An exploratory analysis of the implementation dimension of the

Performance Development Programme (PDP) in Company X,

a non-commercial state agency.

An examination of managers' perceptions of the PDP process and its

perceived implementation with a view to providing recommendations to

assist managers in becoming more strategically aware when managing

employee performance.

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Abstract

Performance Management is a systematic process that aims to improve organisational performance by focusing on developing individual employee's competencies and skills and aligning them to the overall business strategy. This exploratory study examines the Performance Management System, namely the Performance Development Programme (PDP), in Company X, a non-commercial state agency in Ireland. The research aims to conduct an exploratory analysis of the 'implementation-dimension' of the PDP and assess manager's perceptions and experiences of the process. This research study stems from a quantitative PDP Survey conducted in 2013 which highlighted some high level implementation issues in various pockets of the organisation. This qualitative study will examine whether managers perceive that the process is being implemented effectively across the organisation and provide recommendations based on these discussions. The research follows the 'Social Constructivist' paradigm and will take a qualitative research approach. The findings will be outlined and recommendations will be made. The researcher will also outline the limitations to the study and recommendations for further research will be proposed.

Submission of Thesis and Dissertation

National College of Ireland

Research Students Declaration Form

(Thesis/Author Declaration Form)

Name: Sarah Kenny

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Date: 1st September 2014

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Abbreviations:

ECF   Employment Control Framework

HR   Human Resources

HRM   Human Resource Management

IDP   Individual Development Plan

KPI   Key Performance Indicator

L&D   Learning and Development

PDP   Performance Development Programme

PM   Performance Management

PMS   Performance Management System

Chapter 1: Introduction

1.1 Introduction

Company X is a non-commercial state agency operating in Ireland. In this research project the Performance Management System of the organisation, namely the Performance Development Programme (PDP) is examined in the context of a constantly changing landscape both internally within the organisation and externally due to government cutbacks over the last number of years. This research focuses particularly on the 'implementation dimension' (Gratton & Truss, 2003) and the role of line managers in effectively implementing a performance management system (Purcell & Hutchinson; 2007; Harris, 2001). The researcher aims to examine a sample of manager's perceptions and experiences of the PDP in Company X. The perceptions and experiences of a sample of each manager's employees who directly report to them (i.e. direct reports) will also be explored to get a more holistic sense of how the PDP is implemented and it's perceived effectiveness across the organisation (Andersen, Henriksen & Aarseth, 2006).

1.2 Justification for Research

The PDP is a tailored performance management process within Company X. In Q4 2013, it was identified as a 'best practice' model when benchmarked against other non-commercial state agencies in its field (BEMA Assessment Report, 2013). However despite this accolade, it is perceived that there is still a missing piece in the Performance Management System (PMS) with regard to the third dimension, "implementation" as proposed by Gratton & Truss (2003). Using their framework of the three-dimensional model of people strategy, the researcher aims to examine this perceived 'action-gap' within Company X by conducting the following research:

"An exploratory analysis of the implementation dimension of the Performance Development Programme (PDP) in Company X, a non-commercial state agency" with a particular focus on examining "managers' perceptions of the PDP process and its perceived implementation with a view to providing recommendations to assist managers in becoming more strategically aware when managing employee performance."

In a recent PDP employee satisfaction survey, conducted by the HR Department in Q3 of 2013, a gap was identified with regard to the effective implementation of the performance management process particularly in the case of managers and their perceived levels of engagement or lack thereof with the process. Despite the fact that the vertical and horizontal alignment of the process and the cascading of the business strategy into individuals Performance Development Plans is taking place, the action/implementation gap

is evident in some departments. This may primarily be due to the perceived lack of communication and feedback from the top-down however this will need to be investigated and explored further (Company X, PDP Survey 2013).

This research project will:

- Identify some of the key literature in the area of Performance Management.
- Firstly, the researcher will attempt to provide a clearer understanding and definition of 'Performance Management' and identify the key components in a Performance Management conceptual model.
- The two most widely used and regarded 'best practice models' will be examined, namely the Balanced Scorecard (Kaplan & Norton, 1996) and the Performance Prism (Neely, Adams & Crowe, 2001).
- The researcher will then go on to examine the linkage between a line manager's perceptions of Performance Management and the three-dimensional people strategy as proposed by Gratton & Truss (2003) with a particular focus on the perceived 'action gap' or 'implementation-dimension.'
- The researcher will proceed to explore some of the academic literature highlighting the importance of the line manager and examine their role in the Performance Management process. Some of the main drivers of implementation and the main blocks that prevent effective implementation in the workplace will also be identified (Alfes, Truss, Soane, Rees, and Gatenby, 2013)
- After an analysis of the current academic literature, the main objectives and aims of the research will be outlined and the need for further research will be identified.
- The methodological approach and limitations will be discussed in detail and any ethical considerations will also be identified and taken into account.
- The research findings and analysis will be outlined.
- The researcher will provide comprehensive recommendations and conclusions to the research. Limitations of the research and recommendations for further research will be discussed.

1.3 Background of the Performance Development Programme (PDP)

The current PDP process was introduced in 2004 in the context of commitments under the Sustaining Progress national agreement and post Benchmarking (2003). The PDP Performance Management System (PMS) framework assisted in raising the awareness of all staff of the challenges facing Company X and demonstrated how these challenges translated into plans for their own department, their work team and at an individual level. It

also identified the behaviours that were to be displayed to achieve the organization's vision, with focus on organisational competencies, and presented managers with the opportunity for a regular communication forum to assist in identifying group and individual development needs at an early stage.

Over the years, significant HR focus has been devoted to empowering and supporting individual line managers in reinforcing the required behaviours/competencies through various training interventions such as new manager training and probation management among others. A recent quantitative survey and pilot exercise, followed by the qualitative nature of this research study is now a further iteration in a continuously changing landscape within the organisation.

When the current system was introduced in late 2003/early 2004 the organisation was in a significant growth stage having been assigned a number of new areas of responsibility so there were obvious development opportunities visible to individuals in terms of new structures, promotions etc. The system was reviewed in 2006, again in the context of further growth and a pay model within the public sector which provided for periodic nationally negotiated pay increases across the grades.

The position now in 2014 is that the organisation is looking at the PDP in the context of a changed national economic landscape, with necessary reductions in salaries. Non-commercial state agencies such as Company X now operate with an Employment Control Framework (ECF) which limits headcount to agreed numbers and very importantly to agreed grades.

For the purposes of this research study, it is important to consider that the management of performance in a public sector context will generally differ from that in a private sector where 'pay for performance' is often the motivator. Because of that the management focus when developing the current PDP was to focus on the 'D' for Development i.e. the opportunities which could be utilized by/for individuals to grow and develop irrespective of the monetary context.

The stimulus and objective of this research study is to examine the performance management process in order to identify ways to stimulate interest and reinforce its usefulness and relevance to managers as an engagement tool (not solely for measurement metrics – which are available from databases on actual outputs). It is worth mentioning that this is being managed within a more or less non-union context and low industrial relations activity.

1.4 Performance Development Model in Company X

The Performance Development Programme (PDP) is a framework to assist employees to achieve their department objectives and through that the organisation's overall business plan.

'Performance Development' is based on the concept that *"when people know and understand what is expected of them and have been able to take part in agreeing these expectations, they can and will perform in a way that will help meet these expectations"* (Company X, 2012).

The rationale behind the focus on development is essential in understanding the cultural context of the performance management system in Company X. Development is not just about achieving results *'the what'* but also focuses on the way they are achieved *'the how'*.

Overview of the PDP

The PDP is linked to the business planning process, as per the balanced scorecard model and contains elements of Ulrich's well renowned HR value proposition (Kaplan & Norton, 1996; Ulrich, 2005). These underlying conceptual PMS frameworks will be examined in further detail by the researcher as part of the literature review. Ultimately, the PDP's primary objective is to support the cascading of the organisational and departmental business plans down through the organisation into employee's individual performance development plans.
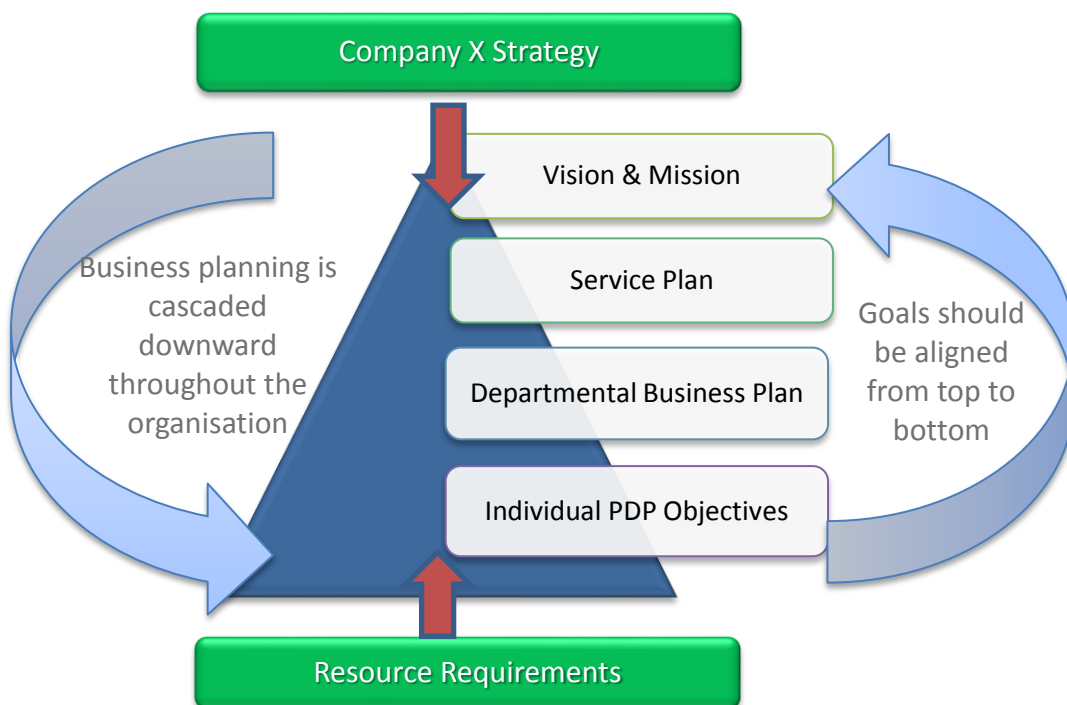
Figure 1.1: 'Performance Development Planning Model'

The performance development planning process is outlined as follows:

1) On an annual basis, the Chief Executive, in consultation with the Directors agree the key objectives and priorities of the business for the following year.

2) Departmental business plans are then drafted from the agreed organisational strategy. These outline what the key focus for the department will be for the coming year.

3) The departmental plans are then cascaded down into the individual development plans (IDP) of employees. The IDP incorporates; the objectives, tasks and KPI's against which individuals are evaluated and developed and highlight the initial training and development needs for the year.

4) The personal development plan also includes the organisational and personal competencies that everyone should display. These outline the required behaviours within the organisation and focus on any specific areas where further development may be required.

In Company X, the PDP is cyclical in nature and involves a number of key meetings between the employee and their Manager during the year. The timing of these meetings is designed to fit in with the business planning cycle as the diagram below reflects. The output of these meetings is captured in the employees own performance development plan.

Performance development cycle

Business planning cycle
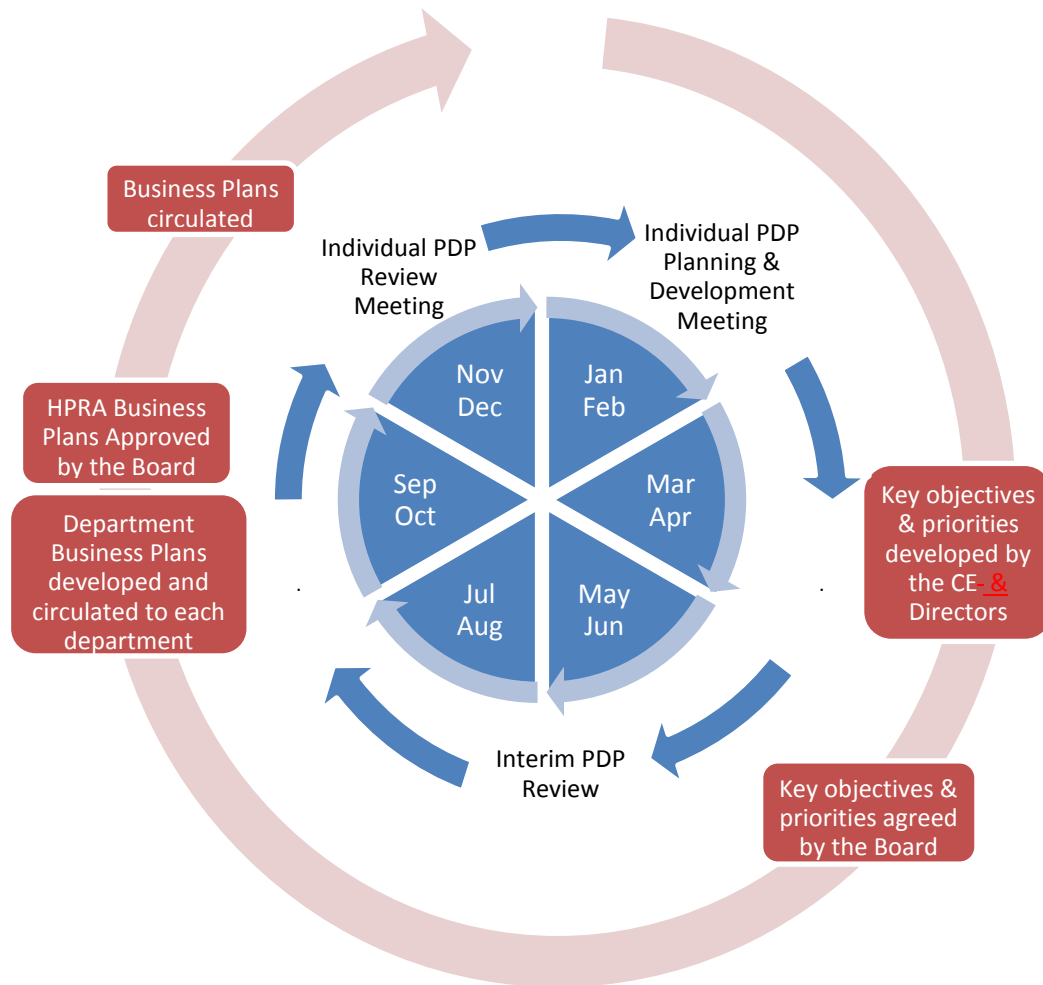
Figure 1.2 'Performance Development and Business Planning Cycle'

(Source: PDP guidelines section 1 the process, Company X, 2012, p. 6)

<u>Key Objectives of the PDP</u>

- Ensure everyone is aware of the organisations strategic focus for the year and specifically their own department/section business plan(s) for the year.
- Ensure that employees and managers know which elements of the departmental/section business plan impact on their activities for the year through the development of yearly performance development plans.
- Identify the competencies (the key behaviours) individuals need to display to a) achieve the organisational priorities for the year and b) deliver on their own objectives. The PDP system is not just about achieving results, 'the what', but is also focused on the way they are achieved, 'the how'.

