Performance Management – A Rhetoric or Reality Process?

By Lindsay Smith

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DECLARATION

I hereby certify that this material, which I now submit for assessment of the programme of study leading to the award of Honours Degree in Human Resource Management is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

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A special thanks to the girls in my class, Vanessa and Emma, who I know I hounded at times but without you this, would not have been possible! Thanks for the guidance and words of wisdom.

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Yippee, I did it☺!

TABLE OF CONTENTS

CHAPTER 1 - INTRODUCTION

The topic chosen to research and analyse for the purpose of this dissertation is the area of performance management. The area of performance management is a very topical issue and is a system that operates in most progressive organisations worldwide.

Performance management can work to improve the overall environment of an organisation. The current volatile economic climate as it stands presently means that effective management of employees within organisations is paramount to achieve strategic goals and success (Krattenmaker, 2009). The purpose of performance management is to contribute to the achievement of high performance by the organisation and its people, (Armstrong and Baron 2005). It aims to make the good better, share understanding, provide support and guidance to people to deliver high performance and achieve their full potential to benefit themselves and the organisation.

Performance management is important because just as expectations of organisations in the market continually increase, especially during the current economic turmoil we are facing, expectations of employees continually increase. Managers and employees need to raise the bar on their performance and contributions so that the organisation can meet its ever-growing business goals and stay ahead of competitors in the market. Hence improve profits and strive to become a market leader.

During the 1990's and 2000's much literature was produced regarding the important emergence of performance management. However, the aim of this project is to determine if

the literature is relevant to organisations in reality or is it merely reams of information with no relevance to organisational life.

This dissertation will examine the use of performance management models within an organisation. The organisation chosen, Hewlett Packard is a large multinational organisation operating in Ireland. This organisation is operating in over 170 countries providing infrastructure and business offerings – from handheld devices to some of the world's most powerful supercomputer installations. Hewlett Packard is in a unique position, being able to offer lifetime careers due to scale, opportunities and emphasis on career development and talent management. Due to the size, complexity and scope of the organisation there has been a huge amount of emphasis on employees. Procedures have been established to ensure that talented people move around and take advantage of opportunities. It's essential a top talent pipeline is maintained internally to fill senior positions, cut costs of recruitment and selection and assist corporate strategy implementation (Harrison, 2009).

For the purpose of this dissertation the focus of the study will be one business within Hewlett Packard Ireland, The Dublin Inkjet Manufacturing Organisation (DIMO), who evaluate and are evaluated under the Hewlett Packard worldwide performance management system

The case study is just an assessment of one particular business within an organisation; therefore any conclusions reached are not generally applicable. Despite this limitation the combination of the literature and the case study will assist in determining if performance management is rhetoric or reality.

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Dissertation Structure

Chapter 2 of this dissertation gives an overview of the organisation that this case study will be based on. It will provide the reader with the organisational context and the performance management system currently in place.

Chapter 3 will review the literature surrounding performance management paying particular attention to the views and theories of well know authors on the subject of performance management. It will also review the factors effecting performance management as well as the unresolved issues.

Chapter 4 will summarise the research methodology used for this dissertation. It will set out the objectives for the research and also outline the methods used. It will also discuss the issues that are expected to arise.

Chapter 5 will share the findings from the research and discuss the interpretation of the findings.

Chapter 6 will show the statistical results. It will also analyse the data received in both the questionnaires and the interviews.

Chapter 7 will introduce the recommendations believed that Hewlett Packard should undertake to improve their performance management system and to ensure the system

capabilities are maximised. These recommendations will be as a result of the research conducted and findings reached.

Finally, Chapter 8 will bring this dissertation to a close and host the conclusion. It will pull together information presented in the earlier chapters to come to a final conclusion of the research study.

CHAPTER 2 - COMPANY OVERVIEW

Hewlett Packard is a worldwide company and currently employees over 115,000. In Ireland the main company site is situated in Leixlip, Co Kildare, and holds four key businesses, the Technical Services Group (TSG), HP Financial Services Group, the Sales & Services Group and the Dublin Inkjet Manufacturing Organisation (DIMO).

For the purpose of this project, the research will be restricted to one of the four main businesses, DIMO. DIMO employs just over 1,200 permanent employees. In the past the main focus that DIMO was concerned with was the design, development and manufacture of ink-jet cartridges, however, like all organisations Hewlett Packard is continuously transforming and developing. Recently the organisation's focus changed and transformed from a purely manufacturing organisation to a more research and development directed organisation. This change was due to pressures mainly from the external environment including competition from lower cost EU countries. The main strategy now in DIMO is to develop products that capture the marketplace. This places a larger focus on performance management and the necessity of building a high performing society within the organisation.

DIMO went about implementing this plan by aligning the HR strategy to the business strategy, by engaging employees and by investing in high performance work practices. A major redevelopment and up-skilling programme to re-train and develop employees was launched in 2005 so that the business could make the transformation to a total business asset leading Hewlett Packard's research and development plans in Ireland. This change meant that

all employees would be expected to raise their performance. Employees who failed to improve performance would not be rewarded with the company bonus scheme. If their performance continued to disimprove, then more rigid performance management practices would be set in place, eventually resulting in the non-performer being managed out of the business. While this method may be seen as harsh the view is that this approach has secured the future of the DIMO business in Ireland.

Managers within Hewlett Packard are asked to provide employees with challenges to allow them grow into high performing teams and, additionally the managers are expected to recognise outstanding performance.

Like all organisations within Hewlett Packard the performance bar is continually being raised and all employees are expected to improve their performance to deliver better business results. Hewlett Packard claims their performance management process supports continual improvement and development. However, as an employee, the author is not fully convinced of this and, therefore, this is a concept the author would like to investigate and explore further.

Hewlett Packard's people strategy aspires to bond the business strategy and company values to permit them to drive a high performance culture and deliver business results that let them optimise the return on the investment made. The strategies ensure Hewlett Packard has a diverse workforce with the right skills, who are in the right places, at the right time and most importantly at the right cost to drive results (growth, profitability and productivity). As a result of this the bar will continue to rise and employees will need to continue to reach and exceed expectations.

Company Performance Management System

Hewlett Packard believes that its performance management framework operates on the basis that Hewlett Packard has

"The best leaders creating the world's leading information technology company by driving a high performance culture".

However, it is believed that this is more of an ambition than a goal they have reached.

Hewlett Packard states that performance management is key in building a high performing culture. The aim of the performance management system is to drive improvements and increase employee performance. Like any culture, a high-performing culture is not a destination or achievement but rather the collective values and beliefs held by a group of people. Some of the values and beliefs of Hewlett Packard's high-performance culture are:

➤ We meet our business objectives, and we do it with energy and integrity

➤ We are proud to work here – we have the best talent on the planet

➤ We are market leaders; what we do here creates a market advantage for Hewlett Packard.

Hewlett Packard try to continually raise the bar in all that they do – what was great last year might only be good this year because they've learned and done more since then. They manage

talent deliberately, making thoughtful talent-related decisions for employees at all levels and in all performance levels

Corporate and management believe high performance is achieved by linking individual objectives to the organisational strategy, as can be seen in Hewlett Packard's Performance Management Cycle below:

HP Performance Management Cycle

HP Strategy, Values and Behaviors

- Differentiate performance using data
- Look back – differentiate
  - Performance against goals
  - Use VPB bonus and salary

4 Reward & Recognize Performance

Goal Setting & Planning 1

- Set challenging and actionable goals
- Align goals to HP Operating Model
- Active Focus on 5-8 goals
- Create Clarity

3 Assess Performance

- Assess performance against goals
- Gather Performance Feedback
- Complete Annual focal point review

Monitoring & Feedback 2

- Provide ongoing feedback
- Ensure regular check-ins (two-way dialogue)
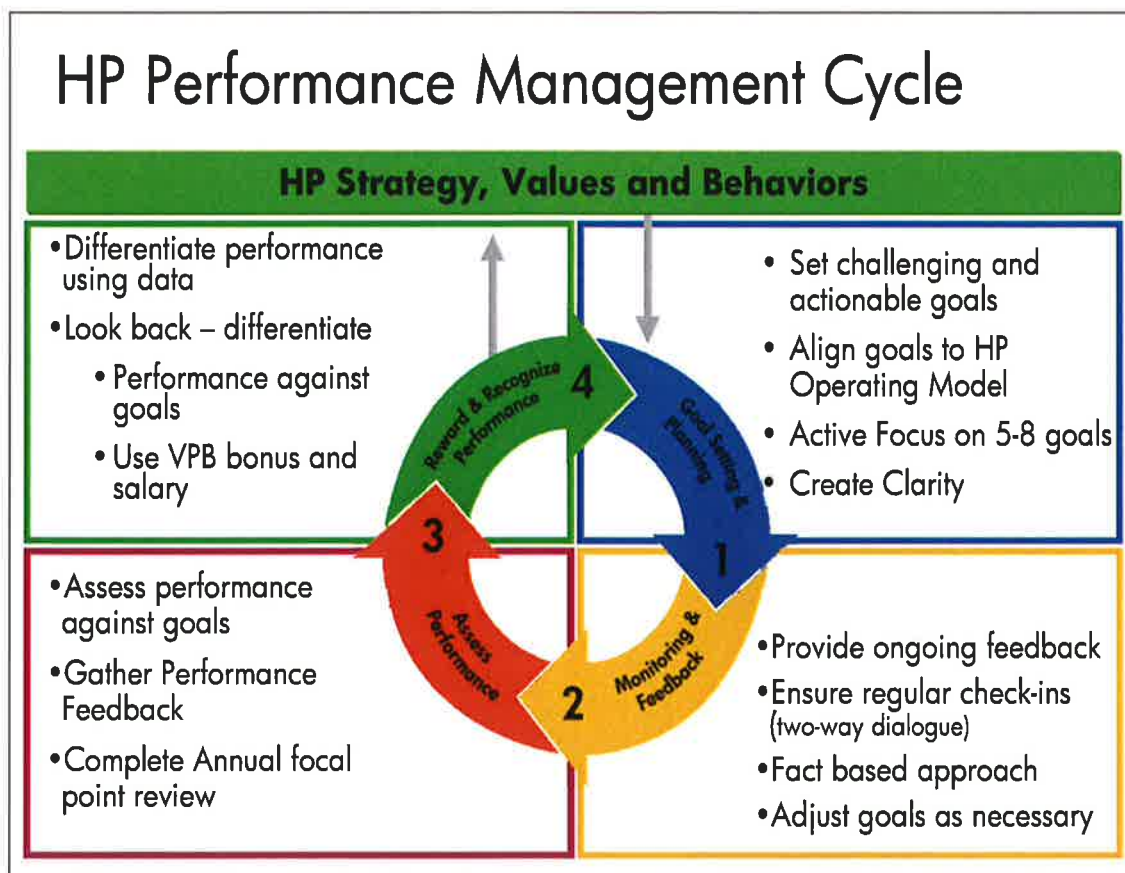- Fact based approach
- Adjust goals as necessary

Figure 2.1.1. (Source HP intranet 2010)

Hewlett Packard's performance management cycle includes four main sections:

1. Objectives are set by corporate and cascade down from the company strategy. Challenging goals are set and are brought into line with the operating model. There is a main focus usually put on five main goals. Managers create expectations with employees through initiating the metrics for recording and measuring the progress to gain an overview of how success will look.

2. Throughout the year managers need to provide ongoing monitoring, coaching and feedback to each employee. If necessary, the actions and goals should be amended to reflect performance.

3. Managers must assess each individual's performance against the set goals or objectives. Performance feedback can be requested from customers, peers and direct reports. A mid-year and annual review needs to be completed.

4. Within Hewlett Packard each individual's reward is decided as a result of their performance in relation to the goals and objectives set for them.

This overall process entails rotating, promoting and providing detailed assignments to help develop the employee.

In Hewlett Packard agreed objectives are used to measure and determine excellent performance. Each year the expectation is raised and is brought in line with both the company

expectations and also external environment expectations such as a competitor. Managers are required to identify and manage low performers and employees are expected to raise their performance to the best of their ability.

Each year an annual final review process takes place where managers formally measure the employee performance for the previous year. The final review is a key part of Hewlett Packard's ongoing performance management framework and occurs between October and December each year. It gives managers the opportunity to differentiate and recognise employee's accomplishments and provide guidance to employees to help elevate their performance. Differentiating rewards and elevating performance are key success factors to delivering a high performing organisation which can deliver Hewlett Packard's business strategy.

During the final review managers conduct a performance review for all of their employees and assign performance ratings based on their performance and results – reflecting not just what they achieved, but also how they achieved their results. During this review, managers evaluate employee performance for the concluding performance period and set clear, measurable, business- aligned objectives for the next fiscal year.

The manager may also make performance driven recommendations for base pay increases and if applicable, stock awards, Variable Performance Bonus (VPB) and Pay for Results Bonus (PFR). The manager is accountable for the on-going performance management of the employee, including coaching, assessment, and decisions around Total Rewards. Within Hewlett Packard a three point scale system is used to assess performance. Employees are

rated at either level 1, 2 or 3. Level 1 is the top rating an employee can be rewarded and Level 3 would be the lowest rating received by an employee.

Level 1 performance can only be given to a maximum of the top 30% performers and is described as follows:

Level 1 = Performance significantly exceeded objectives and consistently reflected exceptional performance and leadership behaviours.

Level 2 performance would be considered the sector where most employees within Hewlett Packard's sit. It covers 67-74% of employees. A Level 2 performance is defined as follows:

Level 2 = Performance met and often exceeded objectives and consistently reflected strong performance behaviours.

Finally, Level 3 performance is distributed to employees where it is felt improvement is needed in their performance. This rating would be given to approximately 8-12% of employees. Employees who receive this rating are monitored closely by managers and extra effort is put in place to ensure everything possible is done to help improve their performance. The expectation is that they should do everything in their power to ensure they are not rated a Level 3 the following year.

A Level 3 performance can be described as:

> Level 3 = Results did not consistently meet expectations and/or performance behaviours.

As mentioned above, employees are formally assessed and rated once a year, however performance remains high focus throughout the full year. Hewlett Packard in the past would not have been as focused on performance, especially with the identification and management of under-performers. They would have been seen to take a very relaxed approach when it came to poor performers. However since 2002, this has changed dramatically and this is due to the new leadership and direction of Mark Hurd, CEO. Performance is now a huge focus. In fact since 2008 there has been an even bigger stress being placed on managing under performers up or out of the organisation.

CHAPTER 3 - LITERATURE REVIEW

This chapter reviews the literature that surrounds the field of performance management by examining current and past literature. This literature review will also be a relevant backdrop for the secondary research conducted.

This chapter will provide information on the context of performance management. It will provide an historical analysis on the development of performance management and present some views of performance management offered by authors well known on the subject.

Performance management is a means of getting better results from the organisation. There needs to be a shared understanding as well as a framework of agreed goals and standards. Performance management is concerned with the consistent processes of work, management, development and reward. Organisations want to reduce and eliminate poor performers and improve the performance of the entire organisation. Performance management also indentifies the gaps in an employee's performance that will act as a barrier in achieving ones goals.

History of the 'Performance Management' Concept.

