



Developing a Framework for Performance Management at a Saudi Food Company

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## **Abstract**

Performance management involves formulating a common vision of the organisation's aims and purposes, supporting employees in understanding how they contribute to the vision and purposes, and helping employees align their performance accordingly. This sequential mixed methods single case study was conducted at a large publicly traded agribusiness in Saudi Arabia ("Organisation A") with the aim of conducting a formative evaluation of its performance management system. The aim was to identify needed design and delivery features, oversight and accountability features, and impacts of the system. Using a sample of 311 survey respondents from across the professional roles in the organisation, 18 employees distributed across two employee focus group interviews, and 24 managers distributed across two manager focus group interviews, data were gathered regarding participants' evaluations of and suggestions for optimising the organisation's performance management system. Survey data were subjected to descriptive statistical analysis, while open-ended survey and interview data were examined using thematic analysis. The present study offers a framework to support Organisation A in implementing a more effective performance management system characterised by (a) design and delivery features of clarifying and improving policies and procedures; improving alignment with organisational structures and staff; clarifying and enforcing roles and responsibilities; and incorporating effective, user-friendly software and tools; (b) oversight and accountability features of increased executive sponsorship; monitoring guidance, and oversight by human resources; use by employees and managers; employee commitment and engagement to the process; and training for managers and employees to use the process; and (c) impacts such as informing promotion and compensation decisions, career planning and development, training opportunities, and employee-valued outcomes. This framework constitutes a substantial contribution to research and practice by filling gaps and adding to previous frameworks related to performance management in Saudi Arabia. Implementation and use of the framework should lead to improved assessment and understanding of the firm's human capital and yield strategic benefits such as improved staffing decisions, training and development, productivity, and employee satisfaction. These results, in turn, should improve the company's financial bottom line. The findings may additionally have some transferability to other organisations in Saudi Arabia, the Middle East and other regions of the world.

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# 1. Introduction Chapter

## 1.1 Chapter Overview

This chapter provides the background and purpose of the present study. Performance management has been described as the practice of formulating a common vision of the organisation's aims and purposes, supporting employees in understanding how they contribute to those visions, aims, and purposes, and then monitoring and helping employees align their behaviours and performance accordingly (Aguinis, 2013). Harris et al. (2003) summarised the practice as assuring that the activities occurring within an organisation results in efficient and effective achievement of strategic goals. It is important to note that performance management can have a broad and strategic scope, such as monitoring and optimising performance of the entire organisation (Marr, 2009, 2012), or a very narrow and human resources oriented scope, such as planning, monitoring, and evaluating the performance of individual employees (Hartle & Weiss, 2002). Although performance management is believed to have strategic organisational importance (Smith & Goddard, 2002), research suggests that it is not used comprehensively or effectively in many organisations (Wall & Martin, 2003). More insights are needed to determine how to better assess employees for the purpose of improved employee development, satisfaction, and retention, leading to improved organisational effectiveness (Rausch et al., 2013).

This chapter also identifies the research gap and research questions, the study's aim and objectives, and what the study contributes to academia and practice as a result. Ethical considerations of the study as well as its potential findings, significance, and conclusions are outlined. The theoretical framework guiding this study is then presented. The study limitations, delimitations, and assumptions are outlined, followed by acknowledgment of the researcher's positionality. The chapter closes with a description of how the study is organised and an overall summary.

## 1.2 Background of the Study

Performance management, whether of a broad or narrow scope, is a quickly evolving interdisciplinary field built upon the combined efforts of researchers and practitioners from general management, economics, accounting, operations research, marketing, human resource management, psychology, and sociology (Marr & Schiuma, 2003). At a broad level, various approaches have been formulated, including the balanced scorecard (Kaplan & Norton, 1992, 1996); activity-based costing (Kaplan & Cooper, 1997); shareholder value (Rappaport, 1986) the business excellence model (Marr & Schiuma, 2003); the performance pyramid (Lynch & Cross, 1990), the macro process model (Brown, 1996) and the performance prism (Neely et al., 2002). Acknowledgment of the impact of nonfinancial and intangible assets have triggered the emergence of still more frameworks (Brooking, 1996; Edvinsson and Sullivan, 1996; Roos et al., 1997; Stewart, 1997; Sveiby, 1997; Lev, 2001; Marr & Schiuma, 2001). While these approaches have proliferated and captured the attention of business professionals (Silk, 1998; Marr & Neely, 2001) and academics alike (Neely, 2002), the assertion of the present researcher is that achieving organisation-level results requires attention to and optimisation of perhaps the smallest unit of organisational activity: the individual employee. Therefore, the focus of this study is the human resources practice of managing individual performance.

Performance management with this focus has been described as the practice of formulating a common vision of the organisation's aims and purposes, supporting employees in understanding how they contribute to those visions, aims, and purposes, and then monitoring and helping employees align their behaviours and performance accordingly (Aguinis, 2013). A core aspect of performance management is the evaluation of employees' performance, which "must convey to employees how well they have performed on established goals" (DeCenzo & Robbins, 2016, p. 256). Ideally, these goals are collaboratively set by the employee with his or her manager. In other words, performance management involves continual identification, measurement, and development of employees' performance in accordance with the organisation's strategy, goals, and mission. Ultimately, the intention of performance management is to boost individual, group, and overall organisational performance (Schleicher et al., 2019).



DeCenzo and Robbins (2016) identified that performance management systems could be based on (a) absolute standards, where performance is appraised according to incident checklists using behaviourally anchored rating scales, (b) relative standards using individual rankings and comparisons, or (c) outcomes standards based on achievements produced and assessed against group or organisational goals. Regardless of the particular structure, performance management enables companies to manage their human capital to assure that the right individuals are motivated, engaged, retained on staff, further developed, and assigned to the right work opportunities so that a suitable person-job fit is achieved (Rausch et al., 2013). Given the focus on fit and productivity, some authors consider performance management systems central to effective business operations (Kim et al., 2016).

Effective performance management systems also have been linked to important employee attitudes, such as employee satisfaction. This outcome is particularly evident when employees are allowed to participate in the process (e.g., Keaveny et al., 1987; Nathan et al., 1991; Prince & Lawler, 1986), are informed of how the evaluation process works, and perceive the process as being rather unbiased (Schleicher et al., 2019). However, this latter condition is also strongly influenced by the degree of trust in the manager-subordinate relationship (Dusterhoff et al., 2014).

A preponderance of theory, research, and literature has been produced about performance management systems. These include models, designs, and best practices written for academics to test and refine and for practitioners to implement. Yet, regardless of the vast body of literature, practice and some research suggest that performance management systems often fail rather than provide the desired and anticipated results and bottom-line impacts (Schleicher et al., 2019). Buckingham and Goodall (2019) refer to these paradoxical effects as the *feedback fallacy*. They explain that although companies and managers are increasingly encouraged to give ongoing, direct, and so-called constructive feedback to employees, the criticism offered is disempowering and counterproductive for learning because it directs employees to try to build on their weaknesses rather than to thrive and excel through their strengths.

Meanwhile, Pulakos (2004) pointed out the inefficacies and inefficiencies of the performance review process. His research suggested that managers and employees shrink back from providing honest feedback in an effort to preserve their relationships. Moreover, participants in his study reported that performance management is, by nature, bureaucratic and tedious, further discouraging managers and employees from spending the extra time needed for thoughtful analysis, feedback, and planning. It follows that the outcomes of such a process would lack value and relevance for employees' career and ongoing development.