- Provides a framework for Managers to give employees ongoing feedback on their performance, recognise high levels of performance and/or specific achievements and ensures that this information is communicated upward in the department.

- Provides individuals with the support they may need to deliver on their own performance development plan and develop and further improve their performance.

- Helps facilitate continuous personal development.

- Provides a forum for open and honest communication, where individuals can discuss issues with their Manager openly. The programme is not made up of a once off meeting, but a continuous cycle made up of a number of review sessions, some more formal than others.

- Ensure there is a consistent approach across the organisation to the review of performance.

- Allows the review of the performance plan to make sure it is still relevant given the potential changes in either the organisation's direction, changes in the individual's role or in the external environment.

- Highlights that it is a jointly owned process requiring input and preparation for sessions from both the employee and their Manager.

(Company X, 2012, p. 5)

Chapter 2: Literature Review

2.1 Performance Management

2.1.1 A Definition

When looking for a suitable definition of 'performance management' in the context of Company X, the researcher chose to review a case study for an organisation with a similar cultural and functional background that was based in Northern Ireland. Therefore, according to the Regulation and Quality Improvement Authority (RQIA), they reached a consensus, based on a discussion with stakeholders, that in order to define exactly what 'performance management' meant they first needed to identity what was meant by the word 'performance'? For the purposes of their research they defined it as *"the achievement of results ensuring the delivery of desirable outcomes to an organisation's stakeholders"* (Atkinson, 2012, p.48).

In much of the literature there is an acknowledgement of the depth of information and research with regard to Performance Management and the lack of consensus on a specific definition as the area is so 'multi-disciplinary' in nature (Atkinson, 2012; Armstrong, 2006).

According to Armstrong (2006, p.1), Performance Management can be defined as:

"A systematic process for improving organisational performance by developing the performance of individuals and teams."

Walters (1995, p.22) defines performance management as:

a process of *"directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organisation."*

Performance Management can also be defined as having a *'strategic'* and *'integrated'* approach by *"delivering sustained success to organisations by improving the performance of the people who work in them by developing the capabilities of teams and individual contributors"* (Armstrong and Baron, 1998, p.7).

2.1.2 Performance Management vs Performance Appraisal

For the purposes of this research project it is important to distinguish between Performance Management and Performance Appraisal.

Performance Appraisal can be defined *as*:

'the formal assessment and rating of individuals by their managers at, usually, an annual review meeting' (Armstrong, 2006, p.9).

In contrast performance management is:

'a continuous and much wider, more comprehensive' process of management that incorporates *'mutual expectations'* and encourages and supports line managers to become more forward-thinking and effective performance managers (Armstrong, 2006, p.9).

Performance Management encourages managers to focus on the *'development'* rather than the short-term appraisal of their team through creating a high-performance culture whereby strategies such as coaching and mentoring among others are encouraged and utilised. These strategies to encourage and support effective performance will be explored in detail later in this research study.

Performance Appraisal	Performance Management
Top-down assessment	Joint process through dialogue
Annual appraisal meeting	Continuous review with one or more formal reviews
Use of ratings	Ratings less common
Monolithic system	Flexible process
Focus on quantified objectives	Focus on values and behaviours as well as objectives
Often linked to pay	Less likely to be direct link to pay
Bureaucratic – complex paperwork	Documentation kept to a minimum
Owned by the HR Department	Owned by line mangers

Table 2.1 Performance appraisal compared with performance management

(Armstrong, 2006, p.10).

Critique of Performance Appraisal

A 'radical critique' of performance appraisal is one shared by many academics (Hutchinson and Purcell, 2003; Armstrong & Barron, 1998; Grint, 1993). In their study

'Bringing Policies to Life' Hutchinson and Purcell (2003) provide realistic insights into the effectiveness of performance appraisal and critiqued whether appraisals added much organisational value in terms of output for level of resources being input. In anticipation of issues with regards to the implementation of Performance frameworks, Grint (1993) concluded that *'rarely in the history of business can such a system have promised so much and delivered so little.'*

Hutchinson and Purcell (2003) concluded that 'performance appraisal systems are viewed as the 'least effective' (in terms of levels of satisfaction) and the 'least favourite' HR process as rated by internal stakeholders. In their analysis, they highlighted the vital role played by line managers in conducting and ensuring the effective implementation and delivery of HR policies, particularly in the area of performance management (Hutchinson & Purcell, 2003). It was found that much of the negativity with regard to the implementation of performance appraisal was due to the perception that managers didn't know how to manage their team's performance and development due to the complicated and time-consuming nature of the process.

In terms of overcoming the perceived resistance to or misunderstanding of Performance Management, much of the literature recommends that organisations must adopt a performance management approach as opposed to a purely performance 'appraisal' approach (Armstrong, 2006; De Waal, 2003). Most importantly for organisations, it means addressing and highlighting any issues with regards to 'the implementation dimension' (Gratton & Truss, 2003) of effective performance management from a management perspective. The importance of line manager's involvement and top-management buy-in of the Performance Management process has been heavily emphasised by numerous academics and provides the focus for this research project (Hutchinson & Purcell, 2003; Harris, 2001).

The overarching consensus is that Performance Management is a means of organisations achieving better results through a framework of planned objectives, goals and competencies (Kaplan & Norton 1996). A solid Performance Management framework should create a 'shared understanding' and 'vision' about where the organisation is going and what it wants to achieve (Marr, 2009; Armstrong 2006).

2.1.3 Performance Management v Performance Measurement

The need to differentiate between 'Performance Management' and 'Performance Measurement' has also been discussed in much of the academic literature. Atkinson (2012) defines performance measurement as the *"collection and reporting of data"* in

order to keep track of *"work produced and results achieved"*. However, he differentiates performance management as the *'action'* that you take as a result of the *"information"* that has been *"developed from measuring performance"* (Atkinson, 2012). Taticchi, Tonelli and Cagnazzo (2010) define a performance management system (PMS) as *"a balanced and dynamic system"* that supports effective "decision-making" by assisting in *"gathering, elaborating and analysing information."*

In an earlier study Hernandez (2002) critically evaluated that if performance measurement is viewed purely as *"a data collection exercise it will serve little purpose"* however if analysed and implemented sufficiently through an effective performance management system it can *"become a tool for continuous improvement"* (Radnor & McGuire, 2004; Hernandez, 2002).

Therefore, in a nutshell Performance Measurement is a means of measuring and gathering the data however it is Performance Management that is the key to effectively managing and implementing an organisation of continuous improvement. Therefore, it is the Performance Management process, i.e. the implementation phase and line managers role in effective implementation that will be the key focus of this research project.

2.2 Performance Management in the Public Sector

2.2.1 An examination of a Conceptual Performance Management model

In the context of this exploratory study, the foundation of Company X's Performance Management system is adapted from Ulrich & Brockbank's (2005) HR Value Proposition and also utilises the 'Balanced Scorecard Framework' adapted from Kaplan & Norton (1996).

Ulrich & Brockbank's (2005) seminal 'HR Value Proposition' proposes that HR professionals should evaluate their processes and competencies by assessing their value-add 'through the eyes of their stakeholders.' In this research project, the researcher will focus on the value-add of the Performance Management process from the perspective of the internal stakeholders i.e. managers and employees (Ulrich & Brockbank, 2005). In terms of Performance Management and advocating its strategic value and alignment with organisational competencies; HR must focus not on what the process does or should do, but what it delivers in real-terms for management and demonstrate how it will improve organisational and employee performance (Gratton, Hope-Hailey, Stiles, & Truss, 1999). This strategic focus and desire to add-value should be communicated clearly across the

organisation to address any misconceptions that internal stakeholders may have. This approach should assist in getting stakeholder buy-in and cooperation in terms of implementing the HR process effectively (Hutchinson & Purcell, 2003).

It is widely acknowledged in much of the academic literature that management and employee buy-in is critical in order to ensure effective implementation of any HR policy (Hutchinson & Purcell, 2007; Armstrong, 2006). While in theory this concept has been examined, in practical terms, however, and in the context of limited resources within a public sector organisation, the literature and research is lacking.

Applying the Balanced Scorecard to a Public Sector Organisation

As previously outlined, the Balanced Scorecard is a widely regarded performance management framework and has been in place in Company X since 2004. In terms of its adaptability and value-add both in public and private sector Performance Management systems, this has been discussed at length in much of the literature (Radnor & McGuire, 2004). For many organisations it is regarded as *'the cornerstone of a company's current and future success'* (Kaplan & Norton, 1996, p.5). The balanced scorecard is revered for *'revolutionising conventional thinking'* about performance management and in terms of its adaptability to public sector performance management, it is a particularly suitable model as it goes beyond measuring purely traditional financial performance but also incorporates non-financial metrics which are highly relevant and valuable in non-commercial state agencies such as Company X (Kaplan, 2001; Kaplan, 1996).

The Balanced Scorecard succeeds in giving managers a more holistic view of how the organisation is actually doing and provides a framework for developing an integrated and strategically focused PMS (Andersen et al., 2006). The forward-thinking nature of the model assists senior management to systematically predict future performance rather than simply report on current and past trends. It also allows management to link financial measures with the intangible components which could greatly impact on performance outcomes (Kaplan 2001; Kaplan 1996). The balanced scorecard model provides a framework for line managers to predict and plan for future performance therefore allowing them to more effectively manage and implement organisational strategy and maximise their resources particularly in terms of current internal stakeholders i.e. employees capabilities, skills and competencies (Gratton et al., 1999).

Most notably, the balanced scorecard attempts to address the gap many organisations have of linking long-term strategy with short-term actions. This is one of the main perceived issues in Company X that will be explored in detail in this research.

This conceptual model forces managers to focus on the measures that are most critical to achieving the organisational strategic goals and objectives and attempts to cascade these into individual employee's performance goals and objectives (Kaplan, 2001). The below balanced scorecard framework is adapted for the purposes of Company X and illustrates how managers can look at the business from 4 different perspectives.

- How do the public/external stakeholders see us? (customer perspective)
- What must we excel at? (internal perspective)
- Can we continue to improve and create value? (innovation and learning perspective)
- How do we look to shareholders/government departments? (financial perspective) (Adapted from Kaplan & Norton, 1992, p. 72)

Figure 2.1: 'Translating Vision and Strategy: Four Perspectives' (Kaplan & Norton, 1996, p.76)

Customer Perspective: (How do the public/external stakeholders see us?)

Customer concerns tend to fall into four categories: time, quality, performance and service, and cost (Kaplan & Norton, 1992; Kaplan & Norton 1996). For the purposes of adaptability, 'customers' refer to members of the public or manufacturing/pharmaceutical

companies in the context of Company X. To put the balanced scorecard to work, organisations should articulate goals for time, quality, and performance and service and then translate these goals into specific measures (Kaplan & Norton, 1992; Kaplan & Norton 1996).

Internal Business Perspective: (What must we excel at?)

This perspective examines what the organisation must do internally to meet its external stakeholder's needs. The internal measures for the balanced scorecard should stem from the business processes that have the greatest impact on customer satisfaction – factors that affect cycle time, quality, employee skills and productivity (Kaplan, 1992).

The organisation should attempt to identify and measure their core competencies; i.e. the critical behaviours needed to ensure continued organisational success. They should decide what processes and competencies they must excel at in order to be successful i.e. what are the key behaviours that are required? (Elzinga, Albronda & Kluijtmans, 2009) Performance measures should then be outlined to evaluate the competency based on highlighting effective and ineffective performance indicators (Kaplan, 2001).

Since much of the action takes place at the departmental level, managers need to translate the measures to their employee's. That way, the performance measures will link top managements judgement about key internal processes and competencies to the actions taken by individuals which will in turn affect the overall corporate and subsequent employee objectives (Gratton et al., 1999). This linkage ensures that employees at ground level in the organisation have clear targets for actions, decisions, and improvement activities that will contribute to the company's overall strategic vision (Kaplan & Norton, 1992; Kaplan & Norton 1996).

Innovation and Learning Perspective: (Can we continue to improve and create value?)

A company's ability to innovate, improve and learn ties directly to the company's value and mission statement. Creating and encouraging a culture of shared and continuous learning is crucial to maintaining and achieving organisational success (Kaplan & Norton, 2001). An innovative and learning culture needs to be embedded in the organisation from the top-down and can be exhibited through various methods such as coaching, mentoring and shared learning among colleagues and peers (Armstrong, 2005). This perspective will be explored in further detail in the course of this research project and is particularly

relevant in the context of Company X in terms of line managers being able to manage and maximise employee's potential and performance.

Financial Perspective: (How do we look to shareholders/government departments?)

Financial performance measures whether the organisations strategy, implementation, and execution are contributing to bottom-line improvement i.e. are they delivering value for money (Kaplan & Norton, 2001). In terms of Company X, this refers to whether the organisation, as a non-commercial state agency, is achieving value for tax-payers' money and evaluates if they are delivering a quality service and good return on investment (Taticchi, Tonelli and Cagnazzo, 2010). As previously highlighted in Chapter 1, this perspective is particularly important, now more than ever, especially in the context of the constantly changing environment in which Company X operates.

However, it must be acknowledged that there are limitations to this model. A balanced scorecard can only translate a company's strategy into specific measureable objectives. Failure to convert improved operational performance, as measured in the scorecard, into improved financial performance should send executives back to their drawing boards to rethink the company strategy or its implementation plans (Andersen et al., 2006; Kaplan & Norton, 2001).

2.3 'Best Practice' Performance Management – An Integrated Approach

In the analysis of what makes a 'balanced' PMS much of the literature is in agreement that it is one that gives a 'holistic view' of the organisation (Taticchi et al., 2010; Kaplan & Norton, 1996). Gratton and Truss argue (2003) that there is not one 'ideal type' of HR strategy and recommend that each organisation must vary their policies and processes according to their own unique business goals and strategic objectives.