The Industrial Revolution in the 18th century saw the beginning of mass production and the introduction of large manufacturing industry. This gradually gave birth to many of the technological advances used today. As a result of this mass production it became necessary for employers to manage the work-force more effectively and efficiently. Henry Fayol and F.W. Taylor developed an approach known as *'scientific management'* as a tool for use by management.

Scientific management focused on making work practices more standard and improving procedures. However, the main aim was to conserve resources. While this process was very successful in the management of most resources, it did not regard employees as resources and therefore, did not take their management into consideration.

In direct contrast to this scientific approach Elton Mayo and Douglas McGregor focussed on human behaviour in the workplace. As a result Mayo and McGregor became known as the *Human Relations Theorists*.

Mayo conducted research into social conditions and their impact on the workforce in the early 20th century. His studies were known as the Hawthorn Studies. This work showed how that working conditions did not significantly influence productivity. Rather, the morale of the workforce had more of an impact. He also showed that as a result of good morale a more pleasant work environment emerges, which was more conducive to increasing work productivity.

McGregor introduced the concept of *Theory X and Theory Y*, which was based on the behaviour of employees. Theory X focuses on the concept of rewards, whereby employees are viewed as basically lazy and only seek responsibility and security when rewards are provided. Theory Y sees employees as gaining satisfaction from work and viewing it as a natural part of life. The combination of both Theory X and Theory Y showed that employees will both accept and seek more responsibility under the right working conditions.

By 1954 Maslow had produced his *Hierarchy of Needs*. This was seen as a significant development in the study of human behaviour and motivation. He believed that all humans had certain needs and that only when one set of needs was satisfied would they begin to focus on additional needs. This led to his development of his pyramid or hierarchy of needs, as seen in figure 3.1.1.

When applied to a working environment, it shows that employees will only move up the hierarchy when the most basic needs, the working conditions, are satisfactory. Employees can progress faster up the hierarchy by the provision of incentives and motivation.
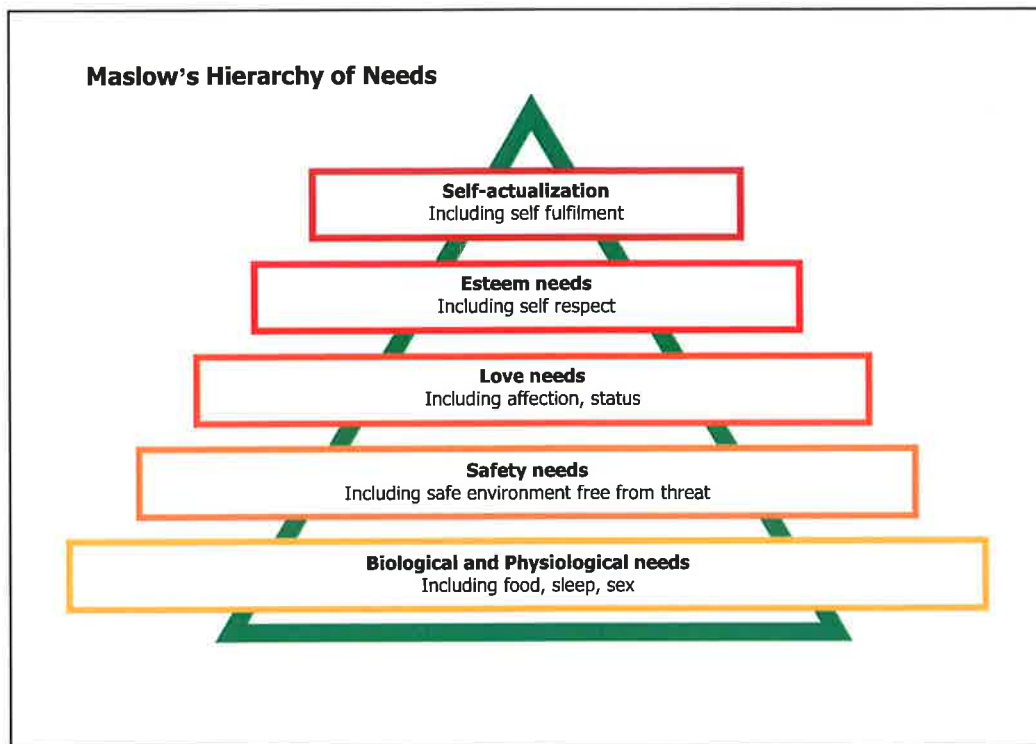
Maslow's Hierarchy of Needs

Self-actualization
Including self fulfilment

Esteem needs
Including self respect

Love needs
Including affection, status

Safety needs
Including safe environment free from threat

Biological and Physiological needs
Including food, sleep, sex

Figure 3.1.1 Maslow's Hierarchy of Needs

There are many theories of motivation, which organisations can adopt in trying to improve performance. As mentioned above early theories include Maslows (1970) Needs Theory, while other theories such as Lockes (1968) Goal Setting Theory can also be effective. These theories will vary in success depending in the values and attitudes of those in the organisation. In order for the performance management model to be successfully implemented the desired behaviours must be identified at the beginning. Finally the consequences will change the possibility of the behaviour occurring again. It is essential for these consequences to be determined at the beginning of the performance management system, as it will help to estimate if goals and objectives will be met.

Also in the 1950's, Drucker developed the concept of *Management by Objectives*. He believed that while motivation was instrumental in improving employee performance, it also required the setting of objectives. An employee's work could then be rated against a scale

which provided a quantifiable basis. The setting of objectives also meant that the employee knew in advance what it would be measured against and therefore would be motivated to achieve.

During the 1960's and 1970's there were many studies around the subject of motivation and expectation or goal setting. For example, Vroom's *Expectancy Theory* in the 1960's, showed that people are motivated by what they can expect to get from their own particular behaviour and presumes people are willingly to maximise their ability. This period is regarded as the inception of the concept of performance management.

Looking back it is now clearer how we have arrived at the modern day management way of thinking. There is not one clear performance management process that will work for all employees. Each person is different and responds differently. Managers need to be aware of this so that they can adopt their methods to still achieve high performance.

Views of Performance Management.

There are many views on performance management that have emerged since the introduction of the term in the late 1970's. There is no single best way of conducting a good performance management process, a number of factors need to be involved and considered. The overriding principle is that good performance management equates with good management.

The term *'performance management'* was first used by Beer and Ruh in an article in the Harvard Business Review in 1976, where they stated that "performance is best developed through practical experiences on the job with guidance and feedback from superiors".

However, Armstrong and Baron have indicated that it was not until the late 1980's that performance management, as a business process, was firmly embedded in most large organisations as a "distinctive approach" to improving performance (Armstrong, 1998).

In 1992 Lockett defined performance management as a continuous process. As such it requires the time, dedication and effort of managers to ensure they maximise the potential and performance of each employee. Therefore, the effectiveness of performance management is based on the effectiveness of the managers (Fletcher, 2004).

Harrison (2000) added that performance management is a 'drive to control'. He believed that targets, or objectives, should be set for employees and that they should be rewarded for the achievement of these objectives.

In 1998 Armstrong and Barron stated that performance management was a "strategic and integrated approach to delivering sustained success to organisations by improving the performance of people who work in them by developing the capabilities of teams and individual contributors". Therefore, not only does it have to be a planned approach, but it has to be aimed at achieving organisational success by combining both individual goals with the goals of the organisation.

During the 1990's and early 2000's, terminology such as 'performance management' and 'performance appraisal' occurred regularly in writings and studies. While the terms have been used synonymously and are inter-linked, they are different and should be classed differently, (Torrington et al, 2008).

'Performance appraisal' is regarded as a limited approach involving managers conducting limited top-down employee reviews and rating their performance at annual meetings, (Taylor, 2008). 'Performance management', however, is considered a more comprehensive, continuous and flexible approach to the management of organisations, teams and individuals (Armstrong and Baron, 2005). It is this wider definition that is of interest in this study.

Performance management is complex and capable of being misunderstood. It assesses employee's strengths while also identifying their limitations. It is, therefore, about establishing a culture in which individual employees, teams and management take responsibility for both the continuous improvement of the business and the skills, behavior and contributions of each employee. It is about sharing expectations and objectives, on an organisation and an employee level. It is about quality and improvement of interrelationships between managers and individual employees, managers and teams, team members and all the different levels of management. It is about the definition and management of expectations, on an employee and organisation level. It is about the measurement of performance.

The process, therefore, creates a shared understanding of what is required to improve both the organisation and the employee's performance. It is achieved by agreeing objectives and expectations, which then form the basis for measurement, review and planning for

performance development. Performance management systems are formalised processes to review employee performance and development. They are centrally designed and require all managers to appraise the performance of their staff, usually annually, (Torrington et al, 2008). Bradley & Perkins (1997) believe that a systematic approach is required to improve individual and team performance in order to achieve the organisation's goals.

It is obvious the importance associated with ensuring that all members of an organisation share a common goal, and that all employees know their delineated role. Fletcher (1993, as cited in Armstrong, 1998) defined performance management as "an approach to creating a shared vision of the purpose and aims of the organisation, helping each employee understand and recognise their part in contributing to them and in doing, manage and enhance the performance of both individuals and the organisation"

Taylor (2009) suggests 'there are two fundamental reasons for developing a good performance system: assessing past performance and improving future performance'. The future performance aspect involves the identification and provision of training needs which would focus on the management of the development of the employee. This training must include an understanding of the performance management system itself.

Handy (1985) names the outcome of performance management process as the 'motivation calculus'. This is believed to be very appropriate as it offers a good insight into the difficulty of the role managers need to undertake when they try to performance manage their employees.

Tim Hastings in People Management Magazine (February, 2000) suggested that in order for performance management to be successful there must be a "shared understanding about what is to be achieved and how it is to be achieved". Hartle (1995) developed a "mix model" approach to performance management. This model suggested that performance management should link in with other management processes such as "business strategy, employee development and total quality management" (Hartle, 1995).

In summary, while there are many definitions and understandings of the concept of performance management, they all agree that the performance of the individual employee impacts on the success of the organisation. This performance can be 'managed' and can be improved upon. It would include employee motivation, review and training development; definition of organisational and individual objectives and the total integration of the process into the culture of the organisation where it can be seen as a continual cyclical process.

Fletcher and Williams (1992) summarised it very effectively when they suggested that effective performance management has four major requirements:

➢ That it is owned and driven by line management

➢ It should apply to all staff

➢ Emphasis should be on shared corporate goals and values

➢ It needs to be tailored specifically within each organisation.

3.3 Types of Performance Management

Bevan and Thompson (1992) and Fletcher and Williams (1992) carried out two extensive studies in the UK on the performance management systems in place within organisations. They found that only 20% of the organisations surveyed had an effective performance management system. They found that while most organisations agreed with the concept and need of such a system, the implementation of the system was the factor that was most cited as the differentiating factor. The organisations remain concerned with improving performance but have not linked performance management with the growth of Strategic Human Resources Management (SHRM).

There are a number of performance management systems which organisations may adopt. These include the 'results oriented measurement' and the 'rating scales'.

Results Oriented Measures

This performance system focuses on the results-orientated performance, as described by Beardwell and Holden (2001). Objectives are set to measure specific results and to the extent these results have been achieved. The consistencies of these results are reasonably high with low measurement error.

<u>Rating Scales</u>

Rating scales involve the use of personal judgement in deciding the rating. This process can be subjective and can lead to accusations of preferential treatment to one employee over another. However despite this, the rating scale system is by far the most commonly used method of performance measurement. It is believed that when training management on the process, all areas of possible contamination and error must be clearly dealt with and clarified. If sufficient training is given and refreshed regularly then the process will work more efficiently and effectively. Over time, managers will also become more skilled in the process.

Whichever performance management system used, the process will only be successful when it contains the involvement and commitment of all management within the organisation, (Armstrong and Baron, 2007 and Torrington and Hall, 1998).

3.4 Performance Management Model

The performance management system has been identified as being a continuous process and can therefore by defined as a cycle and portrayed within a model. Daniels defined the model as a systematic date-orientated approach to managing people at work that relies on positive re-enforcement as the major way of optimising performance, (Daniels, 1989). This indicates that the performance management model uses performance data, to the extent at which targets are achieved or through staff satisfaction surveys and to estimate effectiveness of performance in an organisation. It also highlights the importance of management to provide employees with "positive re-enforcement" in order to improve their performance. Within Hewlett Packard

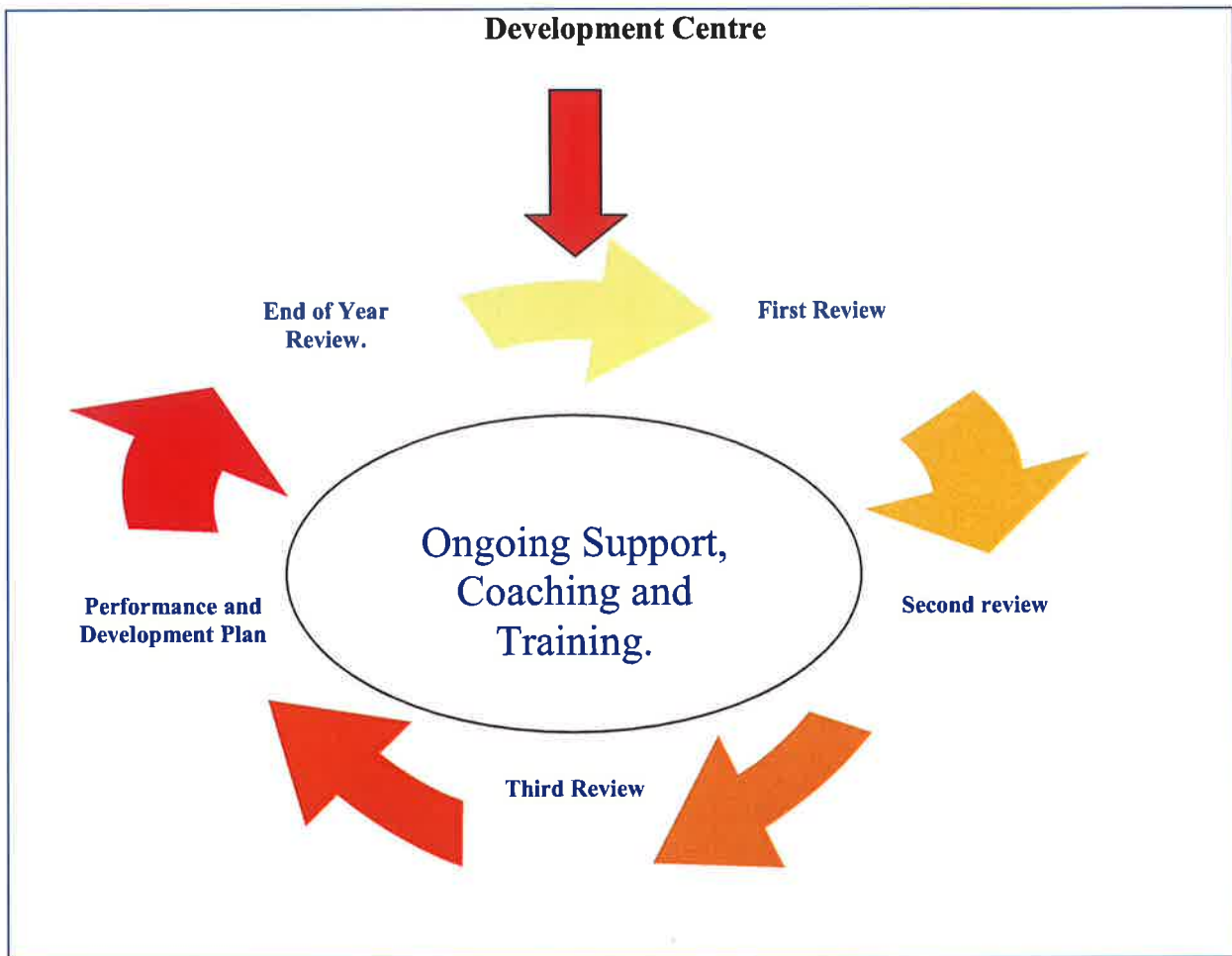performance management approach supports a high performance culture. It is an ongoing, year long activity.