Other studies within organisations have similarly confirmed managers' and employees' beliefs that performance management processes are perceived as lacking efficacy and value—especially compared to the resources dedicated to the process (Ryan, 2015; Jones, 2016). Particularly wasteful are those approaches that omit admittedly time-intensive qualitative performance feedback and coaching in favour of performance planning and assigning performance ratings (Orlando & Bank, 2016). Rausch et al. (2013) argued that, in such cases, employees completely miss the benefit of hearing suggestions for improving their performance. Notably, this view departs from Buckingham and Goodall (2019), who argue that this feedback should be discarded.

### **1.3 Research Gap and Research Questions**

Schleicher et al. (2019) point out that absent unequivocal proof of the value of performance management (e.g., Lawler & McDermott, 2003), a strong debate has emerged about whether such systems are even needed (Pulakos & O'Leary, 2011; Adler et al., 2016). While some of these arguments centre on whether formal performance management should exist at all (e.g., Pulakos & O'Leary, 2011), others assert that the processes should be simplified and streamlined for greater effectiveness and adoption by employees (e.g., Efron & Ort, 2010). Plaguing the debate about the value of performance management is the nebulous nature of terms such as *return* and *impact*. Jabeen and Behery (2017) additionally point out that research into organisations' use of performance management in the Middle East is greatly limited. Altarawneh (2016) similarly noted the lack of research on performance management systems in Saudi Arabia, specifically. Given the uncertainty about design,

usefulness, and impacts of performance management, three research questions were outlined to guide the present investigation within one case organisation:

1. What design and delivery features are needed in the performance management system?
2. What oversight and accountability features are needed to support the effectiveness of the performance management system?
3. What impacts should the performance management system have within the rest of the organisation?

#### **1.4 Aim and Objectives**

The setting for this study was the Kingdom of Saudi Arabia, whose contemporary economic history is noted by the discovery of oil and evolution of the oil industry and, within recent decades, has focused on strengthening non-oil industries. Strengthening human resource development in the country, including performance management, has been a necessary tactic alongside these strategic initiatives (Kingdom of Saudi Arabia, 2017). The need for optimising human capital may be particularly keen in the Saudi food industry, which faces opportunities for growth (Fitch Solutions, 2021) despite ongoing competitive threats from international food processing behemoths (Alsaleh, 2007). However, limited research and literature is available on performance management in the Middle East (Jabeen & Behery, 2017) and Saudi Arabia (Altarawneh, 2016).

This study aimed to investigate the design features and impacts of a performance management system within one organisation in the Kingdom of Saudi Arabia. The organisation selected is a large agribusiness located in the Kingdom of Saudi Arabia.

The following objectives were carried out:

1. Review and identify current trends and debates in theory and research regarding performance management.

2. Evaluate the effectiveness and adoption of the case organisation's performance management system through survey and focus group methods.
3. Design a new performance management framework for the case organisation based on examination of performance management theory and research and on primary data gathered as part of this study.

This study constituted a formative evaluation (Dahlberg & Colin, 2010) of the case organisation's performance management system because it evaluated the system's effectiveness and impact on employees and provided information on how to improve it.

### **1.5 Contribution to Professional Practice and Academic Practice**

The present study produced significant contributions to professional and academic practice. In particular, the framework generated from this study supports Organisation A in implementing a more effective performance management system that may be better adopted throughout the organisation. Moreover, this framework constitutes a substantial contribution to the larger body of research and practice in that it illustrates the critical components of performance management system capable of boosting organisational performance and employee adoption of the system, with specific application to the Kingdom of Saudi Arabia. As such, this framework adds to, extends, and corrects previous frameworks (e.g., Smith & Goddard, 2002) and gaps in the literature.

Secondarily, it is anticipated that greater effectiveness and enhanced use of the performance management system should lead to better assessment and understanding of the firm's human capital, yielding strategic benefits such as improved staffing decisions, training and development, productivity, and employee satisfaction. These results, in turn, should improve the company's financial bottom line. Although single case studies are, by design, not intended to be generalisable, the findings also should have some transferability to other organisations in Saudi Arabia, particularly within the food industry. This represents a contribution to both practice and research, given the limited literature on performance management in the Middle East (Jabeen & Behery, 2017) and Saudi Arabia (Altarawneh, 2016).

## **1.6 Ethical considerations**

Ethical considerations are important for protecting both researchers and participants (Locke & Spirduso, 2014). Participants need to be advised of the study intent, nature of participation, potential risks and benefits of participation, and procedures for protecting their data and identities (Cone & Foster, 2006). These procedures are documented in a consent form that the researcher verbally reviewed and that participants signed (Locke & Spirduso, 2014).

Participation in this study was voluntary and confidential: Participants were able to withdraw or decline to answer at any time (although no participants did so), participants' names and identifying information were not recorded, and only aggregated data were reported in the results section. Hard copies of raw data were kept in a locked cabinet at the researcher's residence and shredded upon the study's completion. Electronic files of the raw data will be kept indefinitely for the purposes of future research.

## **1.7 Potential Findings, Significance, and Conclusions**

Findings from this study include a summary of key performance management trends, and best practices, empirical assessment of the effectiveness and adoption of the organisation's existing performance management system, and design of an improved performance management system anticipated to achieve improved effectiveness and adoption within the organisation.

These findings are significant because determining how to better assess employees may lead to improved employee development, satisfaction, and retention, further leading to improved organisational effectiveness (Rausch et al., 2013).

## **1.8 Theoretical Framework**

In this study, the researcher took a pragmatic stance to the research. Intense and pervasive controversy has existed for years regarding positivist (quantitative) versus post-positivist (qualitative) research. Quantitative researchers assert that their qualitative counterparts

should handle data and examine phenomena as they themselves do. One particular aspect of a positivist approach is sustaining a distance between the researcher and the phenomena and any subjects being investigated. Proponents of such approaches maintain that in doing so, these so-called social scientists can achieve context-free objectivity (Nagel, 1986), enhancing the possibility for accurate, consistent, and generalisable findings and conclusions. Quantitative researchers argue that investigators must eradicate biases, sustain separation from the matter being researched, and test hypotheses through data. Moreover, analysis and writing about the phenomena need to be detached and formal (Tashakkori & Teddlie, 1998).

Qualitative researchers adopt a far different approach to data. Postpositivist advocates include the likes of Lincoln et al. (2018) and Schwandt (2000). According to a qualitative epistemology, phenomena under investigation can only be understood when embedded in their context. Moreover, qualitative researchers allege that regarding any particular phenomena, multiple perceptions of reality exist, defying a clear assessment of causality and linear logic. It follows, according to these researchers, that any qualitative studies must be researched within their natural surroundings, and that findings must be determined through inductive analysis. Doing this requires a deep connection between the investigator and the context, participants, and subject under study (Guba, 1990). In contrast to quantitative research, which is written in a detached manner in the passive voice, qualitative studies opt for richly detailed writing in active and informal voice (Johnson & Onwuegbuzie, 2004).