The concept of a 'holistic' Performance Management process is outlined in an integrated framework proposed by Anderson et al. (2006). This concept may potentially be used as a platform for developing or enhancing firm-specific PMS's across a wide array of industries and organisations. In their discussion Anderson et al. (2006) champion 'The Balanced Scorecard' approach as proposed by Kaplan & Norton (1996, 1993, 1992) which is considered to be one of the most widely used PMS models due to its 'intrinsic simplicity' and easy to grasp concepts which result in it being an easy model to implement within almost any organisation (Anderson et al., 2006). The research data provides that between 30 and 60 percent of organisations use the balanced scorecard approach (Taticchi et al., 2010, p6; Neely, 2005). In the balanced scorecard model Kaplan & Norton (1996) create

linkages between an individual's objectives within their current role and the organisations overall strategic objectives and vision. This approach complements Gratton & Truss's (2003) recommendations as regards the need to include vertical and horizontal alignment across the organisational processes. This requirement is particularly evident within the Performance Management process.

Another popular 'best practice' PMS model is that of Neely et al. (2001) who developed an updated model of Kaplan's framework of four perspectives (Kaplan & Norton, 1996) and further developed a holistic PMS framework with their 'Performance Prism' concept. Within the 'performance prism' framework Neely et al. (2001) proposed a fifth perspective and therein focused on the responsibility of the various stakeholders such as employees themselves and their line managers in the performance management process. This concept of stakeholders and their role in Performance Management is the focus of this research and is particularly relevant in the context of Company X.
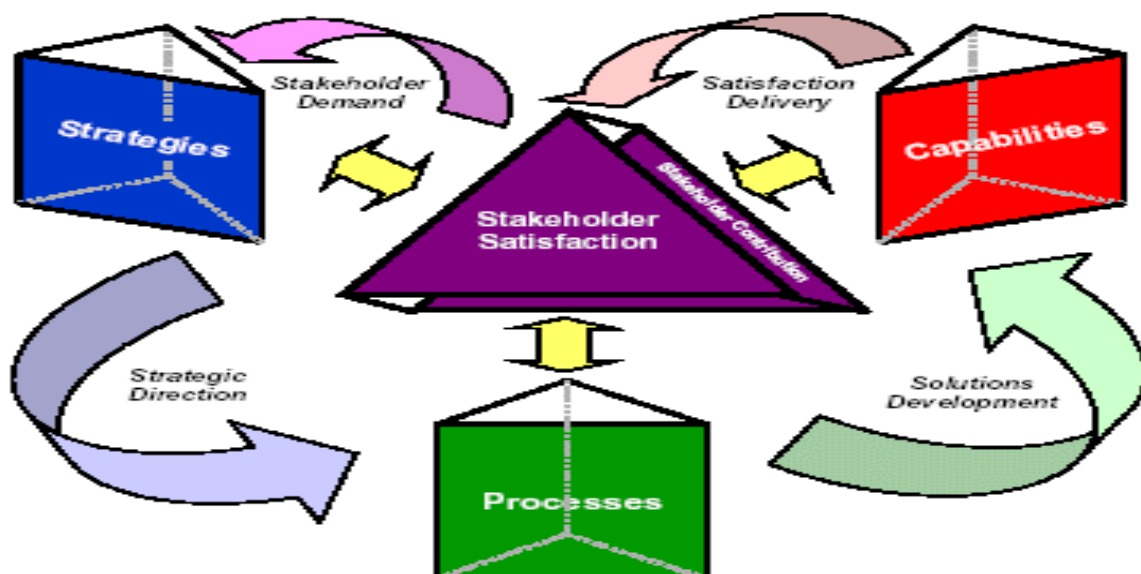
Figure 2.2: **'The Performance Prism Model'** (Neely et al., 2001)

Source: Lunger, K. (2006, p.13) [Online]

The Balanced Scorecard approach provided by Kaplan & Norton (1996, 1993, 1992) presents a solid framework for Senior Management to design a strategic outlook for the organisation facilitating effective goal setting on an individual and departmental basis. This approach facilitates the business planning process and allows the organisation to consider and incorporate 'strategic initiatives' to encourage a 'culture' of continuous improvement (Fryer, Antony and Ogden, 2009; Kaplan & Norton, 1996). However, despite its widely regarded simplistic model, the Balanced Scorecard model can only do so much, unless the

concept and key elements are implemented by the organisation's Senior Management and Human Resources team the process is limited in what it can achieve (Fryer et al., 2009).

As a result of this potential shortcoming, the Balanced Scorecard approach proposes four management processes to guide organisations towards achieving a 'best practice' PMS model:

1. *Translating the vision* – this enables management to integrate their objectives and processes and identify the long term drivers of success thus building a strong consensus around the organisation's 'vision and strategy' (Kaplan & Norton, 1996).

2. *Communicating and linking* – this process highlights how management need to communicate and align their strategies horizontally and vertically across the organisation linking it to departmental and individual objectives. The pertinence of this approach was examined in 'the three-dimensional approach' proposed by Gratton & Truss (2003).

3. *Business planning* – this process enables companies to link and integrate their strategic organisational and financial plans thus enabling them to visualise and plan for the future towards achieving their long term strategic objectives (Kaplan & Norton, 1996).

4. *Feedback and learning* – the balanced scorecard approach incorporates the necessity for constructive feedback and 'real time learning' as it gives organisations the capacity to analyse performance based on recent results thus providing for a strategic learning opportunity (Kaplan & Norton, 1996).

Managing Strategy: Four Processes

Translating the Vision
- Clarifying the vision
- Gaining consensus

Communicating and Linking
- Communicating and educating
- Setting goals
- Linking rewards to performance measures

Balanced Scorecard

Feedback and Learning
- Articulating the shared vision
- Supplying strategic feedback
- Facilitating strategy review and learning

Business Planning
- Setting targets
- Aligning strategic initiatives
- Allocating resources
- Establishing milestones

Figure 2.3: **'Managing Strategy: Four Processes'** (Kaplan & Norton, 1996, p .77).

As outlined by Kaplan & Norton (1996) in order to align an employee's personal performance with the overall business strategy it is important to engage them in the following three activities:

- Communicating and Educating
- Setting goals
- Linking rewards to performance measures (Kaplan & Norton, 1996, p.80)

The first activity refers to engaging the individual in the process through effective communication and education. It is imperative to link each individual's role to the overall business strategy as it is important to acknowledge that it is the employees who will ultimately be performing the work and achieving the objectives that have been set.

Secondly, by setting goals this creates a linkage between the high-level strategic goals of the organisation and the individual's own work related goals and objectives. This in turn creates a sense of ownership, assists in mapping out realistic targets and provides intrinsic motivation as it is seen as being relevant to the overall company objectives.

Finally, the approach of linking financial reward to performance management can carry certain risks (Kaplan & Norton, 1996, p.80-82) and furthermore this approach may not be

feasible in many organisations in the current economic climate. For the purposes of the research proposed in Company X, linking financial reward and pay-related bonuses to performance measurement is not an option that can be considered so therefore other avenues need to be explored. These may include linking performance to increased development and training opportunities or potential career progression (Simoneaux & Stroud, 2012).

As previously outlined in Figure 2.3, the management processes of 'Translating the Vision', 'Communicating and Linking' and 'Business Planning' are all vital components to enable effective implementation of the Performance Management process. However, without effective 'Feedback and real-time learning' the levels of employee and manager engagement will dwindle and this will consequently inhibit the active 'implementation' of the Performance Management process (Kaplan & Norton, 1996; Gratton & Truss, 2003).

2.4 The Three-Dimensional People Strategy

The focus of this research study is based on the 'Three-Dimensional People Strategy' as presented by Gratton and Truss (2003). In their study, which took place over ten years across seven different organisations, they explore how there are three dimensions to developing and implementing a 'holistic' people strategy. They suggest that every process should incorporate vertical alignment, horizontal alignment and finally the action or implementation dimension. In their paper they emphasise that each dimension is equally important in order to achieve the end goal i.e. effective implementation of the process (Gratton & Truss, 2003). The 'three-dimensional' model can be applied to any HR process. In this instance, the researcher will apply this framework to the 'Performance Development Programme' (PDP) within Company X. The PDP is a specifically designed performance management process for the organisation and is based around the fundamentals of the Balanced Scorecard approach as proposed by Kaplan & Norton (1996, 1993, 1992).

Gratton and Truss (2003) define 'people strategy' as follows: *"...a strategy, with its underpinning policies and processes, that an organisation develops and implements for managing its people to optimal effect"* (Gratton & Truss, 2003, p. 74).

As previously mentioned, the three-dimensional model consists of the 'vertical alignment' dimension which refers to the link between people strategy and strategic business goals, the 'horizontal alignment' dimension which refers to the link between individual HR policies and processes across the organisation and finally the 'action or implementation' dimension which refers to how the proposed people strategy is implemented within an

organisation and the impact of this on the 'experiences' and 'behaviours' of both employees and their line managers in the process (Gratton & Truss, 2003).
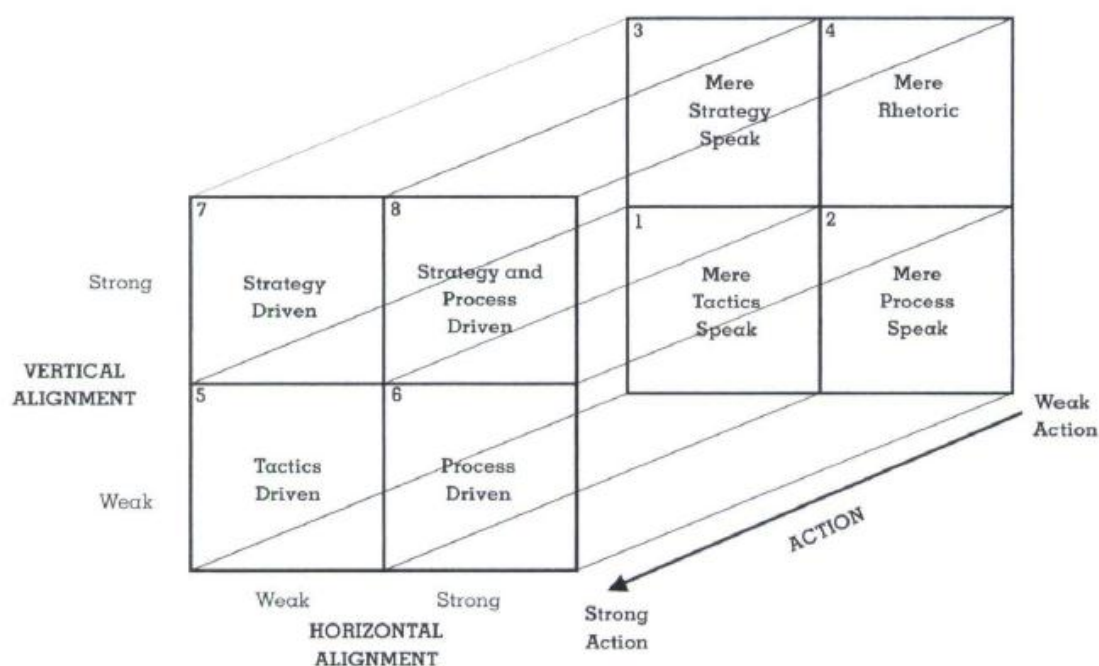
Figure 2.4: **'The Three-Dimensional Model of People Strategy'** (Gratton & Truss, 2003, p.77)

Much of the current literature on designing effective HR processes focuses on vertical and horizontal alignment however there is limited literature when it comes to focusing on the implementation phase of the Performance Management process (Bourne, Neely, Platts and Mills, 2002). In Radnor & McGuire's research (2004) which focused on the Performance Management process in the UK Public Sector, a case study which is similar to that of Company X, they argue that the action dimension is absolutely 'fundamental' to delivering an effective people management strategy on a day to day basis. The implementation phase focuses on 'making it happen' as opposed to purely just designing policies and procedures and not giving adequate attention to effectively 'actioning' what has been mapped out on paper (Gratton & Truss, 2003, p. 74; Kaplan & Norton, 2000). For the purposes of this research, the primary focus is to examine why the perceived implementation gap is occurring within the PDP in Company X. It will explore how line managers, with the support of HR, play a key role in ensuring the effective implementation of the Performance Management process. As outlined by Gratton & Truss (2003) it is the implementation dimension of any policy or process that is most pertinent and the perceived buy-in of the internal stakeholders (i.e. employees and managers) is essential to ensuring the process delivers what it should 'through the eyes of the stakeholders' i.e. supporting and encouraging effective performance, but also that it adds-value by effectively implementing

the core business strategy and vision of the organisation (Ulrich & Brockbank, 2005). The important role of line managers as a primary stakeholder in the Performance Management process is evident. However, it is their perceptions and role in the implementation phase of Performance Management that requires further research and analysis. This is mentioned by a number of key authors as a potential area for further research and therefore will form the primary focus for this research in the context of an exploratory study in Company X, a non-commercial state agency (Alfes, Truss, Soane, Rees and Gatenby, 2013; Taticchi et al, 2010; Neely, 2005; Neely et al., 2001; Kaplan & Norton, 1996).

2.5 Role of Line Managers in Performance Management & the 'action gap'

In order to achieve effective implementation of any process particularly Performance Management it is essential to get buy-in from the top-down i.e. so that the concept filters from Senior Management → Line Manager → Employee (Bourne et al., 2002). According to Simoneaux and Stroud (2012), a good performance management system should act as a 'roadmap' to assist manager's to effectively guide and motivate their team to achieve their individual objectives and the organisations strategic goals.

This concept is explored by Alfe's et al. (2013) in which they draw on 'social exchange theory' whereby they examine the role played by line managers and the influence that their perceived behaviours have on employee's perceptions and experiences with particular HR processes. The social exchange theory goes some way towards explaining the link between an employee's interaction with a process and the overarching influence a manager's attitude and behaviours can have on their team's performance and motivation or lack thereof in some instances (Alfes et al., 2013; Elizinga et al., 2009). However, the limited research that has taken place in this area is highlighted in some of the recent academic literature and the need for further analysis is evident (Hutchinson & Purcell, 2007). Therefore, as a consequence this research project aims to investigate the link between managers' perceptions of the process and their opinions regarding the implementation of the Performance Management process and explore how managers can become more strategically aware when managing employee performance and engagement with Performance Management.
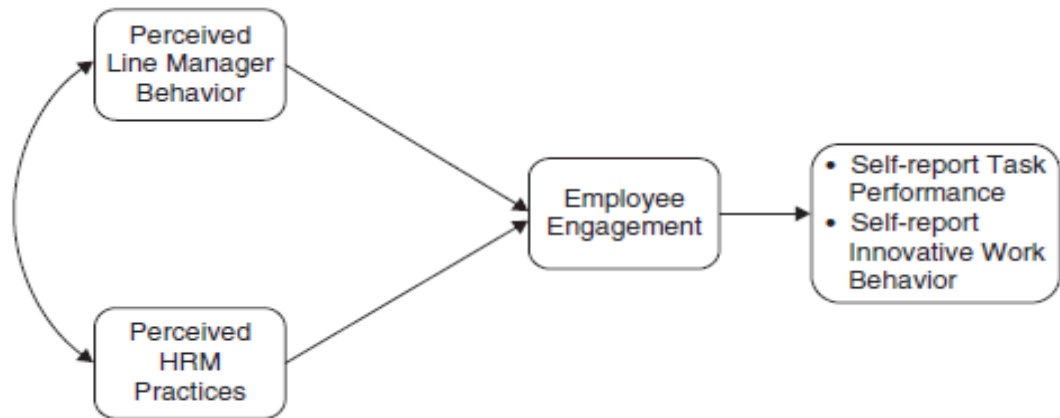
Figure 2.5: **'Model linking perceived Line Manager Behaviour and Perceived HRM Practices to Individual Performance'** (Alfes et al., 2013, p 841)

In terms of line manager's involvement and their perceptions of the Performance Management process it is of paramount importance to understand the main perceived drivers of implementation and to explore the factors that prevent effective implementation particularly when it comes to exploring the wider implications of management commitment and the impact that this may have on the change management process within the organisation or department in question (Bourne et al., 2002). This is particularly relevant in the current context and period of change in Company X as previously outlined.