Torrington et al (2002) identifies the typical stages in a performance management model to be as follows:

- ➤ The definition of roles, job descriptions, department objectives and individual objectives and targets.
- ➤ An individual development plan to support target achievement.
- ➤ Assessment must be ongoing, annual and linked to rewards

Throughout this cycle, managers and employees work together to track progress against goals, review feedback, and take action as needed to remove barriers and continually improve performance.

The Bratton and Gold (1999) model has been adopted by many organisations and is very similar to that used at Hewlett Packard and can be seen in figure 3.4.1 below. It highlights the importance of constant mentoring and employee development in achieving an effective performance management system.

Figure 3.1 Bratton and Gold Performance Management Cycle

Development Centre

End of Year Review.

First Review

Performance and Development Plan

Ongoing Support, Coaching and Training.

Second review

Third Review

The *development centre* is similar to an assessment centre as it evaluates (assesses) the skills of each employee. It assesses their strengths and limitations and is done through psychometric testing, meetings with the employees, managers and supervisors and employee self-diagnosis. The process of self-diagnosis allows each employee to identify and aspects of the job that they may be having difficulties with and their developmental needs in relation to their future career aspirations. This all leads to the construction of an individualised performance and development plan. It ensures that all of the individual objectives are in line with the overall

departmental and organisational objectives. It also assists in the development of an overall department and organisational training and development plans.

The model identifies a series of three reviews that take place during the performance management year, prior to the end-of-year review. These reviews would be in the form of an informal meeting between the manager and the employee about their performance. It allows management to provide positive and negative feedback to each employee, which allows the employees an opportunity to improve their performance before their end-of-year review. The end-of-year review is often considered to be the most important part of the performance management cycle. It is a formal meeting where the assessed performance of the employee is presented to them by management. Some organisations encourage the employee to perform a self-review which would then be incorporated into the process. The completed review must be agreed by both employee and management. There must also be a process whereby discrepancies that cannot be resolved between the employee and manager can be escalated and some level of agreed compromise agreed. Feedback to employees should be used to assist in the updating of their performance and development plan, with any new training identified.

The centre of this model highlights the importance of continuous coaching and training throughout the year. The performance management system will not be successful if the managers, who have responsibility for implementing it, are not provided with all of the necessary training and support during the process. Additionally, it is not sufficient to provide the employee with feedback during the reviews; it should be continual and should be solution focused so as to insure the motivation of the employee remains highest.

It has already been shown that motivation must be a significant component of any performance management system. There are many motivational models that organisations can incorporate into their system. Daniels (1989) suggests that the 'ABC Model of Behavioural Change' ensures that employees remain motivated to improving their own performance. The model is composed of three components, 'antecedents', which encourage people to behave a certain way, 'behaviour', which is the result of an antecedent and 'consequences', which are the events that follow certain behaviour.

Management could focus on using antecedents and consequences to change behaviour in order to improve performance. An antecedent could be goals, objectives or standards that an employee strives to accomplish. It could also be the work conditions for an employee. The most effective are often such things as training, development and coaching (Mwita 2000). Consequences could be pay increases, promotion, additional responsibility, demotion or formal censure. However, having antecedents and consequences in place does not guarantee a change in behaviour resulting in improved performance.

There have been extensive debates over whether performance entails behaviour, outputs or indeed both. Campbell (1990) subscribes that "performance is behaviour" However Rogers (1994) believes performance as the outcome of work. Therefore if targets are achieved then this identifies a good performer, but if targets are not achieved then there are gaps in the performance. It is believed that both behaviour and outputs must be considered when studying performance management.

Adopting a model similar to the Bratton and Gold model can assist an organisation in "integrating its performance with its corporate strategies", (Bitici et al, 1997). It can also develop an 'achievement culture' with each employee having clarity regarding both their individual objectives and those of the organisation. A shared vision can be developed which links the both sets of expectations and objectives. This is a very complex task and involves commitment and total involvement of managers.

The Audit Commissioner (1995) in the United Kingdom set out a number of management functions essential for the performance management model to be effective:

> Management must define and set both organisational and individual goals.
> Management must identify the training and development needs of the employees
> Management must assess the results of the models and give feedback to the employees

In summary, the performance management model highlights the importance of linking individual employee objectives with those of the entire organisation, (Flynn, 1999). Motivation and feedback must be continuous and is vital in improving gaps in an employee's performance. Fairness and consistency must be evident for employee acceptance. This must include the identification and addressing of employees who are not performing up to the accepted levels. The process requires transparency and adequate training for both the managers and the employees. The adapted model must be periodically updated in order to keep up to date with both internal and external changes affecting the organisation.

3.5 Performance Appraisal

Previously, it was shown that performance appraisal was a more limited approach to performance management. However, a performance management system would often use appraisals as one of the main tools for managing performance, usually during the end-of-year review.

Within the chosen organisation the performance appraisal is incorporated into the overall performance management system. These systems represent a more holistic view of performance (Torrington et al, 2008). The performance appraisal is also incorporated with performance planning, which helps to ensure there is a link with the employee's objectives and the organisational priorities.

Harrison (2009) suggested that 'appraisals serve various purposes, including the identification of training needs'. The CIPD (2009) suggested that 'talent management achieved through appraisals is critical in identifying what employees needs are now, and in the future'. Performance appraisals, therefore, provide information necessary for the development of both the individual employee and organisation training plan. They can also potentially raise motivation, commitment and morale amongst employees. Broadening the coverage and scope of the appraisal discussion can have particularly positive outcomes (Purcell et al, 2003). However, a misused appraisal process can significantly damage the employees and the organisation.

Appraisal systems, according to Torrington et al (2002), can be used to measure a variety of aspects of performance, such as behaviour and achievement of goals. Their effectiveness again depends on factors such as detailed objectives, clear performance success criteria, transparency and adequate employee and manager training on the process.

According to the 2004 CIPD survey, 31% of respondents had performance related pay as part of their annual end-of-year appraisals. There is some debate about the effectiveness of this direct link between appraisal and pay. The 'defender' view would focus appraisal on learning and development needs with separate performance related pay aspects. The 'prospector' camp would focus on driving employees' performance through pay. Fletcher (2004) argues that the presence of reward in appraisals means that employee's behaviour and attitudes are affected. They are focused on the reward aspects, rather than the developmental aspects of the process, which can cause the process to become less effective. He suggests the creation of two totally separate processes, a performance review, followed by a later reward process. In practice, it can be difficult to separate the two processes. The employee may be unlikely to believe that there is no link between the two processes. Armstrong and Baron (2005) suggest that 'it's appropriate to include reward decisions within the performance appraisal; there is no other way for the decisions to be made'.

If performance appraisal is to be constructive and useful, there must be something in it for all participants – both appraisers and appraises (Fletcher 2004). Appraisees want clear, concise feedback and are interested in improving performance. They have training needs and want a chance for constructive dialogue with managers. They also believe in fair distribution of rewards.

Fletcher (2004) suggests that 'the appraiser's agenda for appraisal is often far removed from what the organisation would like it to be'. The employee being appraised may not like what the manager is saying and may not agree with the feedback, irrespective of the objectivity and accuracy of the latter.

The IRS Employment Review (2005) suggests that there is a significant issue with the delivery of the appraisal. Employees continue to express concerns regarding the training and commitment of the managers performing the appraisals. It was felt that in many instances it has become an exercise in paperwork.

3.6 Why continue to use Performance Management Systems?

While some employees may perceive the performance appraisal as a futile paperwork exercise, many organisations view the performance management systems as a requirement to avoid unfair dismissal claims from under-performing employees. A Wall Street Journal survey in 1996 confirmed this view (Dougherty, 2001).

Performance management systems can be an important tool in assisting under-performing employees with a guided path to improving their behaviour. Necessary corrective training and ongoing intensive support can be provided. Since it is usually cheaper to retain employees than to hire and train new employees, the organisation could use the system to reduce their turnover and create a highly motivated work environment.

Armstrong and Baron (2007) suggest that while performance management may be concerned with under-performers, it also creates a means for all employees to improve their performance. "High performance means reaching, exceeding and stretching targets for the delivery of productivity, quality, customer service, growth, profits and shareholder value".

By differentiating between under-performers and good performers, the system provides the opportunity to focus the planning for success on the employees most likely to respond positively to it (Fletcher, 2004). According to Fletcher (2004) 'an accurate assessment of performance is likely to identify training and development needs and improve performance immediately and in the long term'. It should trigger personal development planning, action and review to aid the continuing personal and professional development of all employees (Harrison, 2009). The continual aspect of the process ensures both feedback and recognition from management to good performers. In 2004, the CIPD reported that 71% respondents agreed that the focus of the performance management system is developmental (Armstrong and Baron, 2005).

Organisations must change with all the internal, external and legislative changes that occur. Organisational inertia, especially in times of economic difficulties, can result in the eventual closure of the organisation. A performance management system must be a flexible process to enable the organisation to continue to progress. It is beneficial to employees' career growth with improving skills, performance, and contributions, which can all be effectively leveraged during times of difficulty and change.

The reality is that although these systems and processes are complex and testing, they are necessary when effectively managing and evaluating employees. Evaluating performance at any level can be subjective and complicated to carry out but that does not mean the process should not be followed at all.

3.7 Factors Effecting Performance Management

Performance is affected by a number of factors that should be taken into account when a performance management system is being designed. Mwita (2000) identified some of these factors.

Mwita believes that personal factors such as an employee's skill base and knowledge of the right job are important. If an employees does not have sufficient skills needed to carry out jobs appropriately then their performance will suffer. Other personal factors include a person's level of confidence and motivation. These personal factors can often be improved through training and development.

Mwita also believes that the level of guidance and support received by management also effects performance. This can relate to the personal factors and continuous mentoring and encouragement by senior management and peers can improve motivation.

Facilities and working conditions also play a big role. These however are often outside the control of the employees but have the ability to affect their performance. Good working

conditions can improve performance as people are happier in themselves they will work more efficiently.

Finally, contextual factors can also affect performance. These factors can be both internal and external to the organisation. These factors include such things as market conditions, employee needs, legal constraints which must be adhered to.

By delineating these factors that affect performance and indeed this is not an exhaustive list, however, it is important that managers are careful and concise management when setting objectives and standards for performance.

3.8 Unresolved Issues with Performance Management

Many experts in the field of performance management do consider the system to be rhetoric rather than reality. Winstanley and Stuart-Smith (1996) suggest that performance management systems fail because they are often used to "police" performance. Managers may focus on giving negative feedback only and may not concentrate on what the employee did well, which can lead to a dissatisfied and de-motivated work-force. They suggest that performance management systems turn the organisation into a form of Taylorism, where a number of checks are put in place to ensure that performance achieves the required standards expected by the organisation. In this type of organisation employees believe managers are spying on them and "supervision becomes a matter of spying through keyholes", (Winstanley and Stuart-Smith, 1996).

Bowels and Coates (1993) delineated that the main criticism of performance management to be that managers do not have sufficient social and psychological skills that are required to give feedback and improve performance. Demming (1986) considered performance rating as "the third deadly disease of management". He considered it unfair because quite often differences in performance were due to problems in the system which are often outside of the control of the employees but still effects their performance, for example, poor working conditions, and high levels of bureaucracy or poor communications.

Conceptual Framework

For this project research was carried out on the large topic of performance. Once the research had begun it was realised that the aim and intention was to review a topical issue of performance management

Performance management is a top concern for all organisations. For the purpose of this study as explained previously, the research will be confined to a representative group within Hewlett Packard. This division sets about achieving the company goals and strategy by engaging with employees.

Researching performance management from the start, the history of performance management gave a clear understanding of how the concept came about and developed. The research conducted provided an understanding of the pros and con's of the different types of performance management models available. This research was then used to analyse the performance management model of Hewlett Packard, which is a rating scale model.

As a result of the research is was easy to identify what worked and what did not. Also it was easier to understand factors such as reward, career opportunities and the company variable performance bonus.

Finally, the research allowed performance management systems to be scrutinised as a whole within an organisation and to establish if the systems are fair, used to their ability and are a reality system.

Summary

It is appropriate to conclude this section stating that even through performance management, when discussed theoretically it seems close to perfect in reality it may not be. In order for it to be effective it depends on management skills, training and resources and it must be based on "trust, integrity and faith" that the employees have regarding the management and the organisation.

It is believed that performance management can help to grow and develop employees and aid them to deliver their best input and provide the organisation with top talent who will deliver results.

It is fair to conclude that while problems exist in performance management they can be solved by training managers who have the necessary skill base to deal with performance management.

CHAPTER 4 - RESEARCH METHODOLOGY

The chosen research methods will be explained in this chapter. Performance management models available to firms will be evaluated. It is also intended for the evaluation of Hewlett Packard's performance management system to establish if it is in fact rhetoric or reality?

Rhetoric is defined as 'language designed to persuade or impress'. The cynical view is that this is what management do when they talk about performance management. – They do not mean what they say, its all just talk.

This is hoped to be done by analysing the literature available in conjunction with a case study review on Hewlett Packard.

The aim of performance management is to cultivate an achievement culture within an organisation, by linking individual goals with those of the organisation.

The research aim's for this dissertation is;

~ To determine the extent to which performance management exists in organisations or is it indeed rhetoric.

~ To review the impact of the performance management system on employees.

~ To explore the views and opinions of employees on the effectiveness of Hewlett Packard's performance management system.

~ To make recommendations to improve the performance management system in Hewlett Packard based on the research and analysis conducted.

The impact of each of the above will be considered based on individual and team performance as well as the achievement of the organisational goals.

Phillips & Pugh (2006) advise that, "Research goes beyond description and requires analysis". The information will be gathered for the purpose of understanding, analysing and comparing the concept of performance management.

The research strategy that was chosen for this dissertation was mainly investigative as the purpose was to gain new insights and perspectives, ask questions and evaluate, assess the topic in more detail. This was carried out through questionnaires and interviews.

Hussey and Hussey (1997) state clearly that:

> *"Interviews are associated with both positivist and phenomenological methodologies. They are a method of collecting data in which selected participants are asked questions in order to find out what they do, think or feel. Interviews make it easy to compare answers and may be face-to-face, voice-to-voice or screen-to-screen; conducted with individuals or a group of individuals".*

Having reviewed the literature surrounding this subject, it was decided to carry out research that would provide an understanding of the views and opinions of management and employees on the performance management framework within Hewlett Packard. It needs to be established if the performance management system is achieving what it is set out to achieve.