A third approach is an epistemology reflecting pragmatism. A pragmatic approach seeks to blend the contrasting methods advocated by qualitative and quantitative researchers (Howe, 1988; Guba, 1990). Pragmatic research also is called mixed methods research. Proponents of this form argue that it yields the advantages of both epistemologies while addressing their shortcomings (Johnson & Onwuegbuzie, 2004). The outcome is a multivariate and detailed as well as statistical evaluation of the phenomena under study (Creswell & Creswell, 2018). Moreover, the postpositivist aspects of pragmatic studies allow investigators to research human experiences in all their nuances (Brinkmann & Kvale, 2018),

while the quantitative aspects involved in pragmatic research allow for efficient statistical analysis of the phenomena (Creswell & Creswell, 2018).

In the present research, a pragmatic epistemology was enacted, as perspectives of performance management systems require a complex assessment of both a qualitative and quantitative nature in order to draw findings and conclusions. A pragmatic approach seeks to blend the contrasting approaches advocated by qualitative and quantitative researchers (Howe, 1988; Guba, 1990).

## **1.9 Limitations**

Limitations are the inadvertent events and issues that occur in the course of performing a study that affects the validity or reliability of collected data. A primary limitation of this study concerned researcher bias. The researcher naturally entered this study with certain beliefs and predispositions based upon his personal and professional experiences in organisations as an employee, manager, and human resources leader. The researcher's status as an organisational insider at Organisation A also heightened the risk for researcher biases. For example, the researcher's collection and treatment of the data may reflect what he already believes about performance management in general and Organisation A's system, in particular. It is possible that his experiences may have predisposed him to interpret the data in certain ways.

An additional issue that may affect the data's trustworthiness is the concept of social desirability. Social desirability has to do with the research study participants' motivation to offer answers or behave in a manner to make participants "look good" to the researcher or other participants (Bryman, 2008). The researcher's identity as an employee of the organisation potentially heightened the risk of participant biases. Social desirability was intentionally minimised through the use of good interview techniques such as building rapport with the participants to put them at ease and employing a non-judgmental stance. The researcher used a conversational style with participants to help them feel comfortable during the focus group interviews to minimise the risk of this limitation.

Another limitation affecting this study included the limits to generalisability endemic to case studies (Creswell & Creswell, 2018). Thus, while case studies are not considered generalisable in the same way that quantitative studies are, findings are transferable to other settings, with some limits.

### **1.10 Delimitations**

Delimitations are the methodological and design choices in the study that affect the study data and findings. The primary delimitation of the present study is the use of focus group interviewing to collect data. Interviews limit the findings to what insights participants provide of themselves or in conversation with the researcher. It is possible that gathering data through one-on-one interviews could have generated more personalised insights and conclusions as the researcher engaged in an in-depth conversation with each participant. However, the choice of focus group interviews was used in the present study because it allowed for a much greater number of participants to be included than would have been possible through individual interviews. Moreover, the focus group approach allowed for rich dialogue and exchange among participants, thus, leading to more incisive results. The study also relied on self-reported data.

A second delimitation that affected the study and its results was the use of convenience sampling methods. This strategy could be to introduce problems with external validity, as opposed to random sampling methods typically used in quantitative studies. The population chosen consisted of those to which the researcher has linguistically and logistically more convenient access. Glesne (1999) and other researchers dismiss this sampling approach as resulting in “backyard research,” despite the predominance of educational research based on convenience sampling. Glesne’s criticism is that in these natural situations, researchers lack control over most study variables (a valid critique). However, the practical and financial limitations of unfunded research beg the question of whether “backyard research” is preferable over an absence of research.



## **1.11 Assumptions**

This dissertation assumed that employees have a natural desire for growth and involvement. Literature across fields has exhibited expanded research efforts regarding the growth mindset as it relates to management and employee development. Research in educational and related psychological disciplines emphasise research on growth mindset, particularly highlighting implicit theoretical examinations of intelligence as well as the ability (Dweck, 2000, 2006). Accordingly, this dissertation assumed that optimising the performance management system requires a thorough diagnosis of the current state, effective change management, and a growth mindset.

It was additionally assumed that improving the performance management system requires leveraging emerging technologies. These technologies often help in optimising the design and implementation of performance management systems and further aid in breaking down organisational silos and improving employee engagement and adoption of the system.

## **1.12 Positionality**

As part of a pragmatic epistemology that incorporates a post-positivist worldview, acknowledging how the researcher relates to the study setting and topic is critical. This may include acknowledgement of the researcher's personal and professional background as it pertains to the study topic. This helps explain the researcher's interest in the study, offers a place for the researcher to identify his biases, and establishes his expertise for conducting the study. It is particularly important for researchers to disclose their background given the assumptions associated with the qualitative paradigm that researchers are inextricably linked to their work and that their experience and knowledge affect the conduct of the entire study (Camic et al., 2003).

Relevant to this study, the researcher was a human resources leader at the study organisation. As such, the researcher held certain biases related to this study, including:

1. Employees naturally desire growth (Dweck, 2000, 2006).

2. Improving performance management employee necessitates alterations in how organisations engage employees throughout the process.
3. Redesigning performance management requires input from employees and managers throughout the organisation.
4. Given the volatile, uncertain, complex, and ambiguous conditions affecting many organisations, it is often necessary for organisations to find ways to do more with less.

The researcher also had extensive experience in leading performance management initiatives. Through these experiences, he developed the conviction that performance management is critical to organisational success, and this experience and mindset informed his work in this study.

Due to these various experiences, the researcher brought certain biases to this research. These biases were controlled by explicitly identifying the biases beforehand and intentionally bracketing these biases while gathering and analysing data. Simultaneously, the researcher's extensive experience as a human resources manager enabled him to achieve a deep level of analysis of both the extant literature and the empirical data gathered, thus, illustrating the benefits of some degree of so-called bias.

### **1.13 Organisation of the Study**

This chapter provided an introduction to the study. The chapter began with the problem background, followed by the identification of the research gap and research questions. The study's aim and objectives were outlined next, and the contribution of this research to professional and academic practice was identified. Ethical considerations, created for the purpose of protecting both the researcher and participants, were explained. The potential findings, significance, limitations, and conclusions of the study also were indicated. Finally, the theoretical framework guiding the study was presented and the study's limitations, delimitations, and assumptions were acknowledged along with the researcher's positionality.

The next chapter provides a review of extant literature relevant to this study. Theory and research on performance management systems are reviewed, including their definition and history, their main components, recent trends, and uses of performance management systems in general and across sectors. Research on performance management systems is reviewed. Criticisms and drawbacks of performance management systems, gaps and inconsistencies in the literature, and researcher reflections are outlined. A conceptual framework for the study based on the literature is then presented. The research questions and a summary of the chapter are then presented.

The third major section in this paper outlines the methods that were used in this study. First, the chosen research paradigm and design are discussed, followed by an overview of the case organisation that was examined in this study. Procedures for recruiting and enrolling participants in the study are discussed, along with a description of the instrumentation, the specific steps for data collection and analysis, and ethical considerations. The researcher positionality is again explicated.

The fourth major section presents the study findings and analysis. Both the qualitative and quantitative findings are displayed in summarised form according to the structure of the conceptual framework.

The fifth and final section of this paper is the conclusion, which serves to integrate the present study's findings with relevant extant literature. First, the key conclusions of this study are presented along with their implications. The framework emerging from this study is presented and the connection of the study findings to extant literature is outlined. Recommendations for practice are then identified, followed by the acknowledgement of the study limitations and delimitations. Recommendations for continued research are then outlined.