According to Bourne et al. (2002), the main drivers of implementation include:

- Top Management Commitment – as previously mentioned, the drivers for effective implementation need to be communicated from the top-down. It is suggested that management commitment will not remain static but instead will change overtime as the benefits of implementation of the PMS intervention unfolds and become apparent.

- The perceived benefits of a well-designed PMS need to be communicated in order to get sufficient buy-in and commitment at all levels of the hierarchy. Benefits may include but are not limited to increased productivity, improved and additional skills and competencies, maximisation of employee's potential and improved commitment to the organisation and finally promote a culture of continuous improvement (Bourne et al., 2002).

Some of the blocking factors that may prevent effective implementation may include:

- The perceived extra workload and effort of a PMS as this may require additional managerial actions and skills which they may not have or do not feel

comfortable using. For example, managers may not be confident enough to deliver feedback and may shy away from having 'difficult' conversations with their subordinates.

- The effort of administering and implementing a performance management process may be perceived as being cumbersome and time consuming. Some managers may view the process as a waste of time and a paper-pushing exercise therefore choosing not to engage in it which will ultimately have a knock-on impact for their team who will, as a consequence become disengaged with the process (Alfes et al., 2013; Radnor & McGuire, 2004; Bourne et al., 2002).

As previously mentioned, the Balanced Scorecard approach goes some way towards addressing some of the above concerns. This model is designed to facilitate Senior Management and HR to gather knowledge/ideas from a large pool of managers and then incorporate this information into their internal objectives. This approach instils a level of ownership on the part of the managers who will, or should be, enforcing the policies on the ground thus the approach is a good method of encouraging increased commitment and enthusiasm towards achieving the long-term strategic goals of the organisation and or department (Kaplan & Norton, 2000, 1996).

2.5.1 Gaining the commitment and buy-in of Line Managers

Past research has shown that many line managers view performance management as a 'bureaucratic chore' (Armstrong, 2005). Although, gaining the commitment of managers takes a lot of time, effort and persistence, it has to be done, because if the organisation doesn't get that buy-in from management, the implementation of the PMS system will simply not happen (Purcell & Hutchinson, 2007).

Though limited research has been done in the past on manager's perceptions of Performance Management implementation, a considerable amount has been invested in the behavioural factors impacting performance management (Elzinga et al. 2008; De Waal, 2007; De Waal, 2003). On a high level, it is perceived that some managers may feel uncomfortable having difficult conversations and feel ill-equipped when faced with potential confrontations or disagreements when it comes to reviewing employees performance. While many see the value in holding performance appraisals, often managers shy away from it as they feel that they may not have the required skills or competencies to analyse performance and provide constructive feedback (Armstrong, 2006). Managers may potentially also feel nervous when trying to set realistic and achievable goals and objectives or perhaps they feel they lack the strategic focus and competence to align individual and department needs against the business strategy (Armstrong, 2006; Gratton et

al., 1999). The reasons for these perceptions and anxieties most certainly impact on the implementation of any PMS process and will be the key focus of the research project methodology and design.

Chapter 3: Research Question and Aims of Research

Subject Area: Performance Management

Overall Objective: *An exploratory analysis of the implementation dimension of the Performance Development Programme (PDP) in Company X, a non-commercial state agency.*

An examination of managers' perceptions of the PDP process and its perceived implementation with a view to providing recommendations to assist managers in becoming more strategically aware when managing employee performance.

The aim of the research is to explore manager's perceptions of how the PDP process is working for their team with a particular focus on examining the implementation-dimension as outlined in Gratton and Truss's three-dimensional people strategy (2003). The researcher will examine and identify the key stakeholders in the process with a view to providing recommendations to address any perceived PDP implementation gaps, from a manager perspective, if identified.

Sub-objective 1:

Performance Management as a Strategic Tool for effective Performance Development Planning in Company X: Is it effective?

- Evaluate the current performance management model within Company X and compare it to the 'best practice' conceptual model of organisational performance management? (Atkinson, 2012; Taticchi et al., 2010)
- Ascertain manager's perceptions as to whether the current planning process assists them in identifying and planning for the performance development and training needs of their direct reports and department/section(s)? (Kaplan & Norton, 1996; Ulrich, 2005; Neely 2001)

Sub-objective 2:

Identify the Key Internal Stakeholders and Components in the Performance Development Programme (PDP) in Company X?

- Examine the most important elements of an effective people performance management system and ascertain whether managers perceive that these components are incorporated into the PDP model in Company X? (Anderson et al., 2006; Neely et al., 2001; Kaplan & Norton, 1996).

- Examine the key stakeholder dimensions of an effective PDP focusing particularly on the role of the Manager, Employee and HR and evaluate, in the holistic sense, how each of these internal stakeholders perceives their own and others role(s) and responsibilities in effectively implementing an integrated PDP system.

Note: The researcher held a session with managers' direct reports to ascertain their viewpoint and perceptions on how they view the various stakeholders' roles and responsibilities in the PDP process and how effectively they perceive the process is being implemented from a personal development and departmental perspective.

Sub-objective 3:

Conduct a qualitative analysis of the perceived implementation dimension of the current process and provide recommendations, as required.

- Examine how Managers currently engage their direct reports in the performance development process and evaluate the perceived effectiveness of this approach? (Alfes et al., 2013; Radnor & McGuire, 2004; Bourne et al., 2002).
- Ascertain if there is a perceived implementation issue between the theoretical policy/process and the reality? If identified, how can this implementation gap be overcome? (Alfes et al., 2013; Radnor & McGuire, 2004; Bourne et al., 2002)

Chapter 4: Methodology

4.1 Introduction

The purpose of this section is to describe the research approach and the methods and theoretical framework which form the backdrop of the research paradigm. The research design and sample are outlined and finally the data collection and analysis approach are described and justified. The ethical considerations are also outlined and acknowledged.

4.2 Research Approach

4.2.1 Context of Research

As previously outlined in Chapter 1, the purpose of this study is to conduct an exploratory analysis of the implementation gap in the PDP process in Company X, as proposed in the three-dimensional people strategy model (Gratton & Truss, 2003). The 'action-gap' in the process was identified in a PDP satisfaction survey which was conducted by the HR Department in Company X in Q4 2013 and involved all employees in the organisation, approximately 300 individuals. The quantitative survey data was then analysed, the main issues were identified and an action plan was drafted and approved. The PDP survey data provided a stimulus for this research project and as such the data gathered was used as a secondary research source intended to inform and guide the research approach and provide valuable insights into the data collected and to ensure that the right questions continued to be asked (Bryman & Bell, 2011).

The purpose of this research project is to add to the quantitative data already collated and to assess the research question and objectives as outlined in Chapter 3 using a qualitative research approach. This exploratory study aims to gain a better understanding as to why the 'action' or 'implementation-gap' is occurring in Company X, with a particular focus on line manager's perceptions and experiences of the Performance Management process and its perceived effectiveness. The researcher intends to explore how HR in conjunction with line managers and their employees can better improve the process and address the perceived implementation gap going forward.

Firstly, to ascertain the most appropriate research model for this study the researcher chose to examine the context of the situation in Company X, as outlined in the Chapter 1, and assess what type of information was needed to address the research question (Heath & Tynan, 2010). Mackenzie & Knipe's (2006) research approach *'A research journey'* was used as a guideline for the researcher's methodological approach; this is outlined in *Figure 4.1* below.

Figure 4.1: A Research Journey (Mackenzie & Knipe, 2006, p.203)
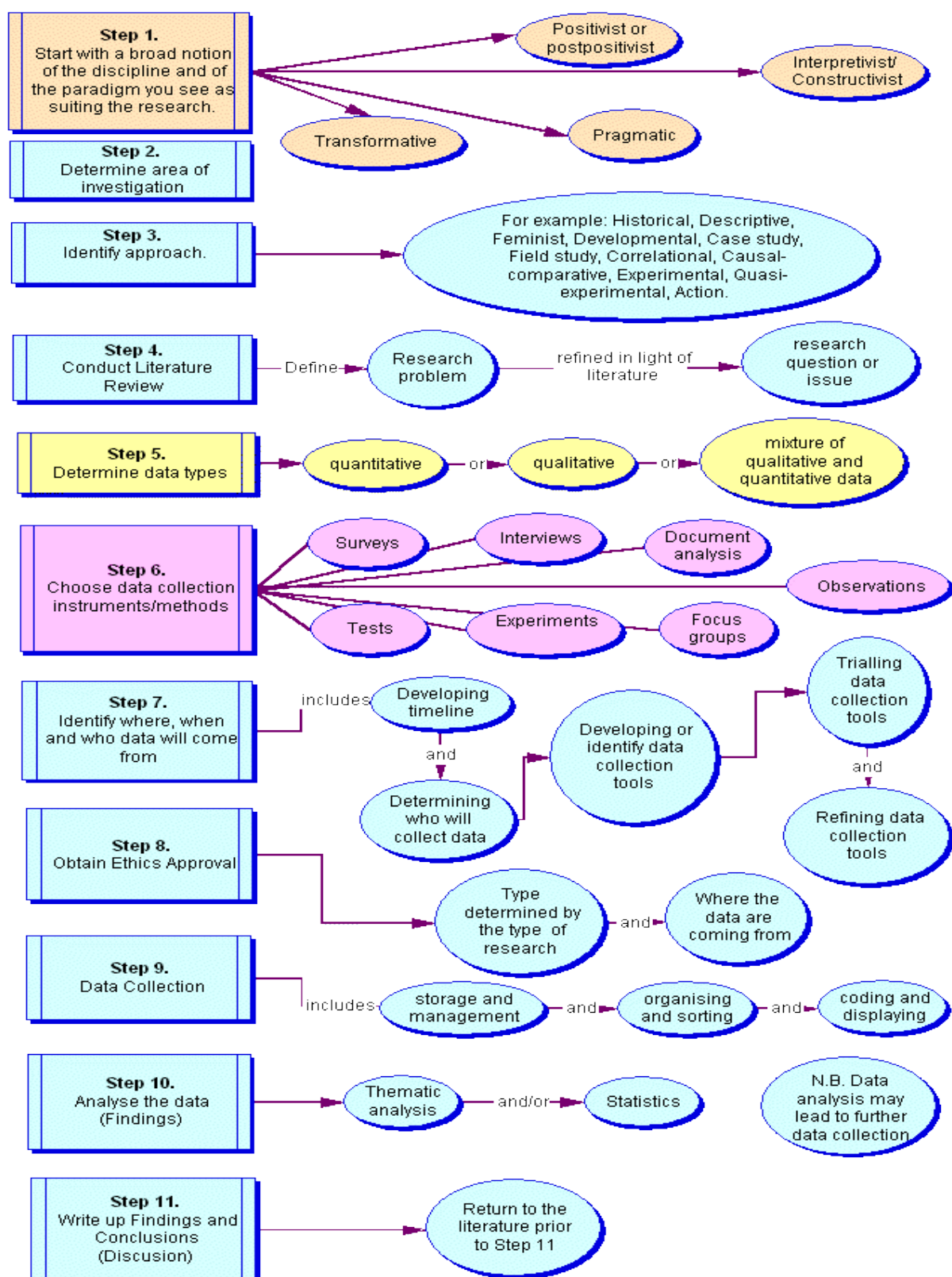
4.3 Research Methodology

A research method consists of the *'techniques used'* to gather, analyse and interpret data to *'answer the research question'* posed (Crotty, 1998, p.8). A quantitative, qualitative or mixed methods approach can be used.

Quantitative research involves the *'collection of numerical data'* by *'exhibiting a view of the relationship between theory and research as deductive'* (Bryman & Bell, 2011, p.150). Typically, data analysis is conducted through the use of diagrams and statistics (Saunders et al., 2009). Qualitative research, on the other hand, is *'based on meaning expressed through words'* and involves the collection of *'non-standardised data requiring classification into categories'* (Saunders et al., 2009, p.482). A qualitative approach involves formulating an inductive view of the *'relationship between theory and research'* (Bryman & Bell, 2011, p.150). Data is analysed qualitatively through the use of *'categorisation'* and *'conceptualisation'* into common themes and codes. A mixed methods approach involves using a combination of both quantitative and qualitative research to answer the research question (Saunders et al., 2009).

According to Mertens (1998) and Creswell (2009) a qualitative research approach is deemed appropriate when:

- The researcher accepts that there are multiple realities in a given situation or context and they wish to explore and analyse these constructs at a specific point in time.
- Where the focus of the research is on the implementation or improvement of a particular programme and the researcher wishes to gain a deeper understanding of individual participant's perceptions and/or group perceptions of a programme.
- Where the humanistic nature of a programme or phenomenon duly requires a qualitative or more personal approach due to the subjective nature of the issue. For practical reasons a quantitative method may not be suitable.

Due to the subjective nature of the PDP in Company X and the fact that qualitative methods are used so prevalently in the interpretivist/social constructivist theoretical framework, a qualitative approach was deemed to be the most suitable approach for this particular research study (Bryman & Bell, 2011; Crotty, 1998). As previously highlighted, a quantitative survey analysis has been conducted in Company X and this information was used as a source of secondary research data. It was therefore deemed that additional quantitative research did not need to be performed but rather a qualitative approach would

be more beneficial due to the specific focus on the 'implementation dimension' and 'managers perceptions' of the PDP.

4.4 Theoretical Framework

When undertaking research it is important to understand and consider the philosophical base of the research area (Saunders et al., 2009; Blalkie, 1993). This involves the researcher considering the alignment of the ontological perspective, *'the nature of reality'* (Mertens, 1998, p.6) and the epistemological perspective, *'the nature of knowledge and the relationship between the researcher and the participants'* (Mertens, 1998, p.6).