To effectively understand the performance management system in place in any organisation, two key questions should be considered. What consequence is the performance management system having? And are the procedures and rules set for this process being followed? It is thought that if a programme is not being run to its full capabilities as intended, it will have little chances of success.

Performance management is now very much linked with the strategic management process. It is believed that this is to guarantee that people are adding value to the organisation and hence driving business performance and profit. CIPD believe that over the last few years we have seen an understanding that the way to achieve excellent organisational performance and steady growth is to create high performance. They believe that this understanding relies on good relationships with managers built on trust, understanding and mutual co-operation. This is delivered through a good performance management system. The old approach of the carrot and the stick is no longer in circulation and this has been replaced by employee engagement which encourages commitment and good communication between the manager and the employee.

Much work recorded to date has focused on trends and developments within the performance management practice. Most organisations in the late 1990s were experimenting with different performance management systems. Change was often and many processes were only in place for less than five years and very much still in the development or redevelopment stages. This has changed however in more recent years. Organisations now are seen to make only small changes if any and changes are to an established process rather than redesigning a new one. There is much more continuity now.

For example we can see from a recent IBEC survey that 75% of all surveyed organisations operate a formal performance management system. Most of which have been in place for sometime.

As mentioned previously the focus for this study is on one business within Hewlett Packard Ireland. This business employs approximately 1,200 permanent employees all of whom take part in the organisations performance review process. However for the research a selection of employees will be used. The sample will include different levels within the organisation and will consist of employees who conduct the performance reviews as well as receive feedback from their own performance reviews.

Types of Research

There are many different types of research that can be carried out and as Collis & Hussey (2003) point out they can be categorised in different ways depending on the principle they carry out in the research process, i.e. the purpose, the process, the logic and the outcome.

When conducting research on a selected topic, the first questions to be asked is; What is the purpose of the research being conducted?

Research in relation to its purpose can be classified as four types, exploratory, descriptive, analytical and predictive. These are explained in more detail below.

Exploratory research refers to research studies carried out where there are few studies which can be referred to, for example case studies and observation. Conclusive answers are rarely reached through this method.

Descriptive research is mainly gathered through the quantitative method and can be analysed in statistical form. According to Collis & Hussey (2003), this type of research is research that describes phenomena at the present.

Analytical research is an increase in the investigative research. Its aim is to help explain and analyse why certain things happen and the effect they have.

Finally, predictive research looks to predict what will happen in a certain situation and if it is likely to happen again in other situations. This can be quite a complex method and often fails as a result.

Once the purpose has been identified, the process and approach has to be developed, such as the method of collection and analysis. The process of the research refers to the approach that you will take in relation to the types of research methods used to collect and analyse the primary data collected.

The overall outcome you want needs to be established. Are you trying to solve a particular problem or are you merely contributing to the knowledge of the topic and understanding the topic?

The outcome of this research is based on applied research rather than on basic research as it has been designed to apply its findings and recommendations to solving an already existing problem. If the recommendations that evolve from this research are taken onboard they should improve the overall performance of the employees and the quality of the system within Hewlett Packard.

Data Collection Methods

There are a number of methods that can be undertaken when collecting data. These methods exist under the headings of qualitative or quantitative research. Qualitative research methods used most typically are interviews, case studies and observation. These methods tend to be rich in data. Whereas, quantitative methods would use larger samples such as questionnaires and surveys and tend to produce data more in the form of figures and statistics.

The research method that was undertaken was carried out using a combination of both quantitative and qualitative methods. The quantitative methods included a survey, which provided the knowledge of performance management and its use or indeed non-use within the organisational life. It also provided statistical data, which outlined the current situation.

The research needed to take in all aspects of the performance management system, not just from the general employee's point of view but also from management and senior management level. The view of those who participated in the system by receiving a rating from their direct managers is as important as the views of those that manage the system and rate the employees.

A survey was conducted of 30 people (chosen randomly) from the chosen business as part of the quantitative method of research. This survey provided an insight into the employee's perception, knowledge and satisfaction with the performance management system within the chosen department. When selecting the questions to appear on the survey it was hoped that

they would highlight the emphasis that this department puts on performance management but also highlight the issues or concerns employee's have.

The results of this survey can be viewed in the "Results and Analysis" chapter and a copy of the survey is included in Appendix 1.

The qualitative research took the form of a single case study, which also included in-depth interviews. The case study evaluates the extent of which performance management is applied and managed in a particular organisation. Easterby-Smith, Thorpe, & Lowe (1999) point out, "the most fundamental of all qualitative methods is that of in-depth interviewing". However, they do warn that although it is very often declared to be the best, "its complexity can sometimes be under-estimated".

Robson (1993) states "The central requirement in qualitative analysis is clear thinking on the part of the analyst". However, he advises awareness that "Humans as natural analysts have deficiencies and biases corresponding to the problems they have as observers". Therefore it is important when conducting any form of research or analysis to keep this in mind.

The decision was made to carry out semi-structured interviews. Hussey and Hussey (1997) state that "semi-structured and unstructured interviews change from one interview to the next as different aspects of the topic are revealed". This approach would offer flexibility to explore further into the responses received.

The interviews mainly contained open ended questions. These questions ensured a better and more in-depth knowledge of the interviewee's views and beliefs was achieved. Open ended questions also gave scope to explore the topic and the answers in more detail. At the beginning of each interview a few minutes were taken to explain the interview structure. Each interview took place in a private setting, so that the interviewee was free from distraction. The interview consisted of approximately 10-15 questions and it was felt important to ensure that each interviewee's understood the questions in the same way. Each interviewee was reassured that all the information that they provide will be treated as highly confidential.

It was explained to each participant that a recording instrument would be used. The reason was so it could be typed following the interview. All interviewee's were comfortable with this method being used. It was also advised to each interviewee that a copy would be sent to them of the typed transcript for them to review. As a result of this they were able to re-evaluate their responses and ensure they are totally satisfied with their responses.

The Human Resource manager from the DIMO department in Hewlett Packard, was interviewed on two separate occasions, firstly on the 21st March 2010 and again on the 3rd April 2010; each interview lasting approximately 30-40 minutes. A copy of the interview questions can be viewed in Appendix 2 and Appendix 3. The transcripts can be viewed in Appendix 5 and Appendix 7. A senior manager was also interviewed via telephone on the 2nd April 2010. This interview lasted 20 minutes and allowed an insight into how managers at different levels feel the system works. A copy of this interview is available in Appendix 6. This qualitative research allowed a valuable understanding into the development and future of the performance management system within Hewlett Packard to be gained.

The secondary research that was also carried out for the purpose of this dissertation included findings from books, journals and reports written by academics and theorists as well as consulting some credible internet sites such as IBEC and the CIPD. The author had also hoped to attend at least one conference or seminar on Performance Management but unfortunately was unable to do so due to previous commitments. An on-line training program, however, was completed within Hewlett Packard on their performance management system and process.

From the research conducted it was hoped to establish how performance management is run in Hewlett Packard and if it is run to its best ability and reaches' the process goals and objectives. It was hoped to find out how other people perceive performance management in Hewlett Packard. It is important that employees believe it to be a success and not just management and HR having this belief. Also needed was an answer to the main question, which is "Is Performance Management rhetoric or reality?"

Data Analysis Strategy

It is important the collected data be analysed and displayed correctly and efficiently. Huberman and Myles (1994) advise that once the data has been collected, a suitable data analysis strategy should take place. They believe that this should consist of three concurrent actions: data reduction, data display and conclusion drawing / verification.

Data reduction is a procedure of simplifying, reducing and narrowing the data collected. Within this study a topic was first selected and identified within the conceptual framework. The topic could then be narrowed into the specific research question. However it was possible to indicate the understanding that the topic of performance management is extremely broad.

Data display is the process by which the findings and information gathered is displayed. For quantitative studies this would normally take the form of statistical graphs and charts. Qualitative data is normally displayed in the form of extended text. However for the purpose of this dissertation the main findings will be summarised.

Finally, the activity of conclusion drawing and verification involves analysing the data, understanding the meaning and explanations in order to draw a conclusion. Normally a pattern or a theme would be looked for. It is important to be able to compare the findings following a review of the literature on performance management to performance management within the chosen organisation, Hewlett Packard. It needs to be established if there is similarities exist between the literature and organisational life. It is hoped that the conclusions reached will enable recommendations to be made to help Hewlett Packard improve their

process. The aim here would be to make the performance management system more beneficial to both the organisation and the employee. It is felt that this would increase morale and productivity.

Research Limitations

As the research was conducted and analysed it was clear that there was limitations that caused restriction.

This dissertation is based on performance management which is a very wide and detailed subject. There are a number of approaches which could have been taken to study this topic and other areas that could have discussed in great length. For the purpose of this study however, it was chosen to focus solely on the performance management systems and if they are successful.

This study does not encompass all the elements of Hewlett Packard's performance management system. It is confined to only some aspects of the system. The research shows only the cultural interpretation of the DIMO department, which is an Irish culture and differs greatly from Hewlett Packard's founding American culture.

Working within the Human Resources Department, it was felt that this was also a limitation. Despite the fact that employees were given assurances of confidentiality, it was believed that they were reluctant to be completely honest.

It is important to clarify that the case study only examines performance management within a department of Hewlett Packard. Therefore any results that were found will not represent the general area of performance management; in order to do this more extensive research among other organisations in Ireland would be required.

Collis and Hussey (2003) state that, "Exploratory research rarely produces conclusive results but more likely gaining insights on a subject area for more rigorous investigation at a later stage".

CHAPTER 5 - FINDINGS AND DISCUSSIONS

This section provides a deeper knowledge of what finding were discovered while comparing the literature on performance management to the performance management system within Hewlett Packard. The aim of this section is to establish if performance management exists in reality or is it indeed rhetoric.

Evidence of Performance Management

Having reviewed the literature that surrounds the vast area of performance management it will now be discussed how evident performance management is within Hewlett Packard. Performance management is very much in the focus of Hewlett Packard. This is as a result of striving to become number one in the market place and also maintaining this status.

Interestingly, it was found that a number of similarities existed, the main finding being that Hewlett Packard has a performance management cycle similar to that illustrated by Bratton and Gold (1999).

The graphical comparison of both cycles can be seen below in figure 5.1.

Bratton & Gold (1999) Performance Management Cycle

End of Year Review.

Performance and Development Plan

Ongoing Support, Coaching and Training.

Third Review

First Review

Second review

Hewlett Packard Performance Management Cycle

Annual Final review

Objective setting and development planning

Ongoing Support, Coaching and Training.

Monthly Reviews

Monthly Reviews

Interim Review

The first step in Hewlett Packard's performance management cycle is objective setting. It begins with each team leaving the office for a day and determining its objectives for the year ahead. A third party external to the team also attends and acts as a facilitator who will guide the team to a compromise on objectives. The objectives are set following the SMART acronym. This ensures that all objectives are specific, measureable, agreed, realistic and time-related. Once the team's objectives are set then each employee's objectives can be determined. The employee and their line manager meet to determine the employee's objectives. These individual planning meetings ensure that the employee has total clarity regarding their goals; it also delineates the standards that will be used to measure the success of the objectives. This objective setting stage is not set out in Bratton and Gold's cycle but it is an intricate part of Hewlett Packard's performance management system.

Hewlett Packard does not have a development centre as outlined by Bratton and Gold, however it has a training and development centre, which is fully committed to the development of employees within the company. They evaluate each employees training needs through psychometric testing, meetings with line managers and self-diagnosis. The process of self-diagnosis allows employees to identify their own training needs. This is done through completing individual training plans. These plans are similar to the performance and development plans depicted by Bratton and Gold and they plan how performance will be achieved. It is vital that each individual's goals are set prior to completing their training plan as this ensures that the necessary training will take place. Examples of training courses available within Hewlett Packard are assertiveness training, negotiation skills and performance management training. The training plan aims to rectify any weaknesses that are

identified through the psychometric testing, discussions with line managers and the self diagnosis.

However, there are issues within Hewlett Packard which immediately affect the development of certain employees as not all managers see this activity as important. Some question the use of objectives and goals. However, Locke et al (1989) explains that goals stimulate employee effort, focus and attention.

The recent Voice of the Workforce survey at Hewlett Packard suggested that only 60% of managers set goals. This creates a very difficult situation during appraisal and leads to grievances once the employee has received their rating. It also makes it very difficult to build a learning and development strategy that meets business needs and objectives. It does not motivate people towards good performance. Planning the support, development and resources necessary for employees to achieve objectives is imperative. Without this support it is unlikely that employees will achieve their full potential and the therefore the organisational performance will suffer.

Performance management cycle will vary slightly from organisation to organisation. As such, Hewlett Packard does not have the first, second and third review as outlined in Bratton and Gold's cycle. Instead each employee has monthly meetings with their line managers to discuss their performance. These meetings are referred to as monthly "one to one's", and allow managers to give both negative and positive feedback to their subordinates. This one-to-one process is a vital part of the performance management cycle as it ensures that performance is monitored and frequently addressed by management. It does this by following

the individual training plan already completed and ensuring that it has been followed and updated to reflect changes that have occurred. It arranges for employee training to fill in any gaps that exist in their performance for example, communication workshops or assertiveness skills. These individual meetings also ensure that each employee has total clarity of both the team and the organisations goals.

An interim review is held in June of each year. It is an informal meeting that is similar to other monthly meetings, it reviews each employee's progress and identifies any significant performance issues that have arisen during the previous six months and how effectively or ineffectively they were handled. In this meeting the manager gives the employee review of their performance to date and also an estimated end of year grade should performance remain the same.

The most important part of the Hewlett Packard performance management cycle as identified in Bratton and Gold's cycle is that of the final review. In advance of this meeting the employee completes a self-assessment form where they assess their own performance during the previous twelve months and rate themselves on a scale of one to three (one being the highest and three being the lowest). At the final review emphasis is put on open and honest communication and the employee receives both positive and negative feedback. It is very important that this feedback is both accepted and is used to motivate employees. Therefore managers are urged to use practical examples to illustrate why objectives were or were not sufficiently completed. There should also be a total commitment by management to develop employee's capability and contribution. The performance management cycle should also demonstrate fairness and consistency when defining performance standards. This will affect

the motivation of employees in an organisation. If employees are treated as individuals and are mentored to achieve higher skill base then this can act as a motivator.

There are certain areas of the performance management system in Hewlett Packard that work well. For instance the structure is simplistic and avoids being overly clerical. There is a vast selection of training material available to managers who are enthusiastic and willing to enhance their performance management skills. However, within Hewlett Packard it is felt that the more practical face-to-face training and role playing is not utilised as much as it should. It is believed that managers can manage and undertake tough appraisal conversations with the use of the material available to them on the company intranet. The reality is that these difficult appraisal reviews would be handled better and be more beneficial to both parties if there was some face-to-face support from Human Resources and a senior, more experienced manager. As a result it is believed that the performance management process is functioning less than optimum.

As a result of the research carried out one of the main shortfalls of Hewlett Packard's performance management framework is the online virtual approach that is used to train managers and provide them with the skills necessary to develop a high performance culture. This approach however, lacks any human element so the question can be asked "Are we taking the Human out of Human Resources?"