## **1.14 Chapter Summary**

This chapter provided the background and purpose of the present study. Performance management has been described strategically important to organisations (Smith & Goddard, 2002) but lacking in use and efficacy (Wall & Martin, 2003). More insights are needed to determine how to better assess employees for the purpose of improved employee development, satisfaction, and retention, leading to improved organisational effectiveness (Rausch et al., 2013).

This chapter also identifies the research gap and research questions, the study's aim and objectives, and what will be a contribution to academia and practice as a result. Ethical considerations of the study, as well as its potential findings, significance, and conclusions, also are outlined. The theoretical framework guiding this study is then presented. The study limitations, delimitations, and assumptions are outlined, followed by the researcher's positionality. The chapter closes with a description of how the study is organised and an overall summary.

## **2. Literature Review Chapter**

### **2.1 Chapter Overview**

This study aimed to outline the design of a performance management process for enhanced effectiveness and improved adoption by employees within one organisation in Saudi Arabia. This chapter provides a review of relevant literature. Theory and research on performance management systems are reviewed, including their definition and history, their main components, recent trends, and uses of performance management systems in general and across sectors. Research on performance management systems is reviewed. Criticisms and drawbacks of performance management systems, gaps and inconsistencies in the literature, and researcher reflections are outlined. A conceptual framework for the study based on the literature is then presented. The research questions and a summary of the chapter are then presented.

### **2.2 Performance Management**

The current business landscape is characterised by globalisation, hyper-competition, rapid innovation, and change, all culminating in conditions summarised as volatility, uncertainty, complexity, and ambiguity (Saleh & Watson, 2017). Within this environment, companies have scrambled to attract, retain, and develop the best human resources within their industry (Michaels et al., 2001; Royal, 2019). In order to meet the diverse needs of internal and external stakeholders as well as the concerns of shareholders, organisations endeavour to thrive in turbulent and competitive markets by excelling on the basis of a variety of indicators of organisational performance. One such indicator is staff expertise, performance, and productivity. Effectively managing and measuring corporate performance in this way typically is achieved using a formal or informal performance management system (PMS). Such systems aid organisations in best harnessing the talent present within their people, thus best positioning the firm to react and adapt to ongoing external shifts (Blahova et al., 2017). Some researchers go further to maintain that an organisation's economic success relies squarely on effective and systematic performance management. For example, DeNisi and Smith (2014)

proposed that when an organisation's performance management system is aligned with the strategic goals of the organisation, the result can be a climate for performance where knowledge, skills, and abilities are cultivated to improve firm-level performance. Becker and Huselid (2006) point out that performance management systems have been associated with firm-level performance, although the link is a black box that requires further elucidation. The following sections provide a review of performance management systems in organisations.

The review begins with a discussion of the definition and history of performance management systems in organisations, followed by a review of the basic components of these systems. Next, emergent trends in performance management are reviewed, including continuous performance management, the emergence of appraisal software, the incorporation of qualitative appraisal approaches, and the digital transformation of performance management. The fourth major section in this review of literature addresses the uses of performance management systems, including enhancing the rationality and employee ownership of results, ranking employees and identifying remediation measures for performance problems, and justifying termination decisions. The differences in performance management systems across sectors are then reviewed. Finally, research on the utilisation, efficacy, and impacts of performance management systems is examined.

### **2.2.1. Definition and History of Performance Management Systems**

*Performance* refers to the composite of an individual's cognitive, physical, emotional, and other types of actions and inactions that produce an effect within a larger context, such as a team's, organisation's, or society's outputs (Iqbal & Kureshi, 2016). Despite this rather straightforward definition, the term implies a range of complex factors and interdependencies affecting performance (e.g., personality, mood, ability and disability), multiplicity of stakeholders affected and involved, and the subsequent approaches for motivating, developing, assessing, and rewarding and/or penalising said performance in support of the organisation's overall needs. Ideally, individual performance begets group and organisational performance, in the form of a mutual and symbiotic win-win. It is in this relationship that the practice of performance management, the act of quantifying the efficiency and effectiveness of given performance (Neely, 2005), emerged.

Performance management has been described as the practice of formulating a common vision of the organisation's aims and purposes, supporting employees in understanding how they contribute to those visions, aims, and purposes, and then monitoring and helping employees align their behaviours and performance accordingly (Aguinis, 2013).

Rogers (1990, p. 117) defined performance management as "an integrated set of planning and review procedures which cascade down through the organisation to provide a link between each individual and the overall strategy of the organisation," while Armstrong (2006, p. 502) contended that performance management is simply "what managers do." Hartle and Weiss (2002) somewhat similarly claimed that performance management involves the act of outlining a mutual agreement between the supervisor and subordinate regarding intended and desired objectives as well as the means to get there, along with the supervisor's day-to-day method for overseeing, supporting, and developing subordinates in ways to enhance the probability of accomplishing the organisation's goals. Van der Walldt (2004) echoed that performance management occurs when managers utilise an integrated collection of approaches intended to enhance workers' productivity and generally managing employees toward the achievement of collectively defined and commonly shared strategic organisational goals. Meanwhile, Eckerson (2006) described the concept of "performance dashboards," which managers use to better assess, oversee, and manage the performance of both subordinates and the organisation overall. These researchers take a managerialist view that foregrounds the supposed benefits of performance management systems. It is important to acknowledge that other authors see performance management as a tool for control. Moreover, Van der Kolk et al. (2019) noted that performance management systems that focus on controlling results could undermine intrinsic motivation.

Performance management has been practised for more than 70 years, reaching its heyday in the late, 1980s and, 1990s (Smith & Goddard, 2002; Saiz et al., 2007). While performance management encompasses the activities of *performance measurement*, *performance appraisal*, and *performance development*, practitioners often use these disparate terms interchangeably (Iqbal & Kureshi, 2016). For example, Neely et al. (2002, p. 23) defined a performance measurement system as a "set of metrics used to quantify the efficiency and effectiveness of past actions" that "enables informed decisions to be made and actions to be

taken because it quantifies the efficiency and effectiveness of past actions through the acquisition, collation, sorting, analysis and interpretation of appropriate data.”

Various purposes and objectives of performance management have been noted in the literature. More than 60 years ago, McGregor (1957) posited that performance management was designed to achieve three aims: conducting a rigorous evaluation to support the application of rewards or disciplinary actions; informing the employee of his or her current status, with the intention of encouraging certain desired behaviours while discouraging others; and identifying opportunities for worker development. In other words, McGregor explained that these systems should incentivise improved performance, provide development support to effective employees, and present an offramp for underperforming workers. Later, England and Parle (1987) asserted that the purpose of the system is to provide feedback to employees, dictate the distribution of rewards, and reveal skill gaps in the organisation. More recently, disparate purposes for performance management have been noted, depending upon the nature of the work and the organisation. Williams and Beck (2018) proposed that in the case of high job insecurity (e.g., in the “gig economy”), the intention of these systems is to intensify work and enhance workers’ compliance with established role objectives. They argued that in the case of more so-called permanent employment contracts, the ultimate aim of performance management is to enable employers to control and manage employee termination. Alternately, Gordon and Fischer (2018) took the view that a performance management system acts as an internal tool for managers to reveal the pathway for continuous improvement of individual employees as well as his or her unit at large. Still, other authors identified a threefold purpose for performance management: fulfilling and enacting the organisation’s strategic intent, achieving cultural indoctrination, and determining and administering rewards and sanctions (Hackman & Oldham, 1976; Nel et al., 2011).