In this section, the two major paradigms in research will be outlined – the positivistic/postpositivist and the interpretive/ social constructivist. This will help identify the appropriate theoretical framework and research approach.

4.4.1 Positivistic/Postpositivist Paradigm

Positivism is the dominant paradigm in educational research and is often associated with a quantitative or *'scientific approach'* to research (Mertens, 1998). The underlying assumptions of positivism are *'the belief that the social world can be studied in the same way as the natural world'* (Mertens, 1998, p.7). In this approach the researcher uses existing theory to develop hypotheses. The hypotheses are then tested and either confirmed or refuted, which leads to the development of the theory and recommendations for further research (Saunders et al., 2009). The ontological view of positivism is that one reality exists and the researcher is responsible for uncovering that reality (Lincoln & Guba, 2000; Denzin & Lincoln, 1994). The epistemological perspective of the positivist paradigm is that the researcher should remain neutral in order to maintain an objective stance and negate researcher bias (Saunders et al., 2009).

In the context of this research, the positivist approach may be applied if the themes or questions as outlined in the research design are asked in exactly the same format, tone and manner to all participants (Bryman & Bell, 2011).

4.4.2 Interpretivist/ Social Constructivist Paradigm

The interpretivist paradigm advocates that it is essential for researchers *'to understand differences between humans in our role as social actors'* (Saunders et al., 2009, p.116). The interpretive approach is based on the assumption that it is the responsibility of the researcher to *'grasp the subjective meaning of social action'* (Bryman & Bell, 2011, p.17) and that in order to realise this *'a strategy is required that respects the differences between people and the objects of natural sciences'* (Bryman & Bell, 2011, p.17). The basic principle and ontological viewpoint of this theoretical perspective is that reality is *'socially*

constructed' (Mertens, 1998, p. 11). The interpretivist approach acknowledges the researchers reliance on participants opinions and perceptions on a particular subject (Creswell, 2009) and recognises a researchers potential for subjective bias based on their own values, experiences and background (Mackenzie & Knipe, 2006; Mertens, 1998). The epistemological position of the interpretivist/constructivist approach is that the researcher and their participants influence each other and are *'interlocked in an interactive process'*. Therefore, the importance of context is embedded in all aspects of the research from the way in which the data is collected, the interpretation of that data and the findings and outcomes of the research (Mertens, 1998, p. 13).

The interpretive approach is primarily concerned with understanding how humans make sense of the world around us. The logic behind the qualitative aspect of the research is that the data collected will be much richer and more in depth due to its subjective nature (Saunders et al., 2009).

Following much consideration the theoretical framework for this study has been adapted from Crotty's (1998) framework and is depicted in Table 4.1 below, whereby the implicit theories that guide this research are related to the *'nature of reality'* and the *'subjective'* context based on the experiences and perceptions of the research participants. In order to understand the meanings that both managers and employees derive from their experiences, the epistemological frame of interpretivism is considered the most appropriate approach. Interpretivist epistemology informs the theoretical perspective which draws on social constructionism and enlightens the research design. In line with social constructionism the research study adopts a qualitative methodology using an exploratory analysis case study approach.

Table 4.1	Theoretical Framework for the Study
EPISTEMOLOGY	Interpretivism
RESEARCH PARADIGM	Social Constructionism
METHODOLOGY	Exploratory Analysis/Case Study Approach
METHODS	Focus Groups & Semi-structured interviews

(Source: Adapted from Crotty, 1998)

4.5 Research Sample

Following consultation with both the HR and the Learning & Development Manager's in Company X it was agreed that the research sample could be taken from a selection of managers and their direct reports within the designated PDP pilot group. The participant sample was selected based on *'non-probability'* or *'non-random convenience sampling'*. According to Saunders et al. (2009) this technique is based on the researchers own *'subjective judgement'*. This type of sampling was considered appropriate as the pilot group were already deemed, by Senior Management within HR, to be representative of the organisation's wider demographic. It was anticipated that this sample would provide good scope, depth and breadth of opinions from across the managerial and employee demographic within the organisation. While not a factor in the selection process, a demographic profile of the PDP participants, their tenure and reporting relationships are outlined in appendix 8.1.

The research participants were chosen specifically as they are all currently part of a PDP pilot review group which is being rolled out from January 2014 – December 2014. While the focus of the study is on manager perceptions and experiences, the researcher, in consultation with the management team, thought it would be insightful to get a more holistic view of the PDP process by inviting employees to participate and express their perspective and opinions on the process. It was anticipated that with both managerial and employee participation it would assist in providing more holistic and meaningful findings and recommendations.

A total of 6 managers and 14 employees were invited to take part in this study. Of the sample selected, due to work constraints, only 5 managers and 6 employees could participate. All participants consented and signed the 'letter of authorisation to participate', a draft of which is presented in appendix 8.2. Given the scientific nature of the work in Company X, the research sample consisted of participants from both a technical scientific background and also from a non-technical background. It was anticipated that the diversity in the sample would provide a good range of perspectives and insights – this will be a feature of the findings and analysis section of this research paper.

4.6 Research Instrument

Based on the theoretical framework and the context in which the research takes place the researcher chose to conduct 2 parallel focus group sessions; one with managers and the other with a group of employees. A 'focus group' refers to a group session where *'the topic is defined clearly and precisely and there is a focus on enabling and recording interactive*

discussion between participants' (Saunders et al., 2007, p. 337). In terms of fulfilling the proposed research objectives, the advantage of holding a focus group as opposed to any alternative methodology is that it enables the researcher to gather a group of people *'with common interests'* together in the same room in order to discuss and establish the interrelated *'common characteristics'* that each of the participants has in relation to the topic in question i.e. effective implementation of the PDP (Saunders et al., 2007; Krueger, 1994). A focus group scenario is therefore considered an ideal platform for participants to discuss and share their points of view on the topic (Krueger, 1994). Through the discussions, it would be expected that a series of themes and trends would emerge which will then be assessed and analysed (Saunders et al, 2007).

In addition, the researcher chose to put a confidentiality provision in place should additional qualitative information be required after the focus group sessions. This was anticipated, following research into focus groups which highlighted that some participants may feel uncomfortable disclosing certain details in an open forum setting. As a result the option to hold a one-on-one semi-structured interview was also given to participants should they wish to discuss anything of a confidential nature (Krueger, 1994). *'An interview is a purposeful discussion between two or more people'* (Saunders et al., 2007, p. 310). Only 1 manager and 1 employee availed of this option. These interviews took approximately 30 minutes in duration. Any concerns relating to confidentiality and areas for discussion were communicated openly with all participants prior to the research and the necessity for individual interviews was decided upon on an ad-hoc basis once the focus group sessions had taken place. A provision was incorporated into the researcher's timetable to account for this need, as required.

4.7 Research Design & Data Analysis

This section outlines how the research process was designed, conducted and how the subsequent data was collected and analysed.

4.7.1 Research Design

The framework for the focus groups was designed based on Vogt's (1994) model of 'designing and asking powerful questions'. This model was used as a guideline for designing the questions and prompts used. According to Vogt & Einstein (1994) a powerful question has the following effects:

- "Stimulates reflective thinking
- Challenges assumptions

- Is thought-provoking

- Generates energy and a vector to explore

- Channels inquiry, promises insight

- Is broad and enduring

- Touches a deeper meaning

- Evokes more questions"

(Vogt and Einstein, 1994, p. 2)

The focus groups were semi-structured covering the key research questions informed by the current themes arising in the literature (Mackenzie & Knipe, 2006). The semi-structured approach was deemed most suitable as it allowed the researcher the flexibility to prompt participants and navigate the focus of the discussion as required (Bryman & Bell, 2011; Krueger, 1994). The focus group framework contained mainly open-ended and transition questions which created a natural flow and logic to the discussions, hence eliciting a more useful and thought-provoking discussion among the participants (Bryman & Bell, 2011; Vogt, 1994). A copy of the focus group 'framework for managers' is set out at appendix 8.3 and the 'framework for employees' is set out at appendix 8.4. The purpose of the framework was to stimulate the conversation and to generate interest and encourage group discussion around the topic (Krueger, 1994). This was done by introducing certain themes to guide the discussion, providing prompts whilst at the same time making sure the researcher did not bias the opinions and outcomes of the group discussion (Bryman & Bell, 2011; Saunders et al, 2009). The focus groups and subsequent 2 interviews were sufficiently flexible to allow for unintended consequences and were updated to reflect areas not initially thought of by the facilitator in line with a qualitative approach (Creswell, 2009).

Both of the focus group sessions were held over a period of 1-1 ½ hours and were facilitated by the researcher. The function of the 'facilitator' was to keep the group focused on the themes for discussion which incorporated the main research questions and sub-objectives. In order to facilitate the discussion, the researcher prepared a PowerPoint presentation which outlined the key questions and themes, which were to be discussed in the session, as set out in appendix 8.3 and 8.4. A flipchart was also used to take notes and brainstorm the main themes emerging from the discussion (Creswell, 2009; Krueger, 1994).

4.7.2 Data Collection

In order to analyse the data collected in the focus group and subsequent interviews the researcher examined similar research studies for guidance (Radnor & McGuire, 2004; Fryer et al., 2009). Based on this analysis the researcher chose to audio-record the focus group session using a dictaphone. To ensure good quality recordings audio microphones were installed in the conference room to ensure that each of the participant's voices were clearly articulated and understood. After the session, the dictaphone recordings were subsequently transcribed and the transcriptions were then reviewed to ensure accuracy of the raw data. To transcribe refers to *"reproducing"* the content of the focus group or interview and presenting it *"as a written (word processed) account using the actual words"* as they were spoken in the interview (Saunders et al., 2007, p.475).

4.7.3 Data Analysis

The data analysis stage involved identifying an appropriate method of analysis. The most widely used approach in analysing qualitative data is based on grounded theory that is *'theory that is derived from data'* (Bryman & Bell, 2011, p. 576). Tools used may include theoretical sampling, coding or constant comparison. For the purposes of this research project coding was used. Coding is considered to be the most crucial stage in research analysis and enables the researcher to *'cluster key issues'* in the data and work towards *'developing themes'* and providing *'valuable insights'* (Bryman & Bell, 2011, p. 299).

As part of the coding process the researcher read through the transcripts and highlighted sections of the narrative that were considered most pertinent to the research. At this stage, all of the data was entered into an excel spreadsheet which helped to collate the data generated by the research questions. Following this process, the researcher revisited the initial codes and began to identify a list of emerging themes. As part of the coding process some of the codes needed to be renamed and revised. The literature review was also revisited to further develop the conceptual and theoretical understanding of the research area (Saunders et al. 2009).

In addition to coding, the research analysis must also incorporate the significance of tone of voice and non-verbal communication of participants, as observed by the researcher. These observations may provide valuable insights and should not be negated as insignificant. The current organisational context, as outlined in the Chapter 1, must also be taken into account (Saunders et al, 2009).

4.7.4 Validity and Reliability

The verification stage of data analysis involves determining the validity and reliability of the qualitative data collected. To determine this, the researcher must demonstrate that the data collected is accurate and credible.

Qualitative validity means that the researcher must check for accuracy in the findings by adopting certain procedures (Creswell, 2009, p. 190). The data validity in this research was verified by using various techniques such as 'member checking' whereby the data was cross checked by the participants to ensure accuracy in areas such as themes, cultural context and grounded theory. The researcher also verified validity by 'triangulating' various different data sources, whereby the primary source of research was complemented by secondary research survey data that had previously been verified.

Ensuring validity of qualitative data involves verifying if the findings are trustworthy, authentic and credible (Lincoln & Guba, 2000). Validity is considered one of the strengths of qualitative research and is based on ascertaining whether the findings are accurate from the perspective of the researcher, the participants and the reader of the research project (Creswell, 2009).

Qualitative reliability is demonstrated when the researchers approach is 'consistent' across different research methods and scenarios (Creswell, 2009). The researcher verified this by checking the transcripts multiple times to ensure that there were no obvious mistakes made while transcribing. Another method of verifying reliability involves making sure that there is *'no drift in the definition of codes'* by constantly cross-checking the data with the codes and ensuring consistency across the research codes (Creswell, 2009, p. 190).

4.8 Ethical considerations

The ethical considerations that may arise as a result of this research primarily concern the anonymity of the organisation itself given the high profile nature of the organisation as a Non-commercial State Agency. Therefore, for the purposes of this research the organisation will be referred to as 'Company X'. Another ethical consideration concerns the issue of confidentiality and anonymity of participant managers and employees (Saunders et al., 2009). This concern has been discussed with the organisation and it has been agreed that all participants will remain anonymous. Participation in the research was confirmed following consultation with the participants who were then asked to sign a consent form, as set out in appendix 8.2, which was drafted by the researcher prior to the focus group session and interviews taking place.

4.9 Conclusion

The theoretical framework for this research study followed a Social Constructivist Paradigm. This was due to the fact that the nature of Performance Management and the PDP is within social research. A qualitative research methodology in the form of an exploratory analysis case study of a specific organisation was deemed appropriate. This approach was justified due to the predominant nature of qualitative research in previous social and humanistic research studies (Saunders et al., 2009). In order to answer the research question posed, a qualitative focus group method followed by some ad-hoc semi-structured interviews was chosen. This method assisted the researcher in gaining a deeper understanding of the perceptions and experiences of both managers and employees when engaging in the PDP process. The data collected was then transcribed and analysed using various codes to decipher emerging themes with a view to presenting the research findings and providing recommendations. The validity and reliability of the data was then assessed. Finally, the ethical considerations were outlined and acknowledged.

Chapter 5: Finding and Analysis

5.1 Introduction

This section will outline the main findings and results of the research question and objectives proposed. The practical implications of the qualitative research outcomes will be discussed and a number of observations will be outlined with a view to providing recommendations in Chapter 6.

5.2 Secondary Research – PDP Quantitative Survey

As part of the PDP review, a satisfaction survey was conducted in Q3 2013 by the HR Department. All staff were invited to take part in the survey which consisted of approximately 300 employees. The overall response level was 48.6% across all segments of the organisation.

High level analysis of the survey feedback found that:

1. There is a high level of pride in the work of the organisation and its importance. This was expressed very clearly.
2. Individuals value one on one conversation with their managers however there appears to be few such conversations taking place.
3. A level of frustration was expressed where feedback is not being given regularly. This is the element of the process most valued by respondents.
4. Some individuals find the structure of the current process to be cumbersome and have asked for it to be simplified and made more user friendly.
5. There appears to be some level of confusion between the purpose of the business planning process and the Performance Development Process (PDP). These are not differentiated in terms of their purpose for the individual.
6. Some areas are clearly not working or not working as intended.