All performance management systems encourage regular feedback and communication, between employee's and management. Within Hewlett Packard the option for employees to gather feedback from peers, managers and customers in order to prepare for their appraisal

works very well. It gives the opportunity to develop a broader picture of an employee's performance.

Performance management systems are designed to provide regular and timely feedback to employees. Within Hewlett Packard this exists through the monthly meetings however, at the annual final review, timely feedback is not given to each employee. This is due to the fact that the annual final review takes place each year around October-December. Any salary increases rewarded to employees are not received until the following February. By this time the employee most likely has forgotten what it is they are being rewarded for. Also the first quarter of the new fiscal/performance year within Hewlett Packard is also over.

The majority of all performance management systems allow for some sort of monetary reward based on performance. Deci (1975) pointed out that if "the amount of incentive element is far too small to make any material difference, excessive emphasis on extrinsic motivation in the form of pay can damage intrinsic motivation".

This has proven difficult over the past few years for Hewlett Packard. All salary increase budgets approved by corporate have been low and insignificant. Managers are often reluctant to only reward the high performers, and as a result the budget is divided out amongst the full team. This process goes against Hewlett Packard's detailed performance management process, which is to "differentiate and reward in relation to level of performance against goals and objectives". It seems that this approach has led to a negative impact on the high performers who have received similar rewards to that of under-performers. This is an issue that needs to be looked in to further and addressed.

Given the current economic climate, Hewlett Packard needs to focus on more than just monetary rewards. The Institute for Employment Studies (IES 2001) found that there was more satisfaction where promotion and development was used as rewards for good performance, rather than money. The identification of the Top 100 Talent Programme at Hewlett Packard introduced in March 2010 shows signs that this point is recognised. However, this programme involves the development and career aspirations of just 100 employees. Hewlett Packard needs to focus on its entire workforce and not just the selected top performers.

In reviewing the literature it was interesting to find how similarities exist between literature and organisational life. It allowed a decision to be reached regarding the hypothesis of the project; "Performance Management Rhetoric or Reality?" Performance management seemed to be a reality. However this cannot be a conclusive statement yet as some important recommendations have to be made.

CHAPTER 6 - RESULTS AND ANALYSIS

The survey that was distributed to 35 people within the DIMO unit in Hewlett Packard provides knowledge of how both employees and managers perceive the performance management within their organisation. Of the 35 surveys sent out 30 responses were received. While this is only a small proportion of the workforce in DIMO it will provide a clear understanding of the views within DIMO on the performance management system.

In this chapter the results of the surveys completed will be shown in graph form. Each question and answers will be analysed and any similarities or links will be identified. This will provide a clearer understanding of the data collected which will, in return, assist in providing recommendations.

There will also be a focus in this chapter on analysing the interviews that took place with the Human Resource Director and Senior Customer Delivery Manager. The data collected from both the questionnaires and the interviews will be compared and contrasted to establish if management hold the same views as employees.

Figure 6.1 details the percentage breakdown between Managers, Consultants, Customer Support Specialists (CSS) and Customer Delivery Specialists (CDS) that were surveyed within DIMO, Hewlett Packard.
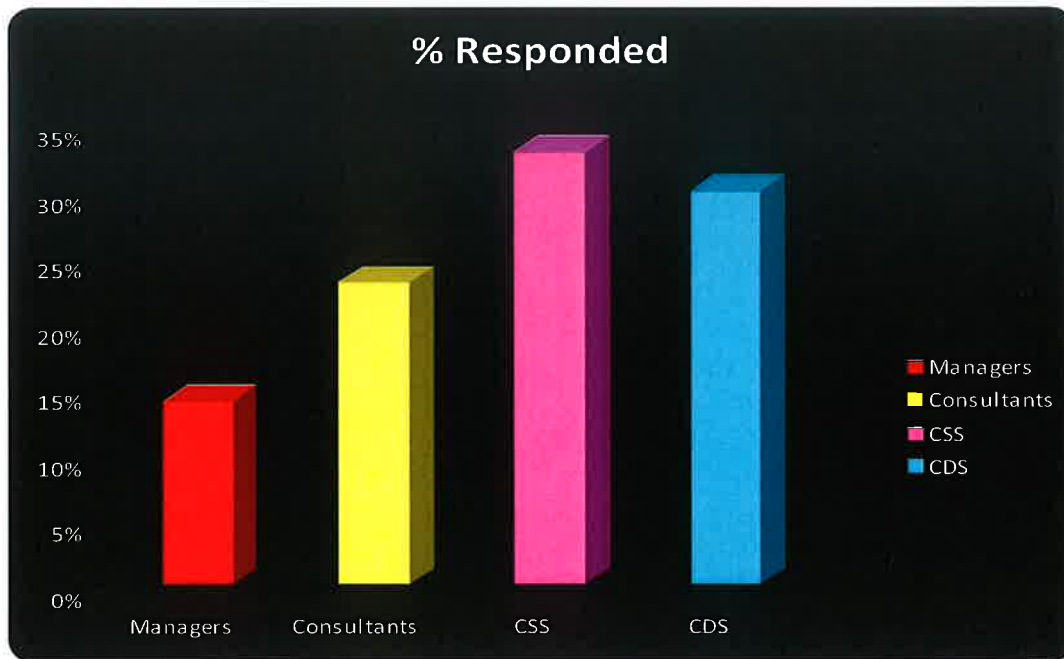

Figure 6.1 Percentage breakdowns of respondent's positions

A copy of this survey is outlined in Appendix 1, and the results are summarised below.

This survey highlights the emphasis that Hewlett Packard puts on performance management, with 28 people being aware of the performance management system, and 20 employees realising the importance of this system. However it is viewed by a small majority of people as a "once off" process with much of the emphasis and time being put into the final review.

This survey did produce some interesting findings with 76% of respondents agreeing that under-performers hide behind better performers, which is illustrated in Figure 6.2.
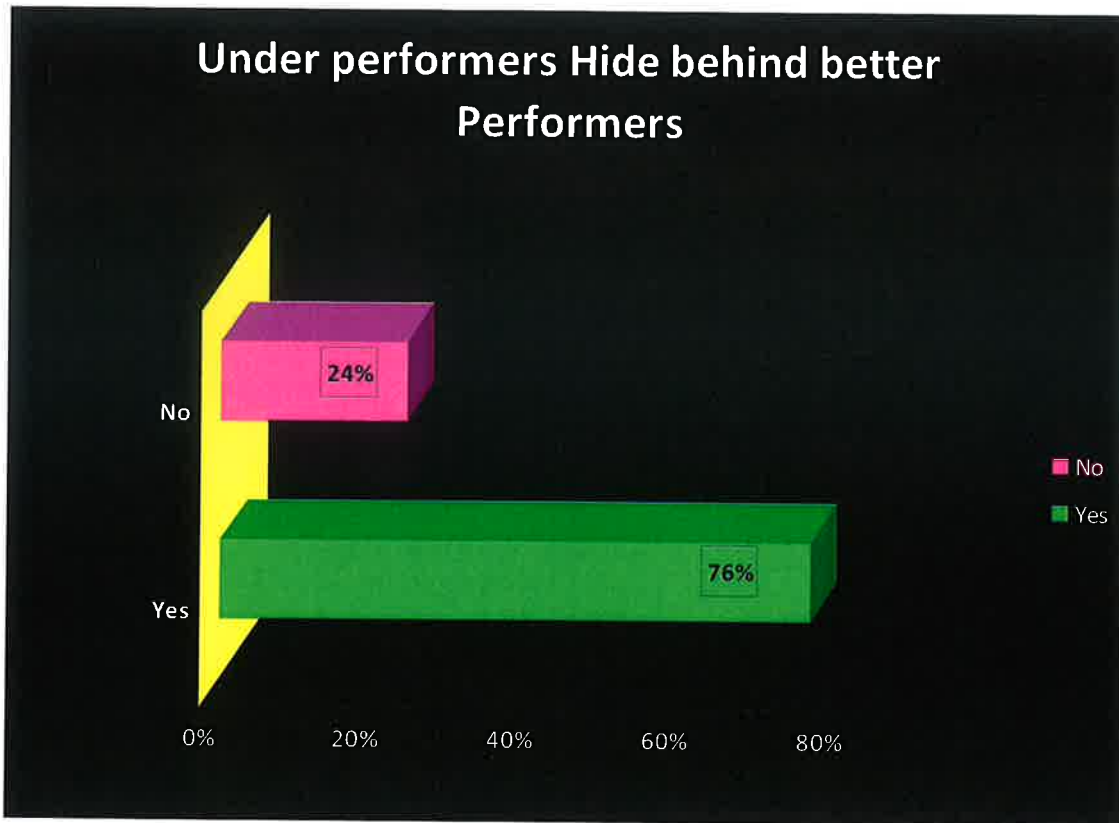
Figure 6.2 Recognition of under-performers

During the second interview with the HR manager it was found that this was not just the view of those employees that were surveyed. A staff satisfaction survey carried out in December 2009 within DIMO, showed that almost 60% of total employees felt that under-performers often hide behind better performers. Therefore the research is in line with the general perceptions of performance management held by employees of DIMO, Hewlett Packard.

Questionnaire Analysis.

The following graphs highlight the main results achieved from the survey.

Fig 6.3 Question 1
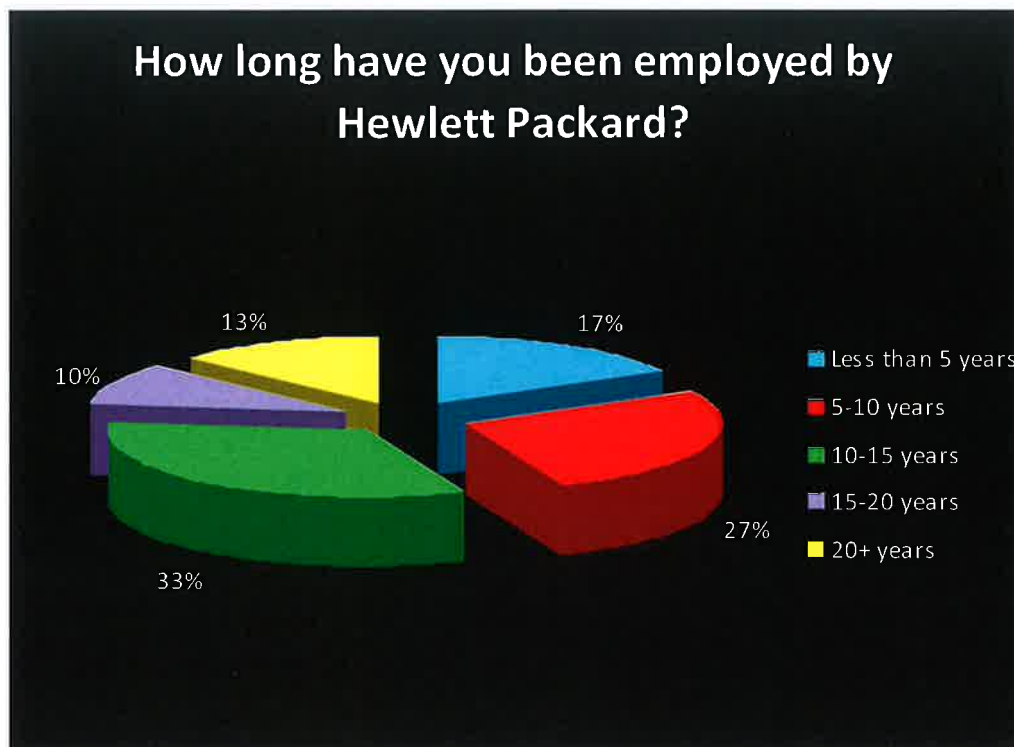
The graph above shows the number of years that the respondents have been employed by Hewlett Packard. From this data it can be seen that employees with vast organisation experience were surveyed as well as newer colleagues. Having this diversity of respondents gives a wider understanding of the employee's views on the performance management system within Hewlett Packard. It also highlights that employees regard their development potential and career opportunities being both available and supported by Hewlett Packard.

Fig 6.4 Question 2

The graph representing question 2 of the questionnaire represents the percentage breakdown of employees who are aware of the performance management system in place. This data showed that the majority of those surveyed are aware of the process. From the comments in the questionnaires it is clear that employees are very aware of the system mainly due to the fact that there are monthly one-to-one meetings with their managers and well as a significant focus on the annual review, which is advertised each year right throughout the site with posters and reminder emails.

Fig 6.5 Question 3   63

Do you think performance management is important?

- Yes
- No
- No Opinion

26% 8% 66%
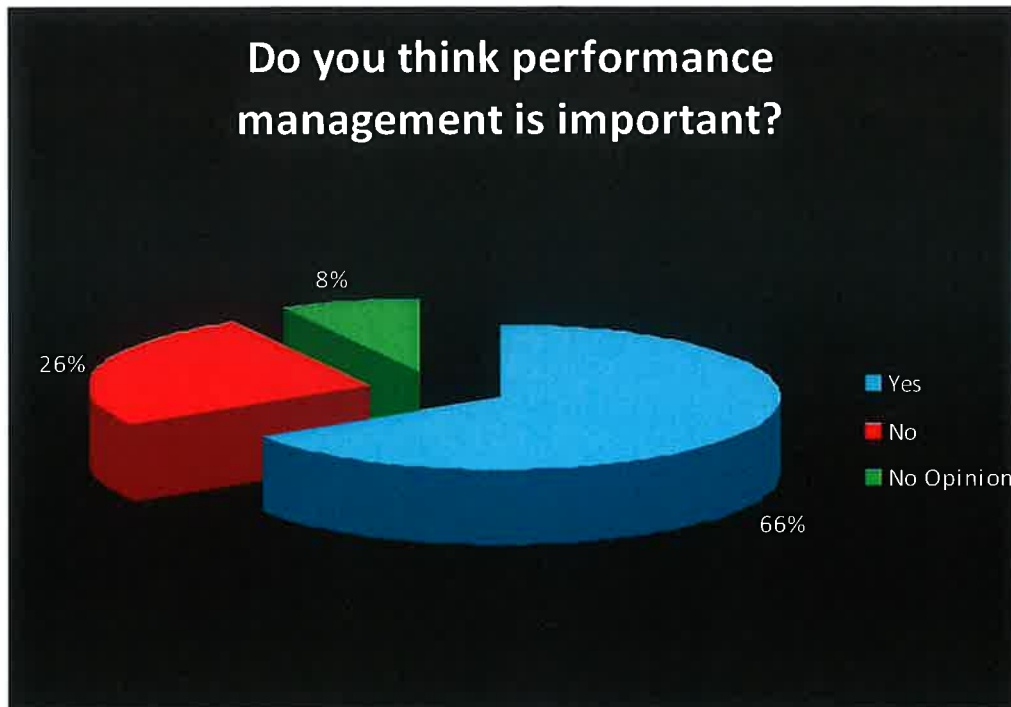
The question 3 graph represents the respondent's views on the importance of the system. It can be clearly seen that while the majority agree it is important, there are some mixed and uncertain views. The associated comments show that the respondent's feel that it is important in a way but can also be just a process that needs to be completed. This was especially true when they felt that they were not receiving adequate recognition, grades and rewards for the work completed. Many employee's also felt that while they found it to be important, their managers did not share the same view and this can lead to the system not being fully adhered to and utilised.