Today, practitioners and researchers alike assert that performance management is a matter of strategic concern to the entire organisation (Smith & Goddard, 2002). When implemented in the organisation in a comprehensive manner, performance management is considered to comprise a high-commitment human resource management strategy that results in greater



employee ownership and overall enhanced individual and company performance (Wright et al., 2003).

### **2.2.2. Components of Performance Management Systems**

A core aspect of performance management is the evaluation of employees' performance, which "must convey to employees how well they have performed on established goals" (DeCenzo & Robbins, 2016, p. 256). Ideally, these goals are collaboratively set by the employee with his or her manager. In other words, performance management involves continual identification, measurement, and development of employees' performance in accordance with the organisation's strategy, goals, and mission. Ultimately, the intention of performance management is to boost individual, group, and overall organisational performance (Schleicher et al., 2019).

Performance measurement systems offer more disciplined means for managing operations, given that the systems are designed to evaluate performance and create data to enable educated, evidence-based decisions (Neely, 1997). Accordingly, three basic components need to be present in any performance management system: the means and methods for data collection and processing, data analysis, and taking action (Frampton et al., 2017). Pollitt (1999) asserted that the performance management process consists of five essential procedures: outlining objectives, determining responsibilities, assessing performance, gathering feedback to support decision making, and introducing external accountability. Smith and Goddard (2002) conceptualised the performance management process as consisting of performance development, performance measurement, and performance appraisal. The ingredients to an effective process include organisational strategy, development of performance measurement instruments, application of analytical techniques to performance feedback data, and instruments that encourage appropriate organisational resources (see Figure 2.1).

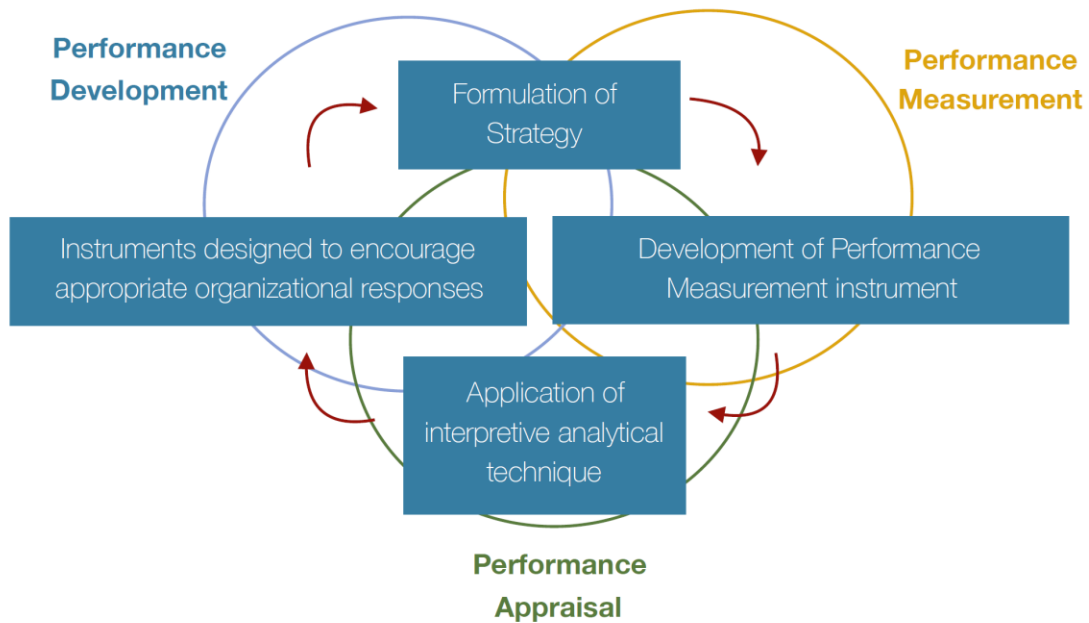


Figure 2.1: The Performance Management Process

Source: Iqbal and Kureshi, 2016

Core aspects of a typical performance management system include individual-level evaluation of worker performance with respect to corporate targets, peer review, and linking the worker’s performance to subsequent perks, benefits, and compensation or, alternately, disciplinary actions and other sanctions. Another common element of an effective performance management system includes transparency. While some authors explain this concept as feedback provided being fully visible to management, other authors discuss transparency with regard to principles of procedural fairness (Jabeen, 2011; Orlando & Bank, 2016), transparent decision making, and respect for employees (Winstanley & Stuart-Smith, 1996).

Some authors (e.g., Boyne et al., 2005; Chan & Karim, 2012; Patrucco et al., 2016) have additionally stressed the need for clear metrics (such as profit or communities served). For example, while profit and revenue are typical metrics in private sector organisations, efficiency and cost tend to be favoured in the public sector and non-profit organisations (Patrucco et al., 2016), given their focus on using typically scarce resources efficiently (Chan & Karim, 2012). Lack of alignment between the performance management system and an

organisation's strategy and corresponding metrics has been identified as a leading contributor to suboptimal performance (Boyne et al., 2005).

DeCenzo and Robbins (2016) identified that performance management systems could be based on (a) absolute standards, where performance is appraised according to incident checklists using behaviourally anchored rating scales, (b) relative standards using individual rankings and comparisons, or (c) outcomes standards based on achievements produced and assessed against group or organisational goals.

Moreover, the organisational vision, mission, and strategic orientation need to be aligned with the system if it is to achieve the aims of enhancing worker performance, given that fulfilment of any organisation's vision and mission is employee performance (Erridge & McIlroy, 2002; Rhys et al., 2006; Anderson, 2017; Gordon & Fischer, 2018). In other words, supervisors must enact a simultaneously cognitive and analytical process to convert their department's vision into the set of performance measures that assure alignment between the individual actions of their direct reports and the high-level organisational targets and strategic objectives (Franco-Santos et al., 2012). Furthermore, employees are responsible for suggesting or at least agreeing with the objectives set forth for them (Williams & Beck, 2018).

It is important to note, however, that several researchers found that alignment was lacking between performance management systems and organisational goals and vision (Patrucco et al., 2016), for reasons of ill-defined goals or lack of metrics. Moreover, achieving strong alignment will be difficult if the organisation's mission is unclear, imprecise, too lengthy, or replete with flowery language or platitudes. Once a clear mission is outlined, the organisation's divisions and departments will create their own missions (Gordon & Fischer, 2018) and critical success factors as well as key performance indicators aligned with the broad organisational mission. This results in a collection of performance metrics, ideally aligned with the goals of effectiveness (to indicate the rate of resource consumption) and efficiency (to indicate the outcomes generated by the worker). Notably, Patrucco et al. (2016) found that higher status departments had more key performance indicators compared to lower status departments in the same organisation.

With the vital elements of organisation mission and strategy, metrics, success factors, and key performance indicators defined, the performance management system can be constructed so that workers are evaluated based on these factors and indicators on a periodic or continuous basis, depending on the design of the system. With these ongoing evaluations, evidence-based decisions can be made regarding how and where operations and outcomes need to be shifted or improved on an individual, group, and organisational level.

Effective design and implementation of a performance management system require strong leadership support throughout the organisation (Broad & Goddard, 2010). That is, a performance management system will be superficial or unused, if not both. The real issue is one of leadership fostering the idea that a performance management system paves the road to continuous improvement (Gordon & Fischer, 2018).