5.3 Qualitative Data Collection

As previously outlined, the purpose of this research project is to add to the quantitative data already collated and to assess the research propositions as outlined below using a qualitative research approach. This exploratory study aims to gain a better understanding as to why the 'action' or 'implementation-gap' is occurring in Company X, with a particular focus on line manager's perceptions and experiences of the PDP, and its perceived effectiveness. The Performance Development Programme (PDP) is the Performance Management process currently in place in Company X. Following a review of the literature on best practice Performance Management, the researcher designed a

framework of questions to be addressed in a number of focus group sessions, one with managers and the other with employees. It is important to note that the focus of the research is on manager's perceptions and experiences of the PDP however, the researcher considered that it might also be beneficial to get the perspective of employees so as to get a more holistic sense of the 'implementation-dimension' of the PDP.

5.3.1 Research Propositions:

The following propositions and themes were examined in the course of this research:

1) **Performance Management as a strategic tool for effective performance development planning in Company X**

    a) Does the current planning process assist managers in identifying and planning for the performance development and training needs of their direct reports and department/section(s)? (Kaplan & Norton, 1996; Ulrich, 2005; Neely 2001)

2) **Performance Management Systems – Key elements & stakeholders?**

    a) Ascertain what managers perceive to be the most important elements of a Performance Management System and examine whether these components are incorporated currently or if they could be incorporated in the future? (Armstrong, 2006; Neely et al., 2001; Kaplan & Norton, 1996).

    b) What are the perceptions of each of the following in delivering an effective performance management system and how does each contribute to the process:

    i)   Manager

    ii)   Employee

    iii)   Human Resources and/or Learning and Development Department

    c) If there is a perceived implementation gap with regard to the PDP in Company X, what elements could be incorporated to increase the perceived value-add of performance management and effectiveness of the PDP for both managers and their employees? (Wilson, 2014; Brockbank & McGill, 2006; Gratton & Truss, 2003)

3) **Evaluate the perceived effectiveness of the implementation dimension of the current PDP and highlight areas for improvement.**

    a) How do managers currently engage their direct reports in the PDP and from their experience do they perceive this to be an effective approach?

    b) Do managers and employees perceive that there is an implementation issue between the theoretical policy/process and the reality? If so, how do they think

this implementation gap can be overcome?   (Alfes et al., 2013; Radnor & McGuire, 2004; Bourne et al., 2012).

This section will outline and discuss the main themes and findings as identified in the primary research focus group sessions:

Proposition 1:

5.4 Performance Management as a Strategic Tool for effective Performance Development Planning:

Q1: What do you consider to be the main objectives, tasks and key performance indicators (KPIs) for your section and do you think these are filtered down effectively through the Performance Development Plan for your department/section?

Q2: In your experience, do you think this approach is adapted effectively in your department and do you find it a useful tool when planning for the development needs of your direct reports?

Findings: Manager Perceptions

5.4.1 Current Business planning cycle 'not ideal'
- Need to drive accountability from the top-down

Some managers indicated that they think the timing of the current business planning cycle is *'not ideal' (M2, M3)* as they perceive that the PDP is not being implemented as intended in all areas. In some cases objectives are not set until mid-year due to the delay in cascading of business plans, while in other cases managers have not had PDP meetings with their directors, therefore do not conduct PDP meetings with their employees, while in other cases objectives are set but the review meetings are not taking place and manager comments are not being gathered and collated. Therefore, it appears that implementation-dimension is impacted from the start whereby several managers reported that the business plans and PDP meetings with employees are often delayed and cannot be completed until *'almost half way through the year'* (M3). M4 and M1 indicated that sometimes it can be *'May/June before an individual's PDP meeting occurs'*.

The managers indicated that this poses a major implementation problem in terms of performance management as it can *'sometimes be too late'* (M4) in terms of identifying training needs. Therefore, as a *result 'training needs that are 'real-time' have to be prioritised'* (M1) while *'longer term development opportunities or training are postponed or allocated to the following years training plan'* (M5).

One manager suggested the following to address this problem:

'I think the business plans should be finalised in Q4 and target for the majority of planning and PDP processes to be completed by Christmas' (M2).

M1 suggested the possibility that *'the PDP review meetings could be scheduled for June each year instead of January – January.'* However, M5 and M4 disagreed with this proposition as they felt *'it would not be in line with the business planning cycle'* so therefore the root of the problem, as identified, is in the *'timeline of the business planning process'* (M5) and *'this aspect needs to be reviewed'* (M4) and *'everything else should fall into line once that issue has been addressed'* (M5).

5.4.2 Employee 'fit' in Business Planning process and its link to the their PDP

Where the business planning cycle is operating efficiently, the majority of managers felt that the business planning process works *'reasonably well'* and acknowledged that *'it's a good opportunity to communicate the strategic business plans through the PDP'* (M1). However, many managers felt that there are some obvious gaps and education pieces that still need to be addressed across the organisation before the PDP can be fully effective.

One manager noted that employees sometimes *'find it hard to see where they fit'* (M2) within the overall business planning process and where they *'can individually contribute'* (M4) through the development of their individual development plan (IDP). It was reiterated on numerous occasions, that this *'link can sometimes get lost'* (M1, M2, M5) for employees. Initially, it was highlighted that this potential gap needs to be addressed by both the employees line manager and HR in order to ensure that employees are aware of the significance of their role and *'where they fit'* in making the business plan a reality. However, employees also have a responsibility for ensuring that they effectively deliver on their PDP objectives and must educate and familiarise themselves on the business planning process and how it impacts their role within the organisation.

In addition M2 and M4 highlighted that some of their team were taking part in the PDP for the first time so they felt that *'the link'* between business strategy and their individual performance development was *'lost on them this year'* (M2 & M4). It was noted that some of the participating manager's team (i.e. direct reports) had only just received formal training in the PDP process so therefore *'did not fully understand'* how it should be implemented and *'required more guidance this year'* (M4).
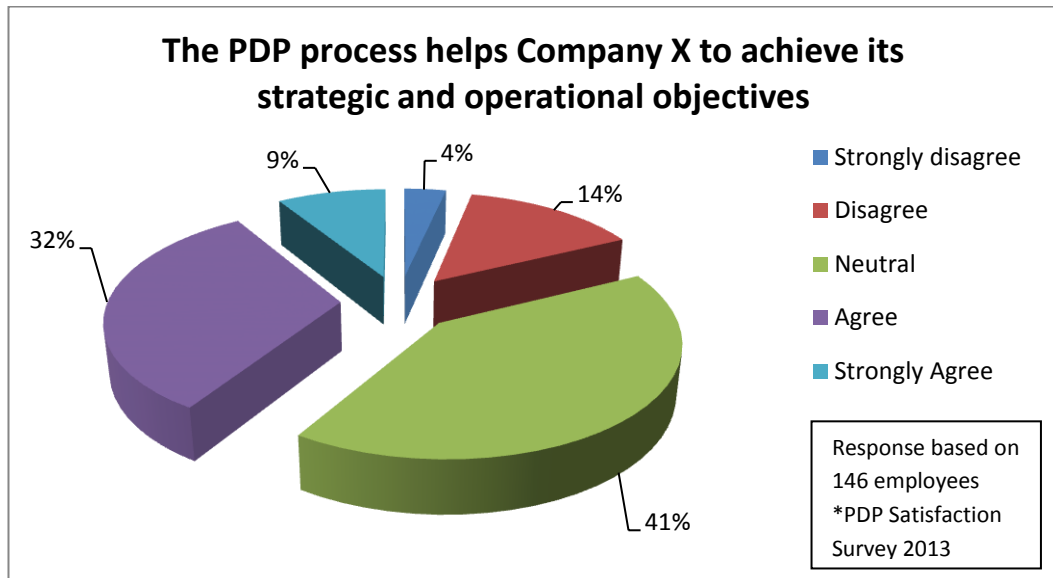
Figure 5.1*: 'The PDP process helps Company X to achieve its strategic and operational objectives'*

Source: PDP Satisfaction Survey, 2013, Company X

As highlighted in the PDP satisfaction survey 2013, 41% of respondents, either agreed (32%) or strongly agreed (9%) with the statement that *'The PDP process helps Company X to achieve its strategic and operational objectives.'* However, most notably, 41% were neutral, indicating that perhaps, employees and managers are undecided or unsure about the role that the PDP should or does play in helping the organisation to achieve its strategic objectives. Notably, almost 1 in 5 employees (18%), either disagreed (14%) or strongly disagreed (4%) with the statement. The above figure 5.1 illustrates clearly that the 'strategic link' between the business planning process is getting 'lost' in some pockets, as highlighted and discussed in the focus groups,. Therefore, it is apparent that the alignment of the business objectives to an individual's PDP is not sufficiently understood or needs to be communicated more clearly at an employee level. This affects the 'implementation-dimension' and is an issue that needs to be addressed by both management and HR (Gratton & Truss, 2003).

5.4.3 Strategic Business needs v Individual Development needs

Managers were asked if in their experience the PDP is adapted effectively and if they consider it to be a useful tool for planning the development needs of their team.

M1 acknowledged that while she perceived that performance development planning was filtering down effectively, business planning and individual development planning *'are almost separate.'*

All managers acknowledged that while both aspects are important *'at the end of the day we are all here to do a job and if that job doesn't get done then that comes back on the management team'* (M2). In other words, business needs must come first and that is the main focus *'…whether people develop or not it's almost a separate need'* (M1).

This was also recognised in the employee focus group session, *'I'm here to do a job, and whether I develop or not, that takes time…and I may not have time to give after the day job and tasks are done, deadlines need to be met that's the priority...'* (E3). The time consuming nature of business and individual development planning resonated strongly with both the manager and employee groups. This was highlighted quite strongly in the employee focus group session whereby participants commented:

'PDPs are done as it is something we have been told we need to do.'
'Seems like a paper exercise, it is not taken seriously.'
'It is very much a tick box exercise.'
'PDP does not affect my ability to meet my role profile.'
'Very time-consuming and cumbersome exercise'

Table 5.1 *Employee perceptions on the PDP process*

From a manager perspective, the need to address the above employee perceptions is crucial to ensuring effective implementation of the PDP process in Company X *'Yes it's time consuming...but what they [employees] want is to see the benefit and value output of participating in the PDP'* (M2).

It is acknowledged that *'sometimes [employees] find it hard to map out long-term development objectives'* (M5) but instead 'choose to focus on short-term goals and identify quick-wins' (M5). A combination of both long and short-term objectives is perceived by managers to be the ideal combination for an individual's PDP as it *'maintains employee focus and commitment to achieving their objectives'* and they are also able to observe *'results if they put the effort in'* (M4).

However, while all of the participating managers acknowledged the importance of focusing on their teams individual development needs, they stressed that the primary focus for them is *'ensuring that the business needs that need to be met, are met'* (M1) and if while doing

so, an employee develops in their role then that is *'an added bonus'* (M4). *'Sometimes you can, sometimes you can't, but you certainly try'* to meet individual development needs (M3). This theme resonated strongly with all of the managers present in the group and needs to be taken into account when assessing the effective 'implementation' of the process at manager level.

Proposition 2

5.5 Performance Management Systems – Key Elements & Stakeholders?

Q3: As a people manager what do you consider to be the key elements of an effective Performance Management System (PMS)?

Q4: In your opinion, who are the key stakeholders in the Performance Management process and what are the responsibilities of each in order to ensure effective implementation of the PDP?

- *Manager*
- *Employee (i.e. direct reports)*
- *HR and/or Learning & Development Department*

Q5: As a people manager how do you engage your direct reports currently? Do you think this is working effectively?

Findings: Manager Perceptions

5.5.1 Key Components of Performance Management – Setting Objectives and KPI's

One of the main components highlighted was the need to set strategic objectives and align these appropriately to the business strategy (Kaplan & Norton, 1996; Ulrich 2005). Some managers indicated that employees may '*find the cycle confusing'* and *'too strategic and high level'* (M2 & M1) when attempting to set their own individual KPIs, performance objectives and competencies.

It was acknowledged by all participating managers that employees may *'find it challenging'* when attempting to align the business strategy to their own PDP objectives, KPIs and competencies.

'Obviously employees find it hard, most of the time we just spell it out and write it down for them' (M1). In some instances, employees seem to *'want a lot of direction'* (M5) *and 'expect to be told specifically what their objectives should be'* (M4).

As previously highlighted, for employees to see the link between strategy and their own PDP - *'that's challenging'* and that needs to be recognised and supported by both line managers and HR.

The PDP process helps me to focus on the key competencies I need to be successful in my role

Response based on 146 employees
*PDP Satisfaction Survey 2013
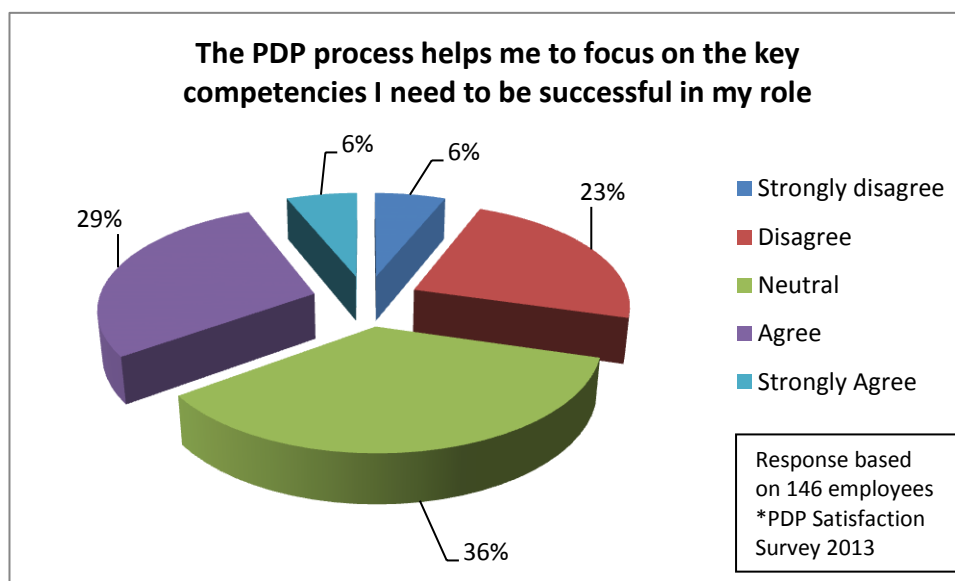
Figure 5.2 *The PDP process helps me to focus on the key competencies I need to be successful in my role*

Source: PDP Satisfaction Survey, 2013, Company X

In Figure 5.2, it illustrates how almost two-thirds of respondents (65%) responded either neutral (36%), disagree (23%) or strongly disagree (6%) with the statement that *'the PDP process helps them to focus on key competencies to be successful in their role.'* Notably, only 35% of respondents either agree (29%) or strongly agree (6%) with this statement.

