – how to improve its effectiveness”, University of Twente, Enschede, pp-2-64