Performance management systems involve a review of a given employees' work performance—typically by their supervisors, but also potentially by their peers, customers, and subordinates. Rosenblat et al. (2017) noted that the peer review aspect of many systems introduces the risk of competition, stereotyping, and prejudice among colleagues in order to boost their own ratings. Other biases also are possible, such as mutually inflated ratings in the act of quid pro quo. Some performance management systems have attempted to circumvent these risks by being more pointed in their requests for feedback, such as “identify two ways in which [name of peer] could enhance their performance.” To reduce the risk of line managers claiming all their direct reports are superior, they must answer, “Is this the best person you have ever worked within this role?” The structure of these questions requires a forced rank type of answer, theoretically leading to greater objectivity. According to Williams and Beck (2018), limiting reviewers' latitude for glowing feedback yields clear comparisons and rankings among employees. In still other designs, employees themselves are required to retrieve their co-workers' feedback and bring it to the performance appraisal discussion with their manager. Reviewers, according to this design, may include colleagues on the employee's team, frequent or past collaborators, or external stakeholders with valid feedback. Although the reviewers may be reluctant to give negative feedback directly to the employee, they are ostensibly forced to do so, knowing that the entirety of their feedback will be reviewed by management and failing to provide constructive feedback will be duly noted.

### **2.2.3. Trends in Performance Management**

Although critics of performance management certainly exist (and are acknowledged in this section), performance management traditionally has been considered central to the practice of management (Smith & Goddard, 2002; Wright et al., 2003). In this view, performance management is seen as a tool for helping managers oversee and guide their direct reports' activities. Practices related to traditional performance management include setting goals, monitoring performance according to those goals, and determining rewards or remedial actions based upon the performance. Proponents of traditional performance management assert that despite the evolution of the tools, the aim of performance management as a tool for enhancing employees' efficiency and effectiveness remains. Apart from how work is organised or administered, the goal setting may be to optimise the employee's productivity or to achieve certain outputs. This is particularly the case because the effectiveness of regimes based on specific targets and benchmarks tend to degenerate over time. This decline in efficacy occurs because employees develop more efficient ways of working by excluding other considerations and performance goals. Moreover, employers generally want employees to not only work with effectiveness but also with efficiency—in other words, working smart and hard. At the same time, the risk with strictly traditional approaches is that the process may fall into a mere ritual with a lack of ownership by manager or employee. Under such conditions, outcomes and contributions to organisational success are unlikely to follow.

Critics of traditional approaches to performance management have become more vocal as the business landscape continually changes and conditions of volatility, complexity, uncertainty, and ambiguity intensify. As firms undergo rapid and turbulent change, performance management systems also need to be reconfigured to remain effective and aligned with their organisations' current realities. For example, effective performance management systems now address a range of economic, social, political, and environmental trends, especially in organisations where globalisation plays a significant role, as in such organisations, diverse Western and Asian management approaches may blend, creating a unique host of desired performance behaviours (Blahova et al., 2017). Given the evolution of performance management systems over their history, a variety of studies have examined the impact of current trends on these systems (e.g., Bititci et al., 2012; Bourne et al., 2005, 2013;

Blahová & Zelený, 2013; Franco-Santos et al., 2007, 2012; Marr, 2009, 2012; Neely, 2007; Nudurupati et al., 2011; Sousa et al., 2006).

Regardless of emergent trends, performance management remains a vital human resource process across organisations, as it assures alignment between individual workers' performance and overall organisational goals and objectives (Pagdonsolon et al., 2020). For example, one such trend is foregoing the staid annual review process (Crush, 2015; Cappelli & Tavis, 2016) criticised for its bureaucracy, inefficiency, and bias (Kellaway, 2015), in favour of continuous performance management, which is characterised by collaborative goal setting, dialogue and sharing of real-time, crowdsourced feedback between supervisors and subordinates (Zenger, 2017). Companies that joined in the trend to end traditional performance management include giants such as Accenture, Deloitte, and Microsoft, among various other global leaders (Cunningham, 2015). The following sections describe several trends evident in the practice of performance management.

#### 2.2.3.1. Continuous Performance Management

Continuous Performance Management is another trend in the global management of human resources that was created as a response to the typical employee and manager perception of the annual performance review as an onerous and awkward ceremony they would avoid, if possible (McElgunn, 2019). According to Pagdonsolon et al. (2020), continuous performance management is revolutionizing how companies carry out their performance management, particular in service-oriented companies where closer interactions between supervisors and subordinates tend to be the norm (Anderson, 2006). The all-too-common perception that performance management is something to avoid is at odds with the actual objective of performance management, which is to monitor and guide employees in their performance planning and development (Rajib et al., 2016). In turn, employees and their managers lose a vital opportunity to reflect on and shape the employee's career in concert with their own and their organisation's goals.

Instead, continuous performance management endeavours to cultivate an atmosphere of free-flowing, real-time, crowdsourced information exchange leading to ongoing

improvement and employees' ownership over their own development and careers (Deloitte, 2017). To do so, a practice of regular conversations and collaborations between the employee and his or her supervisor is created. Topics of these meetings focus on setting goals, tracking progress on those goals, and, in general, monitoring the employee's work performance. Thus, through ongoing formal touchpoint meetings as well as informal conversations, managers offer regular performance feedback to employees, and development becomes an ongoing activity. Due to this continuous nature, other authors stressed the importance of communication, which flourishes within organisational environments that favour and promote ongoing discussion, dialogue, and mutual definition of goals and expectations between supervisors and subordinates (Jabeen, 2011; Orlando & Bank, 2016).

This means that rather than performance management being an annual or semi-annual activity, performance feedback is collected continuously, and development is a regular focus. Feedback is gathered in a free-flowing manner from the employee's networks as well, allowing him or her ample time to adjust and address performance issues as they are happening. In other words, rather than a simple, top-down, and transactional process, continuous performance management shifts the focus to the employee with the aim of supporting their ongoing development. As one participant in Williams and Beck's (2018, p. 39) study explained, "Continuous review means that this process may be triggered at any point. In other words, employees are only as good as their last review, and their last review will have been very recently." Proponents of continuous performance management argue that ongoing assessment and feedback constitute a more logical and dignified approach than waiting for an annual meeting, by which time relevant history may have been forgotten. Accordingly, management of performance also becomes timelier and more ongoing.

The continuous approach to appraisal is dramatically changing how organisations are carrying out performance management (Pagdonsolan et al., 2020). Proponents of continuous performance management assert that within the atmosphere created by this approach, employees confidently seek more feedback—both about their strengths and their areas for development—in their quest to continually enhance their work-related competencies. Although studies on the continuous appraisal are generally lacking, those that have been conducted indicated that its features aid in boosting employees' general sense of well-being

in various ways. For example, Singh (2018) found that employees' sense of fairness and organisational justice is increased due to the continuous nature of receiving performance-based feedback. In an earlier study, Cohen et al. (2016) found that timely (ideally, immediate) feedback is associated with better employee performance.

Given the employee focus endemic to continuous performance management, Pagdonsolan et al. (2020) examined the effects it had on employee attitudes within multinational organisations located in metro Manila, Philippines, in, 2019. In the study, 155 employees were recruited using snowball sampling procedures. Data collection involved a five-part survey that gathered respondent demographics assessed the use of continuous performance management as well as job autonomy, motivation, and turnover intent. Data analysis using Partial Least Squares Structural Equation Modelling (PLS-SEM) was used to examine the relationships among the constructs. Study results indicated that continuous performance management is positively related to job autonomy and motivation and negatively related to turnover intent. Results additionally indicated that motivation and job autonomy were negatively related to turnover intent. Based on the study results, the researchers concluded that continuous performance management should be continued, especially among organisations that wish to optimise the development and retention of employees. Pagdonsolan et al.'s (2020) work was a valuable contribution to the body of literature, as research is lacking on the trend of organisations shifting toward modern performance management—and particularly lacking about the implementation of this style of performance management and its effects (Deloitte, 2017).