Managers perceived that the responsibility to address this perceived gap lies with them (i.e. management) initially to ensure that employees understand how to set objectives and identify the competencies required to be successful in their role (Gratton et al., 1999). However, it was also highlighted that it is the '*employee's responsibility'* to take *'ownership and accountability'* (M4) for their own PDP and understand how their objectives need to be aligned to the business needs. Communication and mutual understanding between the stakeholders i.e. managers and employees was identified as the most important thing when addressing this issue (Armstrong, 2005).

5.5.2 Key Stakeholders and their responsibilities in the PDP process

The three main internal stakeholders examined in this exploratory study are:

- Manager

- Employee (i.e. direct Reports)
- HR and/or Learning & Development Department

Following discussions, the general consensus was that it should be a 'combined effort' and that all three stakeholders have a major role to play in ensuring the successful implementation of the PDP in Company X (Neely et al., 2001).

Some of the key roles and responsibilities of each stakeholder as perceived by both line manager and employees are highlighted below:

Role of the Line Manager

- To cascade down the business plan
- Make sure work is done and business objectives are met
- Listen to employee needs
- Make sure employees know where they fit in the overall picture
- Manage employee expectations
- Organise performance review meetings – in conjunction with the employee and in line with HR policy
- Act as a coach to enable employees to meet their development needs
- Provide constructive and timely feedback

Role of the Employee

- Actively attempt to understand the business strategy and how it links to their own individual PDP
- Take ownership and accountability of their own PDP and performance
- Dedicate time to setting objectives and filling in the PDP review form
- Schedule PDP meeting(s) with their Manager

HR/Learning & Development Department

- Provide support and training refreshers to both line managers and their employees
- Ensure that all staff are in tune with the process
- Facilitate and coach managers to have meaningful conversations as part of the PDP process
- Encourage a coaching environment
- Encourage constructive and timely feedback
- Provide support tools to facilitate effective implementation of the PDP

5.5.3 Managing Performance through meaningful communication, conversation and constructive feedback

In order to ensure effective implementation of the PDP, managers discussed the need for clear and honest communication channels through the provision of meaningful conversations and constructive feedback to their employees (Armstrong, 2006).

*'I meet with them 'individually every 2 weeks to discuss their work in progress, any issues they are having, and often give them feedback in this forum' (*M5).

M1 and M2 indicated that they *'meet with them (employees) on an ad-hoc basis when required'* and they perceive that this *'works well.'*

At the employee focus group session, however, while some employees appeared satisfied with the level of communication, the general consensus was that *'due to time pressures, capacity to have conversations around performance was sometimes limited'* (E1, E2, E3, E6) while other employee's commented that *'more feedback on performance would be appreciated'* (E4, E5).

Following discussions with both stakeholder groups, it would appear that there is a desire for more feedback and conversations around performance as outlined in Table 5.2.

'More feedback would be useful but it has to be well constructed and managed'
'Possibility for open feedback in both directions?'
'Feedback needs to be implemented by all managers to the same standard/process'
'There should be a much more significant emphasis on performance feedback'
'Would like more constructive feedback on my work'

Table 5.2 *Employee perceptions on feedback in Company X*
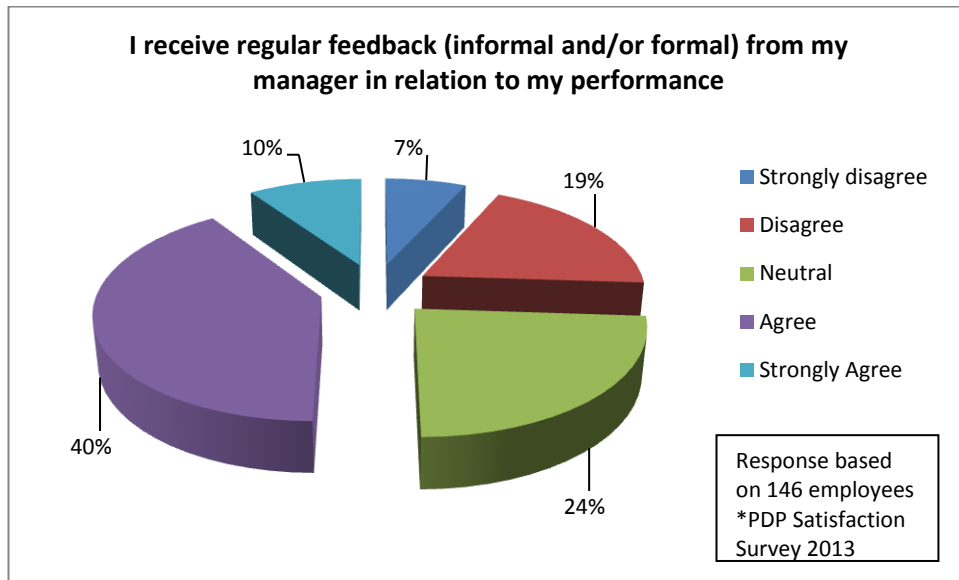
Figure 5.3: *'I receive regular feedback from my manager (informal and/or formal) in relation to my performance'*

Source: PDP Satisfaction Survey, 2013, Company X

It would appear that feedback both formal and informal is taking place in certain areas, almost 50% (40% agree, 10% strongly agree), as illustrated in figure 5.3. It is apparent, also that feedback and conversations are not happening in other areas, indicated by the remaining 50% (24% neutral, 19% disagree and 7% strong disagree). Based on the discussions with both managers and employees, it is perceived that there is certainly an appetite for more conversation on an employee level and it would appear that most managers, where possible are willing to provide feedback on performance. While it appears that some managers have reservations around having difficult performance conversations, others understand the importance of communicating and conversing with their team on a regular basis. It is perceived that some managers may initially be reluctant or feel uncomfortable having difficult conversations and providing feedback so therefore may require additional support and coaching from HR (Wilson, 2014; Armstrong, 2006).

It is acknowledged that engagement with the PDP process may be improved if managers and HR approach the process in a more pro-active way where they are viewed as 'coaches' or 'mentors' rather than being ' purely prescriptive' in nature (E1-E6). This is a theme that will be explored in further detail in Chapter 6.

Proposition 3

5.6 Evaluate the perceived effectiveness of the implementation dimension of the current PDP and highlight areas for improvement.

Q6: What aspects of the current process are working well for you and your team?

Q7: What aspects of the current process do you think require improvement?

Q8: In your opinion, why do you think some people are engaging and others aren't? From your experience, how can engagement levels be improved?

Findings: Manager Perceptions

5.6.1 Need to identify development opportunities within current role

The perception of some managers is that, when employees are filling out their PDP review form *'they tend to only consider attendance at a training course, further education etc.'* (M4). However, other managers noted that employees should be encouraged from the outset *'to look outside the box more'* (M5) and try to identify areas for *'on-the-job'* development and learning within their current role.

M1 suggested, *'For instance, if they [employee] identify opportunities to take on new pieces of work or potentially help out with upcoming or existing projects….that's development.'* However, it was noted that employee's sometimes don't identify these development opportunities and therefore valuable learning opportunities can sometimes be missed.

All participant managers unanimously expressed the desire and requirement to tap into this internal 'on-the-job' learning resource more as it is seen as a *'win-win'* (M1) in terms of both achieving business objectives and realising an individual's development needs. In addition, it was noted, that due to the nature of the current climate within the public sector with regard to limited resources, from both a time and budget perspective, *'attending training courses may not always be an option'* (M5) or a *'course may not be available'* (M4) so therefore other avenues and opportunities for development may need to be explored. This realisation was acknowledged and appreciated by all managers at the focus group session.

5.6.2 Establishment of a shared-learning culture

Notably, the requirement for the establishment of a shared-learning culture was mentioned at the employee focus group session whereby there is an express need *'to set aside time to*

reflect on and discuss issues that may have arisen in the section…even once a month' (E4) and to *'learn from our colleagues experiences more…'* (E1). While, it was acknowledged that a shared learning culture does, *'somewhat'* (E4), exist in Company X, it was identified that this may potentially need to be re-nurtured and further encouraged so that it eventually becomes engrained in the overall company culture.

Reference to the '70.20.10 learning framework' (Lombardo & Eichinger, 1996) was made at this point whereby 70% of learning comes from work experience, on the job; 20% of learning relates to feedback and relationships i.e. performance discussion, mentoring & coaching; and 10% relates to attendance at training course i.e. conferences, e-learning etc. Managers highlighted that a shared learning culture would be *'particularly relevant in technical areas'* (M1) where the extent of *'knowledge and expertise'* across the department(s) is *'so broad'* and *'constantly changing'* due to *'new regulations, legislation and products in the Irish market.'* (M5).

Figure 5.4: '**70:20:10 Learning framework' (Lombardo & Eichinger, 1996)**

5.7 Conclusion

In summary, in Chapter 5 the researcher examined the propositions previously outlined and evaluated the themes that emerged from the focus group discussions. The themes that emerged are based on line manager's perceptions and experiences of the 'implementation-dimension' of the PDP in Company X. While the focus of this study is on manager's perceptions, this evaluation is also informed by employee experiences of the PDP process which is intended to give a more holistic sense of the performance management process in Company X.

The themes identified are outlined below:

- Performance Management as a Strategic Tool for effective Performance Development Planning:
  - Current Business planning cycle 'not ideal' - Need to drive accountability from the top-down
  - Employee 'fit' in Business Planning process and its link to the their PDP
  - Strategic Business needs v Individual Development needs
- Performance Management Systems – Key Elements & Stakeholders?
  - Key Components of Performance Management – Setting Objectives and KPI's
  - Key Stakeholders and their Responsibilities in the PDP process
  - Managing Performance through meaningful communication, conversation and constructive feedback

- Evaluate the perceived effectiveness of the implementation-dimension of the current PDP and highlight areas for improvement.
  - Need to identify development opportunities within current role
  - Establishment of a shared-learning culture

Chapter 6: Recommendations & Conclusions

Following an analysis and consideration of the topics discussed in the focus group sessions this section will provide a number of recommendations which are intended to improve the 'implementation-dimension' of the PDP across the organisation. A number of recommendations will also be outlined which will address managers perceptions of the issues and provide guidance on how managers can achieve a more strategic focus when managing and engaging their employees in the PDP.

In the focus group sessions managers perceived that there was a gap in the implementation of the PDP model as examined using Gratton & Truss's (2003) 'Three-dimensional People Strategy.' Managers perceived that this 'action-gap' is present in certain areas and that it is an issue that underlies the culture of the organisation and needs to be addressed. Some of the observations and recommendations are outlined below.

6.1 Recommendation 1: Establish a 'performance management culture' within Company X

'Establish a performance management culture within the organisation that will embrace performance management and advocate the potential benefits for employees and their managers.'

Nurturing the right organisational culture is critical to improving the effectiveness of performance management as it provides the backdrop for all HR and organisational processes (Armstrong, 2006).

This will involve:

- Creating a culture which promotes learning and development and continuous performance improvement.
- Cultivating a working environment in which performance can be discussed openly and honestly in order to improve decision-making.
- Both management and HR must advocate a performance management culture and promote and encourage active participation in the PDP across the organisation.
- Actively educate staff on the benefits of an effective performance management system and outline its significance in achieving their current and future development and training needs.

It was observed in the focus groups that many of the obstacles to implementation are due to the culture and mind-set embedded within the organisation. While many of the participant managers are open to engaging their staff with the PDP they perceive that some employees *'are sceptical of the benefits'* and perceive it as a *'tick-box and extremely time-consuming process.'* In order to address these perceptions, it is acknowledged that a transition to a wide spread performance management culture will take time (Marr; 2009; Armstrong, 2005).

6.2 Recommendation 2: Establish learning-networks and a culture of shared-learning

Design an open forum for managers to exchange tips, knowledge and experiences about how to effectively manage employee performance and identify what works well and what doesn't for managers across the organisation.

Managers identified this need as they perceived that some managers may be more experienced than others when it comes to managing employee performance and might be able to enlighten or mentor 'new managers' who are new to the process. One manager summarised this as *'sometimes you just want to hear how other managers approach planning the PDP for their team'* or *'exchange tips on how to approach setting objectives'*.

The discussion indicated that this is already happening to a degree in some areas but more structured opportunity for example monthly lunches or meetings for managers to share experience(s) around people management activities particularly with regards to performance management and the PDP needs to be encouraged and facilitated by HR.

6.3 Recommendation 3: Development of centralised learning hubs

Managers to encourage and nurture a culture of shared learning within their team and inter-departmentally through the development of a centralised technical knowledge hub. It is apparent that there is an explicit requirement for time to be allocated to allow employees to share their learning with their colleagues – this can be delivered in either a training or focus group setting or through on-the-job learning.

Note: This outlet would be particularly relevant for scientific technical staff.

As an acknowledgement of the wide expanse of knowledge and expertise within the organisation a number of participants at both the employee and manager groups highlighted the need for the development of an internal technical knowledge hub whereby employees in technical/scientific areas can share experiences and learning with their

colleagues. A number of training and forum sessions have already been accommodated internally and both managers and employees expressed the desire to expand this resource.

6.4 Recommendation 4: Developing a coaching culture – The Manager undertaking the role of a 'Coach' or 'Mentor'

A coaching culture should be established whereby managers are provided with a framework to effectively 'coach' and 'mentor' employees to identify their objectives and realise their goals. This recommendation comes as the PDP process is perceived as being 'prescriptive' rather than supportive in nature.

'Coaching is a personal (usually one-to-one) on-the-job approach to helping people develop their skills and levels of competence' (Armstrong, p.148).

Managers perceive that support in establishing a coaching environment would be welcome and would provide a platform for having constructive and focused conversations with employees. Both employees and managers indicated the appetite to have more performance focused conversations (Wilson, 2014; Brockbank & McGill, 2006). This element of the PDP appeared to be valued by all participants in the focus group.

To strategically manage employee performance, managers are encouraged to look for coaching opportunities on a day-to-day basis. Every time a new task or piece of work is delegated this provides an opportunity for managers to help the individual to learn new skills and develop competencies to improve their work performance. The opportunity to provide constructive feedback is also a valuable feature of a coaching environment (Wilson, 2014).

6.4.1 The GROW Coaching Model

The GROW Model is the 'most prevalent' coaching model used in organisations and provides a framework for a coaching session or conversation between a manager and their employees (Wilson, 2014, p. 150-154).

Following the focus group conversations with managers, it emerged that some managers find it difficult to guide employees towards setting and achieving performance objectives so therefore it is acknowledged that a coaching model would be useful for managers. The GROW model is a flexible framework and would be adaptable to Company X and is illustrated as follows:

Figure 6.1: The GROW Coaching Model (Wilson, 2014, p. 149).