Fig 6.6 Question 4

To follow on from question 3 question, 4 asks the respondent's if they feel that performance management is a waste of time. The majority of those surveyed believed that this is not the case and believe it is a critical process that needs to be adhered to. There are, however, small percentages that believe the system does not work to its full ability and therefore is a waste of time. They believe that not enough training and preparation is done leading up to the final review by management and this leads to a process where employees are just taken through steps for the sake of completing the process. It would be right to think that this 8% are part of the 8% and 26% from question 3.

Fig 6.7 Question 5

What do you think is the most important part of the system?
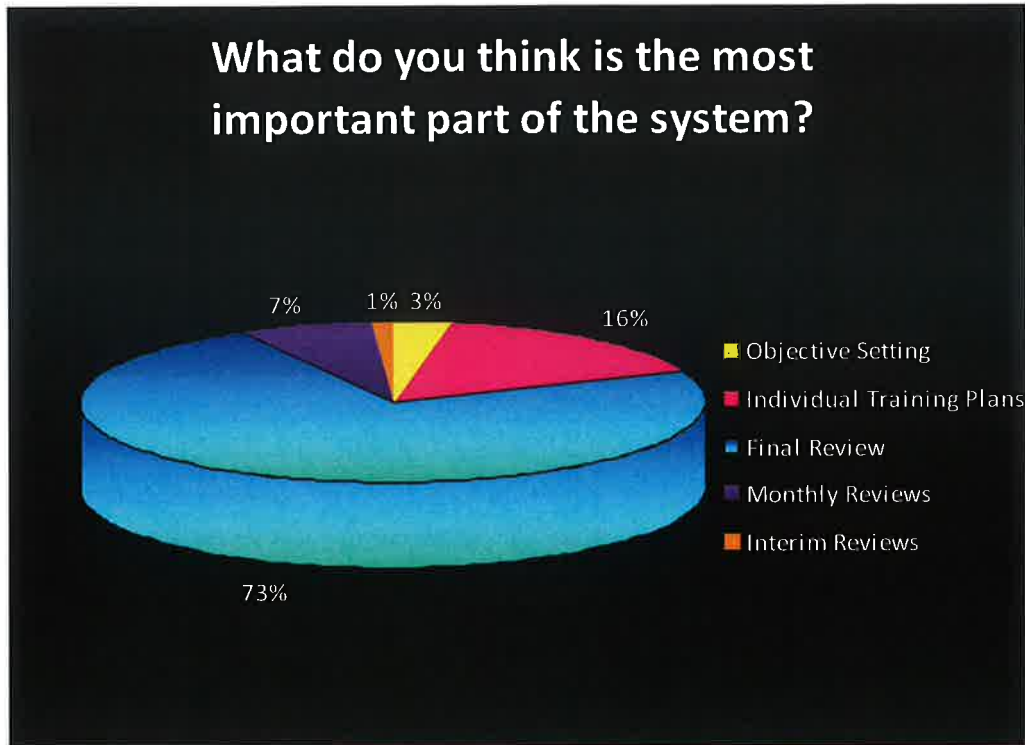
The graph representing the data from question 5 shows which part of the process the employees believe to be most important. Clearly, the final review is deemed most important. Interestingly the interim reviews did not score high in this question. From the comments given the reason for this would appear to be because this is where ratings and rewards are provided. It is also interesting to see that the individual training plans were the second highest score on this question. This would link back to question 1 where the majority of employees having long time service would see development as hugely important to grow and move within the organisation. If this were not the case they would leave to pursue career and development opportunities elsewhere.

Fig 6.8 Question 6
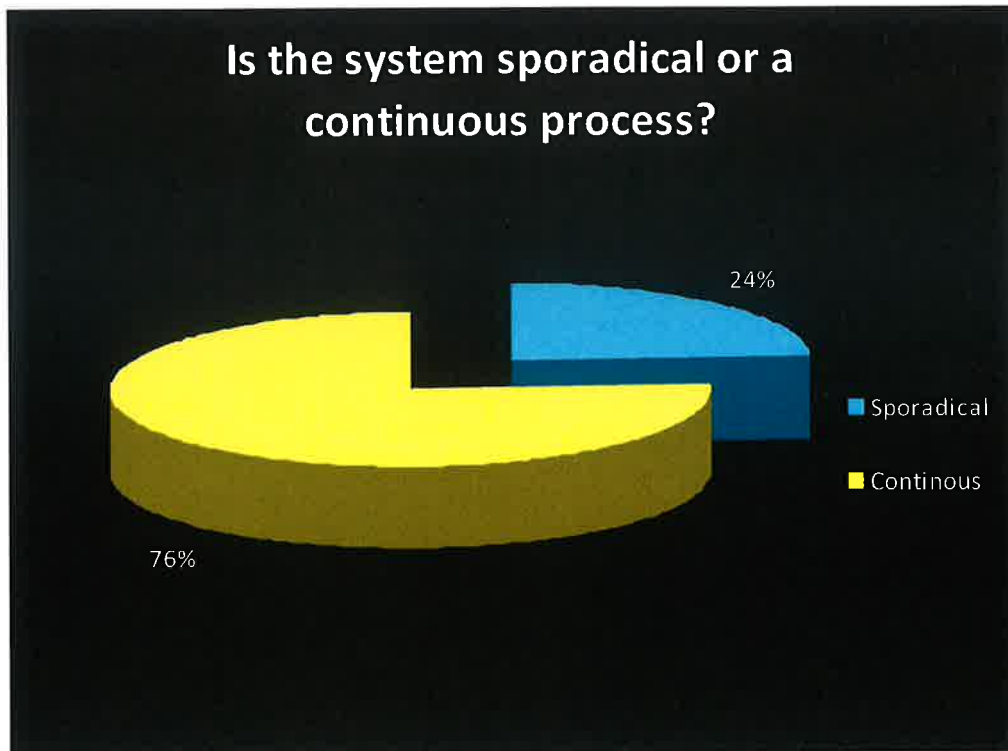
The question 6 graph represents the views of employee's on whether they believe the performance management system to be sporadic or continuous. A performance management system works best as a continuous cycle so it is important that the system is perceived this way. The respondents that felt it was a sporadic process commented that not enough emphasis was placed on the monthly and interim reviews. One respondent commented that "the same spotlight if not more, should be put on the monthly one-to-one meetings and the interim reviews as is on the final review". Again it would be correct to assume that the 24% are part of the 26% and 8% in question 3 and also the 8% in question 4. This shows that the answers are consistent throughout the questionnaire with most people really on board with the process, however some employees are still not convinced of the value and importance of the system.

Fig 6.9 Question 7
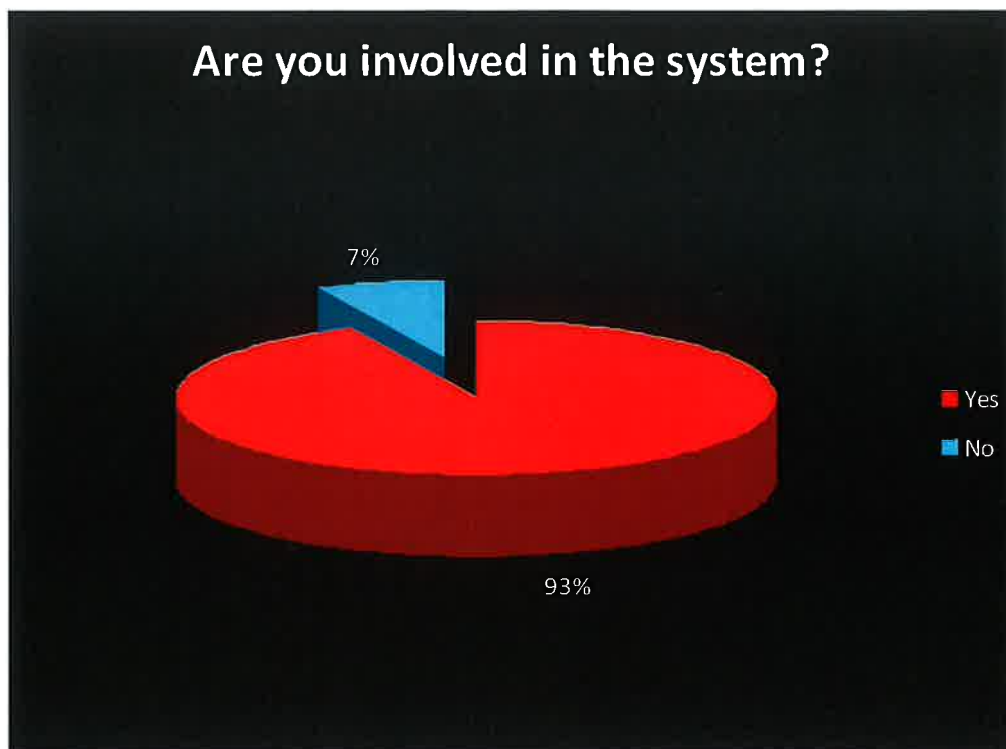
The results from question 7 are very interesting. Each employee should be involved in the system as everyone has a role to play in their development and performance. Yet, 7% believed that they are not involved in the system. The comments showed that the reason for this result was down to the fact that the employees believed that the process was not adhered to and that manager's reward based on favouritism and personal feeling and not performance. This 7% again can be linked back to previous questions where respondents replied negatively or were unsure. Interestingly in question 2, 7% said that they were not aware of the performance management system and in this question also 7% believe that they are not involved in the

process. Perhaps these are new employees who have not completed the full annual process as yet, however if this is not the case then all staff need to be made aware of the process.

Fig 6.10 Question 8
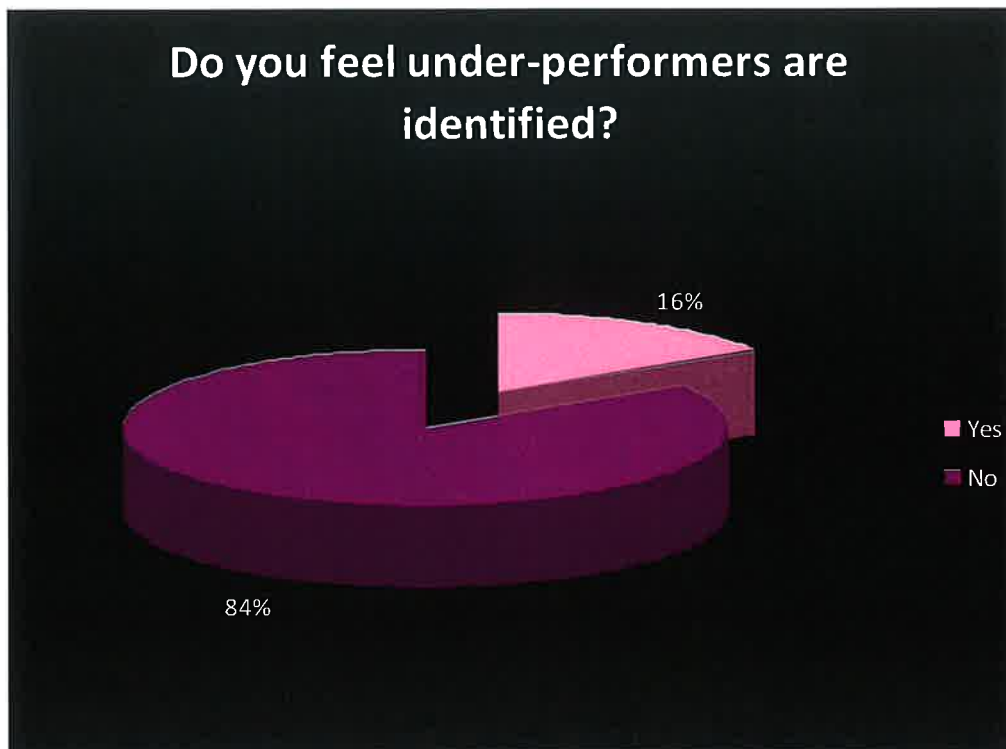
Question 8 asked if the respondents believe under performers are identified. Again the majority believe they are. However, on reviewing the comments received, the belief is that while the under-performers are identified they are not dealt with appropriately. There is also a small percentage who believed that they are not identified and that this is a major flaw in the process that needs to be addressed.

Fig 6.11 Question 9
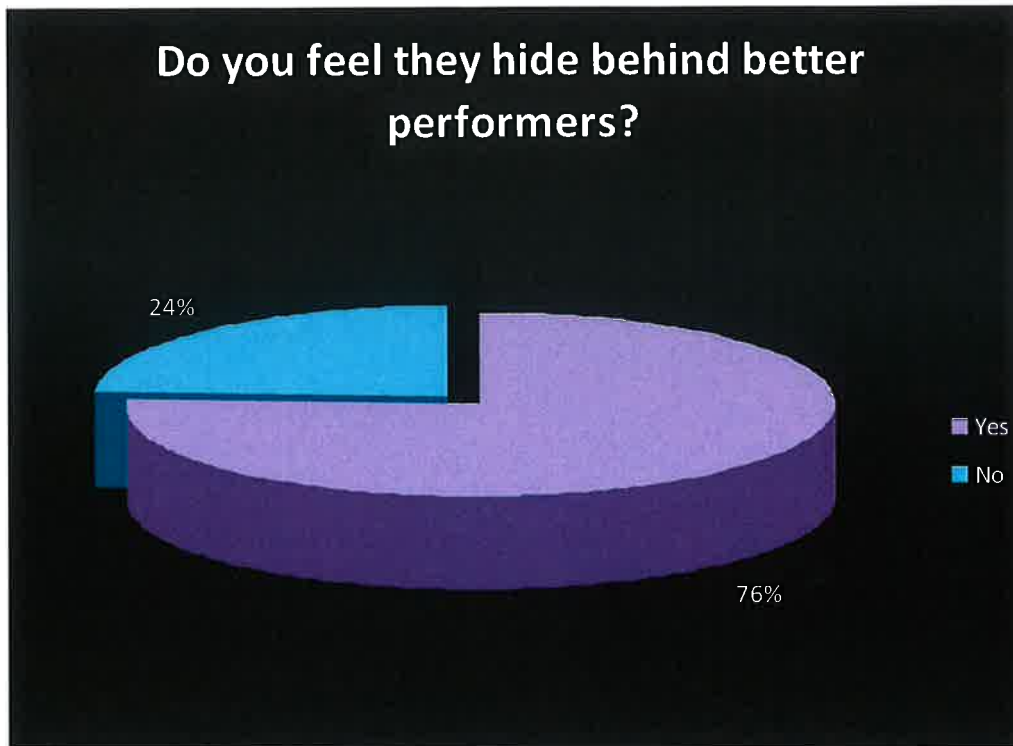
To follow on from question 8, question 9 asked the respondent's if they feel under-performers hide behind better performers. An overwhelming 77% felt that this did happen. They felt that especially where the work is team based, under-performers were easily concealed behind better performers as the team results were still achieved. It is felt that in some cases managers are blinded by achieving the targets and results and fail to see the under-performers as a result. The figures from question 8 and 9 are almost identical, which shows that under-performers are seen as a significant issue by employees and this could be the issue that is causing the other negative answers throughout the survey.