#### 2.2.3.2. Emergence of Appraisal Software

Market shifts affecting employee retention, turnover, and the management of performance (e.g., new UK retirement legislation affecting retirement age) has prompted a surge in market demand for professionals who specialise in planning and evaluating employee performance (Williams & Beck, 2015). Central to these market developments is a rising demand for ongoing performance monitoring and feedback, as highly structured, formulaic, and one-size-fits-all approaches involving periodic calendar-based appraisal (e.g., traditional annual or semi-annual performance reviews) and feedback meetings between a manager



and his or her subordinate have been retired. Critics of the traditional performance review approach argue that standard calendar-based approaches are inflexible and based on a small set of performance variables. Moreover, they point out, the variables often become outdated, given the conditions of volatility, uncertainty, complexity, and ambiguity characterising the current business landscape. As a result, by the time the evaluation happens, the goals set or performance variables planned 12 months earlier no longer have much relevance to the organisation's goals and priorities (which likely had changed over the year) and, thus, the value others place on the employee's work.

The demand for continuous assessment and reporting, in turn, stimulated a need for supporting and enabling technology. Both the behemoth multinationals that dominated the human resource consulting outsourcing market, as well as start-ups providing bespoke solutions, responded to fill this space. Although the resulting solutions did not necessarily constitute breakthrough or disruptive innovations in a technical sense, the solutions did offer organisations a revolutionary way to evaluate performance on an ongoing basis. The new technology-enabled solutions moved performance monitoring and reviewed online, offering a greater ability to fine-tune the focus and precision of measurement ad hoc as needed, turning the performance evaluation and review process into "hyper-personalised talent discussions" (Williams & Beck, 2018, p. 37). Moreover, these platforms, regardless of provider, have a common functionality of drawing feedback and evidence from multiple sources, such as supervisors, peers, clients, psychometric assessments, and behavioural indicators.

Participants in a study by Williams and Beck (2018) reported that performance reviews in this new era of assessment are conducted generally every 30 to 90 days, although this time is calibrated to both the type of work the employee is performing as well as to his or her performance track record. As stated elsewhere in this discussion, as long as dedicating more attention (and practising shorter performance review cycles) is due to a justifiable decline in performance (based on the available evidence for a given employee), concerns about discriminatory practices (potentially leading to dismissal) can rather easily be fended off.

While the focus on continuous monitoring and feedback on performance may seem daunting, participating consultants in Williams and Beck's (2018) study emphasised that the meetings conducted as part of continuous performance management have featured a "lighter touch process," meaning that the manager's time investment is generally lower than for a traditional performance review process. Thus, instead of a lengthy feedback meeting, appraisal sessions are less formal one-on-ones or check-ins, especially because of the involvement of technology in performance monitoring and assessment shift how the exchange unfolds. That is, due to the ongoing nature of performance monitoring, issues surface rapidly, with the intention of ameliorating any performance problem—whether amelioration happens through a light discussion at a monthly check-in or whether formal disciplinary procedures need to be initiated. Moreover, the continuous nature of monitoring and availability of data means that performance can be plotted across an employee's entire lifecycle with an organisation rather than being confined to examining the year just passed and planning for the upcoming year's performance. Central to the success of any performance management system is having a teachable attitude. As one participant in Williams and Beck's (2018, p. 38) study asserted,

It's all about the strengths that make you better at your job. So, there's no point in being embarrassed. If there are areas where people have said, "You need to work on this," if it's going to help you achieve what you want, then that's good feedback to have.

The performance management software released within recent decades reportedly delivers a range of benefits above and beyond earlier manual or even in-house approaches. According to the providers of these systems, benefits include enhanced oversight and control, employee engagement, and efficiency and consistency in the appraisal process. While the intention, for the most part, is not to deliver a quantitative composite rating, the software does facilitate the triangulation of various data sources such as the worker's demonstrated record of target achievement, supervisor feedback, peer review, customer testimonials, self-assessments, and a comparison of the employee's behaviours to those desired and outlined in organisation-level strategy statements. Williams and Beck (2018) argued that a qualitative reporting of the employee's success or failure on these measures is sufficient. Moreover, the variety of

evidence affords the manager ample leeway to determine what data to present and what performance story to tell.

Despite the move away from quantitative rating and employee rankings, providers of the performance management software, however, were quick to point out that the logic of comparing and ranking performance across employees remains. However, these rankings generally are not emphasised, unless employees at either end of the spectrum (extremely high or extremely low performers) emerge. As one consultant in Williams and Beck's (2018, p. 39) study explained:

We don't need to know everybody's performance level across the organisation. From a central point of view, all we are really interested in are the exceptional performers whom we need to do something about so that we don't lose them, and we keep them engaged, and people whose performance is poor. We need to do something about that too.

Interestingly, despite the many benefits automated performance management and appraisal software appear to deliver, Williams and Beck (2018) argue that the benefits are not due to improvements in the data gathered. Instead, they assert, the benefits are due to the process in which it is gathered and the consequent perceptions of improved accuracy, objectivity, and efficiency.

Moreover, it is important to keep in mind that performance management is not a one-size-fits-all endeavour wherein a single system or platform will work equally well across organisations, industries, or sectors. Therefore, when selecting a performance management solution, it is important to consider the organisation's goals, markets, geographies, cost bases, budget constraints, and other factors affecting the management of human resources (e.g., resource utilisation, levels of needed performance) to assure that an appropriate platform is selected (Smith, 1988). In many cases, the performance management system selected may need to be adapted or modified to fit the company's unique needs and strategic direction. These factors, according to Smith (1988), make performance management one of the toughest human resource functions to successfully execute, especially in rapidly changing conditions and large, complex organisations.

#### 2.2.3.3. Incorporation of Qualitative Appraisal Approaches

In addition to making performance management continuous, updated approaches to appraisal allow for both solicited and unsolicited feedback from peers, clients, and others who have interacted with the employee being assessed (even though the hierarchical manager maintains control over their direct reports' appraisal process). This approach reportedly promotes the sharing of positive and constructive feedback. Moreover, this type of appraisal process supports the manager in constructing a comprehensive understanding of the employee's performance, specifically how others perceive it and what value they place on it. The manager who owns the process exercises judgment about how the various points of feedback are considered, how much weight each piece of feedback has, and what story will be told and acted upon in the process of appraising, rewarding, developing, and/or taking disciplinary action with regard to the employee being assessed. In this manner, the manager acts to assess both the employee and the reviewers giving feedback, yielding a far more complex and comprehensive performance management process than traditional methods that focus on assigning a quantitative score that is used to rank and compare workers. It should be noted that the managerial judgment needed to make this type of appraisal system effective does introduce the possibility for bias, as the manager is deciding what parts of the feedback to share and how to share it. That can make it difficult for employees to challenge the process. In some ways, the qualitative and judgment-intensive nature of this type of system makes it more difficult than traditional quantitative approaches.