GOAL – Identifies what an individual wants to achieve and puts them on the path to achieving it. It focuses on the solution rather than the problem. The coachee (i.e. the individual being coached) must identify the key objectives for that period and identify how that achievement will be recognised.

Some 'Goal' Questions are:

- What do you want?
- Over what time-frame?
- How will the achievement be recognised?

REALITY – This stage explores the coachee's current reality and provides an opportunity for self-assessment and critical reflection. It identifies strengths and gaps. It clarifies the learning to date and provides an opportunity for constructive feedback.

Some 'Reality' Questions are:

- What is happening at the moment?
- What are you doing that's working towards your goal?
- What are you doing that's getting in the way of your goal?

OPTIONS – Coachee's move towards the options stage as their reality becomes clearer. This makes it easier to identify what's needed for development and brainstorm the options and suggestions available.

Some 'Options' Questions are:

- What are your options?
- What could you do?
- What might someone else do in your shoes?

WILL – This stage is about selecting actions which the coachee can undertake. The actions must be SMART and clarify the necessary first steps and identify a strategy for follow-up on progress.

Some 'Will' questions are:

- What will you do about that?
- How will you do that?
- What could you do to become more committed?

(Adapted from Wilson, 2014, p. 149-154)

It would be envisaged that an adaptation of Coaching Culture in Company X would:

- Provide a focused and strategic framework for managers to have constructive and valuable conversations with their employees.
- Allow for controlled delegation and ensures that individuals know what's expected of them from the outset and what they need to do to meet their performance objectives
- Provides opportunities to promote learning and development through constructive feedback and regular coaching conversations. (Wilson, 2014)

6.5 Recommendation 5: Non-Financial Rewards in Performance Management - Perceived lack of incentives to engage in the PDP

Managers and HR should actively create an awareness of the non-financial rewards available to employees in Company X and promote the strategic benefits and development opportunities associated with the PDP.

Managers acknowledged that they find it difficult to incentivise employees to engage in the PDP process. One manager noted that *'if someone performs well, yes you give them recognition…but there is very little else you can give except praise'* (M4).

Non-financial incentives that should be promoted include:

- Recognition of achievements through feedback

- Opportunities and scope to develop skills within current role
- Job enhancement and engagement
- Potential for career development and advancement if the opportunity arises (Armstrong, 2006; Armstrong & Baron, 2005).

As previously outlined in Chapter 1, the PDP focuses on 'Development' and does not incorporate financial incentives or link performance to pay. The PDP is about developing people and rewarding them in the broadest sense i.e. through personal and professional development.

6.6 Conclusions

The overarching message from this research study is that line managers must be convinced of the value-add of Performance Management and understand that while HR exists as a support mechanism, line managers should own and drive the process within their own sections and teams (Armstrong, 2006).

In this exploratory study, an implementation gap was identified in the execution of the PDP process in Company X, however, following an examination of manager's perceptions and experiences of the process it has become apparent that there are a number of mechanisms which both line managers and HR can utilise in order to ensure the successful implementation of the PMS as per Gratton & Truss's (2003) 'Three Dimensional People Strategy.'

Some of the approaches that encourage management commitment and buy-in include:

Provide leadership from the top – As previously outlined, in order for Performance Management to become an integral part of any organisation it needs to be communicated from top management and then cascaded down to line managers and finally employees. Unless this happens, the PMS will merely be a hypothetical process as the implementation piece is subject to it becoming an integrated process that can be used as an effective people performance management tool (Gratton & Truss, 2003).

Communicate – A clear message that managing performance is what managers are expected to do as part of their role should be communicated. A mutual understanding that managers drive the performance management process and that the role of HR is to act in a supporting role should be acknowledged and communicated (Armstrong, 2006).

Keep it simple – Willing participation is more likely to be realised if managers do not see it as a 'bureaucratic chore'. It should be emphasised that performance management is not a form filling exercise and that the most important thing is the conversation between

managers and individuals which should continue throughout the year and should not just be an annual event at the appraisal meeting (Armstrong, 2006).

Reduce the pressure – Line managers can feel pressurised and exposed by annual performance management appraisals. Rather, it should be regarded as good management practice, which involves recognising good performance in a timely manner as it happens, dealing with performance issues as they arise and revising roles and objectives as and when required. The annual review should be viewed more as 'a stock taking exercise', where there are no surprises (Armstrong, 2006). Therefore, instead of focusing on past mistakes it should become a more forward-looking exercise where people can focus on areas for improvement and identify 'where do we go from here?' (Kaplan, 2000)

Involve – Line managers should be consulted in all elements of the design and development of performance management either through being a member of a project team or by taking part in pilot studies. This could be extended by the use of focus groups and general surveys intended to review the opinions and reactions of managers on the perceived effectiveness of the PMS. Commitment can also be enhanced by getting line managers to act as coaches and mentors to individuals, either employees or fellow managers who may be struggling or who are unsure of the process. The key message to be communicated is that the more performance management is owned by line managers the better the outcome and results (Armstrong, 2006; Purcell and Hutchinson, 2007).

Encourage – Line managers can be encouraged to believe in performance management through 'communities of practice' – gatherings of managers during which information is exchanged on good practice. They are more likely to take notice of their peers than someone from HR. However, HR must still play a role in supporting and encouraging managers to participate and engage with the performance management process (Armstrong, 2006).

6.7 Limitations of Research

This research consisted of an exploratory study in a specific non-commercial state body in Ireland. While some of the findings may be adaptable to other state bodies, it is apparent that some of the contextual findings may only be applicable to the PMS in Company X. In addition, the researcher acknowledges that while a qualitative research approach was appropriate for this study, the limited scope and sample chosen is only representative to a point. Ideally, the researcher would have liked to expand the scope of the research sample however due to limitations both in terms of time and access levels, a more in depth review was not possible in this instance. A recommendation for future study within the

organisation could incorporate more senior management and directors who may have additional in depth knowledge or insights into the implementation of HR policies such as Performance Management which could have enlightened the findings of the study further. The researcher also acknowledges that due to the subjective nature of Performance Management, there may be a consequential risk of participant bias. In addition, as the researcher is an employee of the organisation being studied, the findings, while not intentional may be subject to researcher bias.

In order to minimise some of the limitations outlined the researcher put a number of provisions in place. In order to ensure reliability and validity of data and to mitigate researcher bias the focus group transcripts and themes were reviewed and verified by the participants in the study before they were analysed. The researcher also ensured to protect the anonymity and confidentiality of participants by allocating participant letters and numbers at the point of transcription i.e. M1, M2 or E1, E2. Finally, due to the high profile nature of the organisation under study, it was extremely important for the researcher to maintain the anonymity and confidentiality of the organisation by referring to it as Company X throughout the study.

6.8 Recommendations for Further Research

Following a comprehensive review of the literature, it is apparent that more research would be beneficial in the area of non-financial reward in performance management systems with a particular focus on its link to both manager and employee interactions and engagement with a Performance Management process. In the context of the current economic landscape, non-financial reward mechanisms need to be used in order to maintain momentum and ensure effectiveness of Performance Management Systems within non-commercial state agencies or public sector bodies such as Company X. During this research managers expressed the need to be able to drive performance, but also to reward/recognise excellent performance in some way using non-financial measures. The general consensus is that the options for non-financial reward are limited and that new mechanisms or strategies may need to be explored to revitalise and renew their perceived effectiveness

Chapter 7: Reference List

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Chapter 8: Appendices

8.1 Overview of Research Participants & Reporting Relationships

Manager Profiles

Participant	Gender	Tenure in Organisation	Technical/ Non-Technical	Direct Reports
M1	Female	7 years, 7 months	Technical	E1, E2, E3 & M2
M2	Female	14 years, 1 month	Technical	E2 & E4
M3	Female	7 years, 10 months	Non-technical	E5
M4	Male	5 years	Non-technical	E6
M5	Female	26 years, 1 month	Non-technical	E5, E6 & M3, M4

Employee Profiles

Participant	Gender	Tenure in Organisation	Technical/ Non-Technical	Direct Manager
E1	Female	6 years, 10 months	Technical	M1
E2	Female	1 year, 10 months	Technical	M2
E3	Male	5 years, 10 months	Technical	M1
E4	Female	8 years, 6 months	Technical	M2
E5	Female	2 years, 9 months	Non-technical	M3 & M5
E6	Female	1 years, 2 months	Non-technical	M4 & M5

Gender distribution for Managers & employees in Company X:

Approximately 75% of employees in Company X are female and 25% are male. Out of 10 participants 2 were male (20%), therefore the sample selected, though limited, is considered to be representative of the demographic in the organisation.

Tenure:

The sample used in this study consisted of a variety of different service lengths ranging from a relatively recent joiner; 1 year and 10 months service, to a long-standing employee; 26 years 1 month service. Given the limited sample, the tenure of the participants is considered to be representative of the demographic of the organisation.

Technical & Non-Technical

For the purposes of this study:

Technical – Refers to scientific staff

Non-Technical – Refers to corporate affairs and support staff

8.2 Qualitative Research Consent Form

Letter of authorisation to participate in Focus Group Session

Dear participant,

As part of my MA Human Resource Management dissertation, I am conducting research on the Performance Management System currently in place in Company X, namely the Performance Development Programme (PDP). This research will involve holding parallel focus group sessions with both management and employees who are participating in the PDP Pilot.

These sessions are intended to gauge an understanding of how the current process is working for managers and their direct reports and to explore whether the PDP in its current format is being effectively implemented. It will also be an opportunity for participants to provide feedback on their experiences of the current process and to provide recommendations and possible suggestions to facilitate the continuous improvement of the PDP.

The focus group sessions are being facilitated in conjunction with the PDP Pilot. The session will be 1-1 ½ hours in duration and will be recorded and subsequently transcribed. This is for research analysis purposes only. All data collected will be destroyed once the final dissertation is submitted. The data obtained will be strictly confidential and will only be made available to the researcher and the Learning and Development Department. Copies of the transcripts and final research project will be made available to all research participants, should you wish, upon submission.

I would greatly appreciate if you could confirm your willingness to participate in this session by signing the below and returning to me in advance of the session.

If following receipt of this letter you no longer wish to participate in the focus group session please let me know as soon as possible.

If you have any questions with regards to my research, please do not hesitate to contact me directly on ext. 3463.

With thanks and kind regards,

Sarah Kenny

Human Resources Department

****

I AGREE TO PARTICIPATE IN THIS RESEARCH FOR THE PURPOSES OF COMPLETION OF MA DISSERTATION

Name of Participant: _____

Signature of Participant: _____

Date: _____

8.3 Manager Focus Group Session Framework

Opening:

As part of the PDP Review, we have decided it would be beneficial to link in with some Line Manager's to get their thoughts on how the current process is working for them and to assess their views and opinions on how they feel the process could be improved.

Theme 1

Performance Management as a Strategic Tool for effective Performance Development Planning:

Context: The PDP process is linked to Company X's overall strategic business plan. The organisational objectives as identified by the Management Committee are then cascaded down into the various department business plans.

Q1: What do you consider to be the main objectives, tasks and key performance indicators (KPIs) for your section and do you think these are filtered down effectively through the Performance Development Plan for your department/section?

Context: The current PDP process is one of the systems used to ensure awareness of the Company X's strategic focus for the year in addition to capturing individual training and development needs. On a departmental basis the objective is that, through the PDP, everyone has an awareness of their own department/section business plan and the required objectives, tasks and Key Performance Indicators (KPIs) for that year. In turn this impacts the activities for the department which are cascaded into each individual annual Performance Development Plan.

Q2: In your experience, do you think this approach is adapted effectively in your department and do you find it a useful tool when planning for the development needs of your direct reports?

Theme 2:

Performance Management Systems – Key Elements & Stakeholders?

Q3: As a people manager what do you consider to be the key elements of an effective Performance Management System (PMS)?

Q4: In your opinion, who are the key stakeholders in the Performance Management process and what are the responsibilities of each in order to ensure effective implementation of the PDP?

- Manager
- Employee (Direct Reports)
- HR and/or Learning & Development

Q5: As a people manager how do you engage your direct reports currently? Do you think this is working effectively?

Theme 3:

Evaluate the perceived effectiveness of the implementation dimension of the current PDP and highlight areas for improvement.

Q6: What aspects of the current process are working well for you and your team?

Q7: What aspects of the current process do you think require improvement?

Q8: In your opinion, why do you think some people are engaging and others aren't? From your experience, how can engagement levels be improved?

Any additional comments…

8.4 Employee Focus Group Session Framework

Opening:

As part of the PDP Review, we have decided it would be beneficial to link in with Manager's direct reports to gauge an understanding as to how the current process is working for them and to assess their views and opinions on how the PDP process is meeting their development needs for their current role?

Theme 1

Performance Management as a Strategic Tool for effective Performance Development Planning:

Context: The PDP process is linked to Company X's overall strategic business plan. The organisational objectives as identified by the Management Committee are then cascaded down into the various department business plans.

Q1: With regard to the main objectives, tasks and key performance indicators (KPIs) for your section, do you think these are filtered down effectively through the Performance Development Plan for your department/section?

Context: The current PDP process is one of the systems used to ensure awareness of Company X's strategic focus for the year in addition to capturing individual training and development needs. On a departmental basis the objective is that, through the PDP, everyone has an awareness of their own department/section business plan and the required objectives, tasks and Key Performance Indicators (KPIs) for that year. In turn this impacts the activities for the department which are cascaded into each individual annual Performance Development Plan.

Q2: In your experience, do you think this approach is adapted effectively in your department and do you find it a useful tool when identifying your own development needs?

Q3: Tell me about your current Performance Development Programme. Do you have regular meetings with your manager i.e. quarterly, annual meetings about your PDP? If so, who initiates these meetings?

Theme 2:

Performance Management Systems – Key Elements & Stakeholders?

Q4: As an employee what do you consider to be the key elements of an effective Performance Management System (PMS)?

Q5: In your opinion, who are the key stakeholders in the Performance Management process and what are the responsibilities of each in order to ensure effective implementation of the PDP?

- Manager
- Employee
- HR and/or Learning & Development

Q6: Do you think the current process is meeting your development needs within your current role?

- o If no, why not and what do you perceive needs to change to make your PDP more effective?
- o If yes, what processes do you and your manager have in place to ensure effective engagement and implementation of your PDP?

Theme 3:

Analysis of the Current Process & Recommendations for Improvement

Q7: What aspects of the current process are working well for you?

Q8: What aspects of the current process do you think require improvement?

Q9: In your opinion, why do you think some people are engaging and others aren't? From your perspective, what can be done to improve employee engagement with the process?

Any additional comments…