Fig 6.12 Question 10

Do you feel the system is effective?

7%

13%

80%

- Yes
- No
- No Opinion
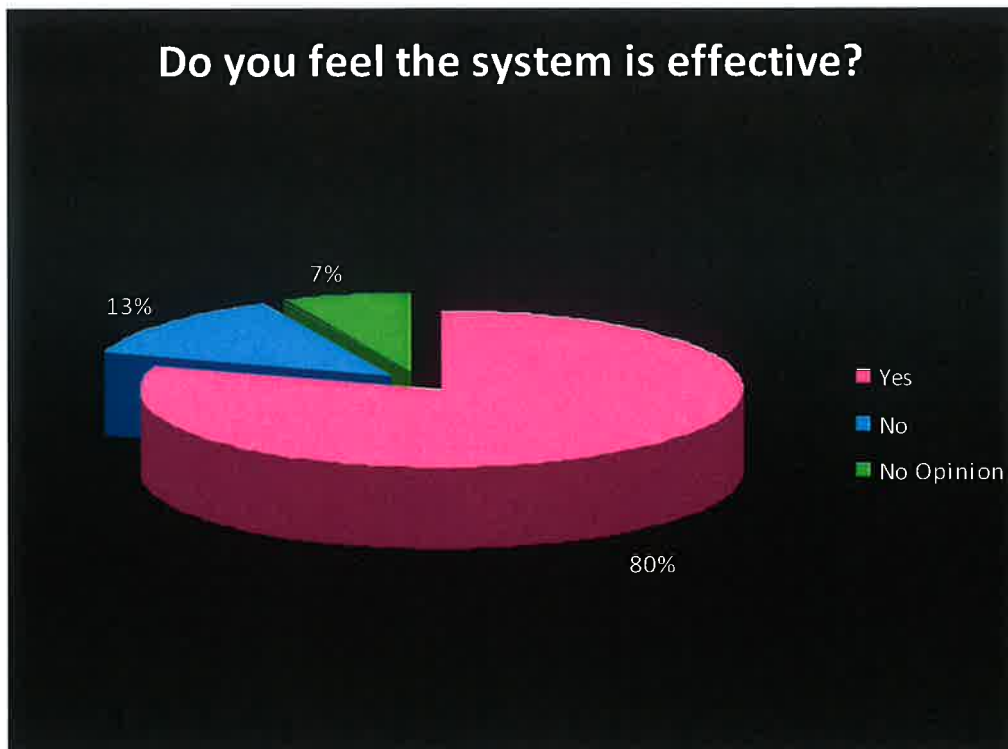
The question 10 graph shows that most people believe the system to be very effective as it

increases employee's performance as well as giving them feedback on how their manager and

team-members perceive them. Some employee's, however, believed that not enough feedback

is given through out the process and this needs to be improved. They believe that while the

process is an opportunity for the organisation to express recognition for work performed this

is not always utilised to its maximum potential. As you can see from the graph there are a few

respondent's that did not share an opinion on this question. Based on their comments it is

clear that they reserve judgement due to the fact that they believe the system to be effective in

some ways such as good visibility of the process and development plans. However not in all

ways such as employee's getting the rating and reward they deserve. As in previous questions

the 13% and also the 7% can be linked back to the respondents who gave negative answers in the earlier questions. Again this shows consistency throughout the questionnaire and workforce.

Interview Analysis

The interviews conducted examined the areas of individual performance, team performance and organisational goals with relation to pay, variable performance bonus, fairness of system and perceived fairness of implementation.

While the results consisted of a varied response, generally the respondents confirmed that they believe that pay is important but felt it is more important to be recognised for their good performance. This could be in the form of verbal praise or being considered for promotional prospects. Almost all participants said that they believed that receiving a salary increase had a positive effect on their motivation and performance and made them feel valued, so there was a positive link between pay and performance. One participant did state that they could see how not receiving an annual pay increase "could become a little demoralising to those who continue to be recognised as a key performer year on year and not receive a meaningful pay increase". However they did all comment that pay would become a bigger issue if they did not get pay increases over the medium to longer term.

When the interviewees were asked for their opinion on the connection between individual performance and the company's variable bonus the results were undisputed. They all agreed that there is a positive relationship between the two. They all agreed that it encourages them

to raise their personal performance and contribution in an effort to secure the reward of a variable performance bonus. The negative responses arose from the narrow rating distribution system used and the total allocated to attached salary increases. Deci (1975) agrees that if the incentive is too small to make a material difference, it can even damage the motivation of the high performers.

The majority of respondents also believed that Hewlett Packard's performance management system is fair. They believe that having individual objectives means that it is a fair and transparent system and provides them with an opportunity to take control of their own careers. However it was pointed out that not all employees see this positive effect as some believe that the company adopts a forced distribution process with the narrow rating scale of 1-3. While the system is considered to be fair by most, there is still a perception that the performance management system is not being utilised as fairly as it can be. This is heavily reliant on the skills and competence of the managers. Managers need to be up-skilled in the area of performance management to combat this. As Fletcher and Williams (1992) reported, implementation was the single biggest failing of most performance management systems.

When it came to the team performance, the results were significantly different. It is clear from that the employees feel Hewlett Packard's performance management system is set up to support individual achievements and not to support a team approach. Research found that a pay and performance bonus can have a negative effect on team performance as employees focused on their own performance and were not as concerned with the overall team performance. All agreed that Hewlett Packard's pay philosophy is solely focused on recognising and rewarding the employee and makes no attempt to reward teams. As a result

the full team performance is not reflected truly. The system is seen as being unfair as teams are not rewarded along with individuals. DIMO is considered however to have a positive team culture and spirit which results in employees supporting their colleagues and peers. There is certainly eagerness among those interviewed for the company to consider making high performing teams eligible for a variable team performance bonus. This would certainly help to eliminate the threat of loosing top performers as they are essential to the performance and growth of the company. It would also enable some team members, who may not excel as individuals, receive compensation and recognition for their effort and participation as a team member.

This type of view continued when interviewees were asked their opinion whether pay had an impact on achieving organisational goals. It was revealed that money talks and people view pay as a very strong influence when it comes to achieving organisational goals. It is believed that the setting of organisational goals and objectives which in turn are linked to individual goals and objectives works well. Again it is believed that the company will lose high performers due to the unsatisfactory reward system which will have a negative effect on the company's achievement of organisational goals. It can however be pointed out here that Hewlett Packard's approach is consistent with the views of Hendry, Bradley and Perkins (1997) who wrote that the essence of performance management is the idea that improving individuals' performance in turn improves organisational performance.

On the other hand, the data received on the impact the variable performance bonus has on achieving organisational goals revealed a strong positive connection. It is believed that if

employees are successful in achieving their own individual goals, then the organisation will be successful in achieving its goals.

Overall it was felt to be fair, but the system required some further improvements which included further training and education for managers. It is felt that employees will only commit the time and effort into the process that they see their own managers committing. People feel in general that training and education for all managers is key to the fair implementation of the performance management system, which would also ensure the achievement of organisational goals.

The concerns raised during these interviews will be again looked at in the recommendations sections where possible solutions will be given to improve the performance management process for Hewlett Packard going forward.

Summary

As a result of the questionnaires and interviews carried out a clear pattern emerged. While the majority of employees felt that the performance management process is important and works well, there were also the few that felt it was not working to its full potential and was just a process that needed to be followed.

It is clear to see that employees view the final annual final review to be most important. From the comments received, it is believed that this is due to the fact that reward and rating takes place during this meeting. It is also clear to see that the system has a number of points that

employees feel works well. As a result of the monthly one-to-one meetings the system overall is seen as being a continuous process, which is a requirement of a good performance management system. The survey showed that the employees surveyed on average had between 5-15 years experience. This showed that in general people are happy with the way DIMO in general treats their employees. This compares very favourably with the generally accepted average of 2–5 years for employees within the IT industry. In this day and age if people are not satisfied and believe that they are not reaching their full potential they will seek further challenges elsewhere. In all organisations there will always be employees who will complain about the organisation, the process, the work conditions, the pay, but who yet, will not leave or address their concerns.

From all the data it is very clear that the main flaw employees believe to exist within the system is the recognition and addressing of under-performers. Most employees believe that not only are under-performers not identified as they hide behind better performers, but that sufficient corrective action is not taken. As a result of this, hard working and achieving employee's motivation can be damaged. It is important that Hewlett Packard address this issue before it becomes too big of a problem and starts effecting employee morale.

Comments received clearly indicate that employees value the process but are concerned that some managers regard the process as insignificant and an exercise in paperwork. This needs to be addressed to ensure that all management understand the importance of the process. Perhaps this can be done through further training and face-to-face consultation.

Most employees feel that the most important part of the process is the final annual final review. From the comments it shows that this is the case due to this being the meeting where employees receive their rating as well as confirmation of their bonus or increase in salary, if applicable. As employees place such a huge emphasis on this part of the process and monetary rewards, perhaps Hewlett Packard needs to look at other ways to reward employees.

In the recommendations section these issues and flaws will be revisited and recommendations will be made to help Hewlett Packard ensure that these problems do not escalate and which can improve the performance management system.

CHAPTER 7 - RECOMMENDATIONS

In this section recommendations will be made on the performance management system that operates within Hewlett Packard. Having reviewed the literature surrounding performance management and having studied the performance management system in operation within Hewlett Packard as well as receiving feedback from employees at all levels, it is felt that there are some improvements that could be made.

The organisations performance management system was rated as being "in line with best practice" according to Graphite HRM and IBEC in 2002. These two external bodies completed two benchmarking exercises on Hewlett Packard's system and rated it amongst the highest in Ireland. However the interview with the Human Resource manager indentified a clear gap between the system and its impact on the staff of the company. A staff satisfaction survey carried out in December 2009 highlighted staff's dissatisfaction with some aspects of the system. Staff felt that under-performers were hiding behind better performers. In some areas employees regularly exceeded their targets while other employees regularly failed to reach their targets, however the overall department target was achieved due to the better performers in the department. Therefore the employee's of the company feel that under-performers were never identified.

It would be recommended that a system be put in place where clear information that will help employees understand the workings of this system be provided. Hewlett Packard also needs to review its pay viewpoint. Rewarding high performers will increase performance and

productivity and also give good performers and under-performers a goal to aim for with a clear reward. Any salary increase should be implemented within a month of the employee being informed of the reward. This would ensure that there is no momentum lost in the increased productivity. Fletcher (2004) suggests 'the notion is that if you are to engage in any kind of equitable distribution of rewards, pay or promotion, some method of comparing people is necessary'.

During this tough economic climate, perhaps it would be more feasible for Hewlett Packard to look at other ways to reward top employees and teams outside of monetary rewards. This can be done by rewarding teams with activity days or a budget for lunch treats or a night out. This type of rewarding while costing the organisation, it does not cost as much as a salary increase or a monetary bonus to each member of the team. It is however seen as a great gesture by the staff. It is also a great way to ensure a good team spirit and continuous team building.

Employees can be rewarded by offering them a paid break away for them and their partner. Like above this will cost the company however, it is not an ongoing payment they need to make. A deal could also be done with a particular hotel to ensure Hewlett Packard gets favourable rates when putting business their way. Hewlett Packard has a vast amount of products in its portfolio. Presentations could be made to top employees using these products as the reward. A reward ceremony, which all staff attended, would increase morale as well as increasing competition among employees. Or just simply time off in lieu as a result of outstanding performance, this would be a reward that will give the employee huge satisfaction as well as actually costing Hewlett Packard very little.

From the research conducted it is the view that managers should provide better levels of mentoring and coaching so that employees have better support. The performance management process aims to make people accountable. One of the big problems is that the managers need to spend more time and effort on employees. At present there is a lack of responsibility and accountability.

The required training for managers should not just be on the skills of the performance management model - the 'how' to do it, but also on the reasons for the model - the 'why' we do it. Managers should buy in and spend the required time preparing for performance management process, gather feedback from colleagues and assessing what potential training is required for every employee. This means they ask the right questions, listen actively and provide feedback. More recently Hewlett Packard has become very dependent on virtual training classes which are an ineffective method for successful performance management training. Performance management training needs to be carried out in a typical classroom fashion, face to face and direct for it to be successful. This will also help in the sharing of ideas, solutions and general networking.

It is felt that Hewlett Packard has a very individualistic approach to their performance management system. It would be recommended that they reconsider with a view to creating and maintaining a team spirit. The global corporation, Home Depot went through a phase of uninspiring performance. Upon examination, one of the main reasons for this lack of performance was the importance they placed on individual performance over team performance. Nohria et al (2008) describes how Home Depot's individualistic approach "squelched the spirit of camaraderie among employees". Therefore, the recommendation

would be a performance management system that focuses on both individual and team goals that will ultimately improve organisational as well as individual performance. In conjunction with this recommendation, it is believed that the company should put in place a system for recognising and rewarding team performance. This is particularly significant in DIMO which is a manufacturing environment and relies a great deal on team efforts.

Further dissatisfaction was discovered in the staff satisfactory survey regarding the rating system used in the final review meeting. The general rating for staff is a level 2 with over 70% falling into this category. However, there is a general feeling that those employees who genuinely deserve a one rating rarely receive it and end up getting a two rating which they do not deserve. This defeats the purpose of the performance management system and in order for it to be operated effectively management must be trained into every aspect of the organisations performance management system (known locally as the final review process.) Table 7.1 highlights the distribution of rating received by employees in the organisation in 2009.

Table 7.1 Distributes of Ratings (December 2009).

Level 1	Level 2	Level 3
10%	72%	18%

In reviewing the performance management system of Hewlett Packard and literature on the performance management it is easy to see that these three ratings are both complex and

cumbersome. The interview with a Senior Manager within the company delineated how managers have many pressures in addition to performance management. Therefore it would be suggested that a five point rating system would be easier for managers to handle and would be more understandable to employees. This five point rating system would be divided into the following categories as Table 7.2 illustrates.

Table 7.2 Five-Rating System

Rating	Competencies
Rating 1. Significantly Exceeds Expectations	Consistently significantly exceeds performance goals/targets and job-specific competencies. Exemplary demonstration of the Hewlett Packard leadership standards; a model to others. Work has significant positive impact both within and outside the employee's organisation.
Rating 2. Exceeds Expectations	Consistently exceeds performance goals/targets and job-specific competencies. Noteworthy demonstration of the Hewlett Packard leadership standards.

	Work has positive impact both within and outside the employee's organisation.
Rating 3. Achieves Expectations	Achieves primary performance goals/targets and job-specific competencies in a satisfactory fashion. Satisfactory demonstration of the Hewlett Packard leadership standards. Work has positive impact within the employee's organisation.
Rating 4. Development Needed to Achieve Expectations	Achieves primary performance goals/targets and job-specific competencies some of the time. Demonstrates the Hewlett Packard leadership standards some of the time. Some work assignments are completed sufficiently. Employee may require additional skills, knowledge or experience in primary aspect(s) of performance to consistently produce results that add value in the employee's organisation

Rating 5. Below Expectations	Consistently below expectations on primary performance goals/targets and job-specific competencies.
	Fails to demonstrate Hewlett Packard leadership standards much of the time.
	Work assignments do not consistently provide positive impact within the employee's organisation.
	Necessary improvements to performance have not been demonstrated despite prior development efforts OR employee is not meeting performance expectations.

It is believed that this five rating scale system will help identify under-performers. Also, because there are more ratings, the distribution of the ratings should be seen as a fairer process. Employees should also now receive the true grade they deserve. Employees will also feel that a top one rating is more achievable as the jump up to it will not be considered as high. However, in order for this to be a success all management must receive extensive training in all aspects of the organisations final review process.

Perhaps introducing "360 degree feedback" into the organisation would encourage more open feedback, improve morale and increase awareness of individual competencies. "360 degree

feedback" is defined as "the systematic collection and feedback of performance data on an individual or group derived from a number of stakeholders on their performance" (Ward, 1997). It is when an employee receives feedback from different stakeholders such as managers, customers and peers. This type of system may be more beneficial in this organisation as it will allow each employee to gain feedback from different sources. It will also ensure that under-performers are identified.

One of the best ways to motivate staff is by using "360 degree feedback" (Ward, 1997). The assessment made in appraisals provides the basis for such feedback and thereby contributes to motivation. It can also ensure a fair distribution of rewards to help motivate, as well as setting targets that can potentially improve performance so employees are clear on their future priorities. Ed Locke's (1990) Goal Setting Theory helps to explain this. Locke believed people by nature are goal driven and once they've identified a goal (which is satisfying their needs and wants) they have a driving force to go and achieve that goal.

While Hewlett Packard does conduct a variation of "360 degree feedback", it is not a structured process and does not form an official component in the organisations final review process. It is also not carried out throughout all of Hewlett Packard and only exists unofficially in certain business areas.

Continuous improvement and development is needed to any performance management process to ensure the organisation keeps up with current trends and also to ensure compliance by managers. Based on this note the recommendation is that plenty of training is given to managers regularly to ensure familiarity with terminology and most of all the process.

If the above recommendations are taken on board and implemented, it will ensure that the whole performance management process within Hewlett Packard runs much smoother. It will also ensure that the issues and concerns that arose through the questionnaires and interviews are addressed and dealt with, leading to a more satisfied workforce and a performance management system that not only works but is seen as a fair and purposeful system.

CHAPTER 8 - CONCLUSION

The aim of this dissertation was to determine the extent to which performance management exists in organisations or was it indeed rhetoric. It explored the many opinions available in performance management and it followed the view that both output and behaviour should be considered when studying performance management.

It continued to look at performance management. By analysing the literature available in conjunction with a case study of Hewlett Packard's performance management system the conclusion arose that performance management does exist in reality and it is not rhetoric.

This conclusion was reached by examining performance management at work in a large multinational organisation operating in Ireland. It soon became evident that performance management was an intricate part of the organisation that was taken seriously by most members of the company. This view was supported by the results of the survey that was completed by 30 employees randomly chosen within Hewlett Packard. The issue of under-performers also emerged and recommendations on solving this issue were presented.

Hewlett Packard can be good at rotation within the company, provided employees have the right network. In today's chaotic market, they intend to 'grow their own talent'. This can be extremely powerful and means that the organisation could be more competitive in the current climate. They would save recruitment and selection costs and provide employees with a secure career. However, in order for this to be successful the organisation needs to invest in

their managers and in financial rewards for their employees. If, at an appraisal, an employee is told they are top talent, but they do not receive a salary rise or a bonus, the organisation is failing and eventually that talent will depart the organisation to a competitor. Done well with the support of rewards, the performance management model at Hewlett Packard will have the ability to improve performance and drive organisational productivity.

This dissertation opened the door for further research in the area of performance management. Performance management is often seen as a "policing" system used to give negative feedback regarding performance and to spy on employees. It has gained this reputation because of misuse of appraisal meetings by management in the past. It is vital that an organisation adopts performance management appropriately and uses it to give feedback both positive and negative, clarify goals and motivate employees. It is also necessary for managers to receive appropriate training so that they have the skills required to manage the performance of their subordinates. In Hewlett Packard managers receive yearly performance management training, but does this occur in all organisations?

Finally this project issued recommendations on the performance management system within the organisation. Based on the research, analysis and findings the main amendment was recommended of the current rating system and also the recommendation of the introduction of structured "360 degree feedback".

Companies are operating in an ever-changing and competitive environment. In Ireland, these companies are operating in a tight labour market where retaining staff is essential. For this reason if they can manage performance effectively and use the performance management

process to motivate and stimulate staff then they will gain a competitive advantage by reducing turnover and increasing retention. As each company is unique, and have different needs, it is necessary for each company to develop a performance management system that caters for their needs and is custom built for their organisation. Therefore, when developing a performance management system companies should get assistance from professional groups such as the CIPD, IBEC and HRM Graphite. This will ensure the best system is applied to the organisation.

If Hewlett Packard can implement the recommendations and adapt the new process, they have a great chance to succeed and develop a good process both in performance management and in talent management and development. As the 2010 Learning and Talent Development Survey points out, 'the most effective learning and talent development practices are in-house development programmes (56%) and coaching by line managers (51%).

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APPENDICES

Appendix 1: Survey Questionnaire.

1. How long have you been employed by Hewlett Packard?

   Less than 5 years   5-10 years   10-15 years   15-20 years   20+years

2. To what extent are you aware of the performance management system currently in place?

3. Do you think performance management is important? Why?

4. Do you feel that performance management is a waste of time? Why?

5. What do you think is the most important part of the system? Why?

   Objective Setting   Monthly Reviews
   Individual Training Plans   Interim Reviews
   Final review

6. Is the system sporadical or a continuous process? Why do you feel that this is the case?

   Sporadical   Continuous

7. Are you actively involved in the system? How?

   Yes   No   No Opinion

8. Do you feel under-performers are identified? If not, Why?

   Yes   No

9. Do you feel they hide behind the better performers? If so, How?

   Yes   No

10. Do you feel the system is effective? In what way is it effective?

    Yes   No   No Opinion

Appendix 2: Interview 1 Questions

Q1. What is you position with Hewlett Packard?

Q2. How long have you been employed by Hewlett Packard?

Q3. Did you receive training when the performance management system was first introduced?

Q4. Is this training a continuous process?

Q5. Do you feel performance management is an additional burden to management?

Q6. Do you see its importance?

Q7. Are all managers committed to it?

Q8. Is it taken into consideration when your workload is being assessed?

Appendix 3: Interview 2 Questions

Q1. Why do you believe the current performance management system was introduced?

Q2. Who do you believe to be the key players?

Q3. Describe how Hewlett Packard's performance mgt system encourages you to raise your levels of performance year on year?

Q4. How much of an impact does pay have on improving individual performance?

Q5. In your opinion how effective do you think Hewlett Packard's variable performance bonus scheme is at inspiring individual performance?

Q6. How fair do you think Hewlett Packard's performance management system is fair to individual employees?

Q7. Is each employee aware of the performance management process?

Q8. What part of the performance management system do you think works well and is fair?

Q9. Are there any amendments that should be made to Hewlett Packard's performance management system in order to achieve better team performance?

Q10. What training is provided for management when dealing with the performance of their subordinates?

Q11. Do management receive feedback regarding the effects that the system has on performance management?

Q12. Are their any visible flaws with the system?

Q13. What actions are available to amend these flaws?

Q14. How do your employees rate the system?

Appendix 4: Interview Invite Letter.

Dear Participant

Re: Research Study Titled - "Performance Management Rhetoric or Reality?"

I wish to invite you to partake in a research study to explore the performance management system within Hewlett Packard. This research forms part of an Honours Degree dissertation in Human Resource Management.

Before deciding on whether to participate in the study it is important that I explain more about the research so that you understand what the research is for and what will be required of you. Please take time to read the following information. It is up to you to decide whether or not to take part. You may change your mind at any time and withdraw from the study without giving a reason if you so wish.

The purpose of the research study is to investigate your experiences of Hewlett Packard's performance management system. I would like to explore your thoughts, your feelings and listen and understand your opinions on the performance management system through an interview.

The interview will be recorded on a dictaphone and then transcribed onto a computer. No research participant will be identifiable from any publications. Finally this study has been reviewed and has received approval from the Human Resources Director at Hewlett Packard (Manufacturing) Ltd.

Should you require any further information, please do not hesitate to contact me.
Thanking you in advance

Yours sincerely

Appendix 5: Interview 1 Transcript 1

Good morning as explained I am conducting this research study as part of an Honours degree in Human Resource Management. You will recall you received a letter from me a couple of weeks ago inviting you to take part in this study. I want to thank you for agreeing to partake in this study examining the performance management system within Hewlett Packard. I am extremely interested in your views and experiences.

The interview will be recorded on audio tape and then transcribed onto a computer. You may take control of the recording instrument throughout the interview and stop recording at any time you wish.

Any information gathered during this interview will remain confidential between you and me. Your interview will not be identifiable by name. You may request a copy of the interview transcript if you wish.

Q1. What is you position with Hewlett Packard?

Participant – DIMO HR Manager.

Q2. How long have you been employed by Hewlett Packard?

Participant - 7 years, 2 months & 15 days

Q3. Did you receive training when the performance management system was first introduced?

Participant – yes in depth training was given and more follow up training after the initial introduction of the system.

Q4. Is this training a continuous process?

Participant – Yes training I believe is available each year.

Q5. Do you feel performance management is an additional burden to management?

Participant – yes I do because they have so much else to contend with. Often processes like this get pushed to the side.

Q6. Do you see its importance?

Participant – yes but at times when you have a million other people screaming at you it can fall from your top priorities.

Q7. Are all managers committed to it?

Participant - No – I don't believe all managers are committed to it as I don't believe all employees are committed to it. Some people just want to come in, do their job and leave in the evenings, future progression and development is not seen as important by all.

Q8. Is it taken into consideration when your workload is being assessed?

Participant - No I don't believe it is and it should.

Appendix 6: Interview 1 Transcript 2

Good afternoon as explained I am conducting this research study as part of an Honours degree in Human Resource Management. You will recall you received a letter from me a couple of weeks ago inviting you to take part in this study. I want to thank you for agreeing to partake in this study examining the performance management system within Hewlett Packard. I am extremely interested in your views and experiences.

The interview will be recorded on audio tape and then transcribed onto a computer. You may take control of the recording instrument throughout the interview and stop recording at any time you wish.

Any information gathered during this interview will remain confidential between you and me. Your interview will not be identifiable by name. You may request a copy of the interview transcript if you wish.

Q1. What is you position with Hewlett Packard?

Participant – Senior Customer Delivery Manager.

Q2. How long have you been employed by Hewlett Packard?

Participant - 10 years, 1 month & 25 days

Q3. Did you receive training when the performance management system was first introduced?

Participant – yes I believe I did. Like all new systems when they come to play in Hewlett Packard we have dedicated training plans put in place.

Q4. Is this training a continuous process?

Participant – Yes training I believe is available each year however I don't believe people use this training as a refresher.

Q5. Do you feel performance management is an additional burden to management?

Participant – yes and no. Yes because managers are so busy but no because managers understand the importance of it.

Q6. Do you see its importance?

Participant – yes most definitely. It's key to providing a high class working culture.

Q7. Are all managers committed to it?

Participant – yes I believe all managers are as they want high performing employees in order to be able to exceed their targets etc.

Q8. Is it taken into consideration when your workload is being assessed?

Participant - No its not and maybe it should but it is something all managers are aware of and understand that the process needs to be completed each year.

Appendix 7: Interview 2 Transcript 1

Good morning as explained I am conducting this research study as part of an Honours degree in Human Resource Management. You will recall you received a letter from me a couple of weeks ago inviting you to take part in this study. I want to thank you for agreeing to partake in this study examining the performance management system within Hewlett Packard. I am extremely interested in your views and experiences.

The interview will be recorded on audio tape and then transcribed onto a computer. You may take control of the recording instrument throughout the interview and stop recording at any time you wish.

Any information gathered during this interview will remain confidential between you and me. Your interview will not be identifiable by name. You may request a copy of the interview transcript if you wish.

Q1. Why do you believe the current performance management system was introduced?

> Participant - To encourage optimum performance from employees and to encourage employees to progress in their own careers within Hewett Packard

Q2. Who do you believe to be the key players?

> Participant - All employees with a pulse. Everyone needs to be involved in their own performance and development.

Q3. Describe how Hewlett Packard's performance mgt system encourages you to raise your levels of performance year on year?

> Participant - It makes me evaluate what I am doing, where I am going and to continually ensure that my goals are in line with company direction

Q4. How much of an impact does pay have on improving individual performance?

> Participant - I don't believe pay has a huge impact on improving individual performance. You can have people being paid a lot more than their colleagues and only being half as productive

Q5. In your opinion how effective do you think Hewlett Packard's variable performance bonus scheme is at inspiring individual performance?

Participant - I think the recent changes have made it far more successful. Still probably not enough scope for what I would call real differentiation but there is differentiation there. I think it's very powerful that we can give our low performers a zero bonus and really reflect that this is a performance related bonus.

Q6. How fair do you think Hewlett Packard's performance management system is fair to individual employees?

Participant - I think team rewards are a fairer approach as an individual assessment could be a manager's personal assumption and feelings, rather than productivity or performance.

Q7. Is each employee aware of the performance management process?

Participant - I would believe and hope so

Q8. What part of the performance management system do you think works well and is fair?

Participant - Our management system sets out target and personal goals to be achieved throughout the year which are agreed between manager and employee – which I believe is a fair

Q9. Are there any amendments that should be made to Hewlett Packard's performance management system in order to achieve better team performance?

Participant - inconsistencies between departments needs to be looked at.

Q10. What training is provided for management when dealing with the performance of their subordinates?

Participant - I believe they get the necessary information whenever anything changes, otherwise, I think it's learn from another manager or using online tools.

Q11. Do management receive feedback regarding the effects that the system has on performance management?

Participant – yes, but perhaps not enough?

Q12. Are there any visible flaws with the system?

Participant – yes like every system there is flaws. It's open to subjective opinion and individual's feeling and personal opinion

Q13. What actions are available to amend these flaws?

Participant - I don't think there is anything you could implement to eliminate this.

Q14. How do your employees rate the system?

Participant – I believe they think it is ok – but has areas that could be improved

PERSONAL LEARNING

From start to finish this dissertation has proven to be a challenging, rewarding and sometimes frustrating experience. It has given the author a good understanding of just how much work is required to properly analyse any situation in order to fully comprehend it.

Throughout the course of the research the author faced many problems. One such problem was trying to distinguishing between the relevant, reliable data and also the many conflicting accounts that were come across. I had never before carried out primary research, and this provided the insight into the many views across an organisation. All systems have their flaws and need updating and improving from time to time, some can be complex and challenging and some can be simplistic. All in all the performance management system within Hewlett Packard would appear to be working well and is regarded as being a reality system and not rhetoric.

If the author was to begin again or conduct a similar investigation in the future there would be a few things done differently. The recommendation would be to consider involving an independent third party to carry out the interviews and questionnaires at an off-site neutral location. This would encourage more honest answers and lead to more precise findings. As it was felt some participants held back with their answers as I worked in Human Resources.

I would also allocate more time for compiling the research data as it was more time consuming that I thought it would be. All in all I enjoyed this dissertation and research and look forward to my next encounter!