#### 2.2.3.4. Digital Transformation of Appraisal

Digitalisation refers to converting traditional processes, exchanges, and business models into digital versions of the same. When enough of a business is digitally transformed or automated, decision-making tends to follow suit and is heavily based on the hard data available (Schildt, 2017). Although this type of decision-making process can lead to swifter decisions, ideally leading to greater agility, responsiveness, and competitiveness within the firm at large, appropriate, stable, and streamlined technical processes do need to be in place to achieve these aims (Lee et al., 2015). The rapid technological advancement and associated

innovations in software, hardware, computational power, mobile devices, sensors, and other technical elements occurring in recent decades have made digitalisation possible for organisations around the globe. Digitalisation also presents novel possibilities for performance management systems, such as automating decisions that rely on data collection and analytical capabilities (Delen & Demirkan, 2013). Moreover, digitalisation involves decision-making algorithms that, in turn, recommend or implement actions based on its calculations and predictions, all in response to the ongoing conditions the system is monitoring and with the aim of optimising desired outcomes (Schildt, 2017).

Technological advances affecting businesses include artificial intelligence, big data, Algorithm Management, and natural language processing. Artificial Intelligence has been used to rapidly examine, process, and analyse large data sets in order to support and enact decision-making (Davenport, 2014). Artificial Intelligence applications are used to improve the efficiency and timeliness of operational decisions (Davenport, 2014; Schildt, 2017). Big Data is described as gathering and analysing large and rapidly growing sets of relatively amorphous data (McAfee & Brynjolfsson, 2012). Artificial Intelligence often is used together with Big Data applications.

Given swiftly changing, volatile, and dynamic nature of business conditions and the ongoing digitalisation of business operations, performance management systems also need to be considered for transformation. Performance management systems exist to provide helpful information about employee performance in order to fulfil the aim of supporting supervisory decisions regarding rewards, discipline, development, assignments, and other issues (Taticchi et al., 2010, 2012; Choong, 2013). Neely (1999) noted several decades ago that a revitalisation in performance management was afoot, reasoning that this revolution was the result of a shift in the very nature of what constitutes work as well as how people work, combined with mounting global competition, an escalation in focus on quality and improvement, shifting roles in organisations, evolving demands on organisations from external stakeholders, and the rapidly evolving possibilities of information technology. Neely noted at that time that performance management systems were making a comeback; yet, research a few years thereafter revealed that only a minority of organisations had in place needed systems and processes to effectively oversee and evolve their assessment of performance (Kennerley & Neely, 2002). Later research outlined the factors that contribute to the successes and failures

in performance measurement (Bourne et al., 2003) as well as a depiction of the evolution of the performance measurement industry at large (Neely, 2005).

When organisations are able to build their capabilities to support digital transformation of performance management systems, they will be better equipped to continuously adapt and evolve their operations (George & Lin, 2017). However, rapid change is quite difficult for performance management systems, as these systems tend to involve rather fixed, consecutive steps in the process as well as in their strategic and operational role within the organisation (Bititci et al., 2000; Neely, 2005). Specifically, several researchers pointed out that the push for digitalised performance management stemmed at least partially from the increased need for dynamic rather than static performance management (Srimai et al., 2011). Other drivers for more nimble, digitalised performance management came from organisations' increased focus on innovation versus mere cost efficiency (De Lima et al., 2008; Taticchi & Balachandran, 2008; Micheli & Mura, 2017).

In order for human resource professionals to assure that their performance management systems maintain their relevance, especially in the volatile conditions characterising the current business landscape, it is important to conduct regular reviews of the overall process (Bititci et al., 1997, 2000; Bourne & Neely, 2003; Kennerley & Neely, 2003; Najmi et al., 2005; Kaplan & Norton, 2007; Micheli & Manzoni, 2010). When implementing a review process, it is important to make sure that review process itself is aligned to the market conditions and is, thus, appropriately dynamic for the landscape (Bititci et al., 2000; Kolehmainen, 2010). For example, some researchers advise that in extremely turbulent conditions, leaders should frequently revisit and, if necessary, adapt the strategy to assure that the measures used to evaluate performance remain appropriate (Melnyk et al., 2014). At the same time, according to these researchers, literature and practice are lacking on how extant theory and constructs related to performance management systems are to be designed and implemented within volatile and complex environments characteristic of the new digital economy.

Although digitalisation offers the potential for significant advances in performance management and, in fact, changes the mechanisms and timing for assessment (Neely, 1999), and although some researchers issued the call for more sophisticated information technology

solutions to support digitalised, effective performance management systems (e.g., Bourne et al., 2003), theory and research on this topic have remained rather limited. Bititci et al. (2000) suggested that the dynamic nature of performance management needed to be enhanced so that these vital personnel systems and related decisions could more nimbly react to internal and external environmental shifts. They added that such functional improvement might be achieved through technologically enhanced systems such as Artificial Intelligence and neural networks. More recently, Peters et al. (2016) examined the impact of high-quality business intelligence systems on the diagnostic and interactive features of performance management systems believed to be associated with a superior competitive advantage. Nonetheless, despite these articles that propose certain advancements, identify the technical capabilities that could support performance management, or discuss the many advantages of digitalised performance management, research is lacking regarding what the foundational features of performance management in digital environments are.

#### **2.2.4. Uses of Performance Management Systems**

##### **2.2.4.1. Enhancing Rationality and Employee Ownership Over Performance**

Technical innovations affecting performance management systems have aided the development of more systematic managerial decision making. In turn, workers tend to report increased confidence in what is perceived as a more robust review process. This perceived robustness is at least in part due to the seemingly increased rationality, objectivity, and irrefutability of appraisal results generated by automated management software packages, compared to “decisions made by the fallible manager who provided the evidence” (Williams & Beck, 2018, p. 39). Moreover, because performance issues are raised and discussed on an ongoing basis, subsequent managerial decisions made based on the ongoing appraisal process are less often challenged by employees.

It is perhaps because of this enhanced rationality that employees also have reportedly begun taking more ownership over their performance. According to participants in Williams and Beck’s (2018) study, individuals tend to believe the appraisal results, even when results indicate the employees have not met the desired targets. Their acceptance of the results

makes possible a more productive supervisor-subordinate conversation, often leading to more rapid and substantive performance improvement or, alternately, the employee deciding to leave the organisation. Williams and Beck (2018, pp. 39-40) explain, "In this way, the ... conversation serves to prompt employees to make decisions outside the appraisal process, possibly making formal management decisions unnecessary." Furthermore, in cases when underperforming employees do not take the needed actions (improving performance or leaving), the performance management software prompts supervisors to make their own needed decisions in a timely manner rather than postpone them, especially given that the appraisal process has generated a substantial case for the decision of termination or other disciplinary action. In doing so, the employer satisfies the legal and moral requirements of basing their decisions on reliable, non-discriminatory performance data and consistently applying the rules they have outlined for themselves.

An interesting development in the quest for enhanced rationality in performance management is the move away from numbered rankings (e.g., 1-5) or even categorical rankings (e.g., does not meet expectations, meets expectations, exceeds expectations), as discussed by Cappelli and Tavis (2016). Arguing that the objectivity implied in such approaches is only a façade, modern performance management approaches have embraced more descriptive and qualitative feedback and data sources, such as whether and what outlined objectives were attained. According to these authors, "Formal ratings may do more to reveal bias than to curb it" (p. 66). Similarly, performance management professionals have pointed out that employees who ultimately receive disciplinary sanctions or even a termination decision often have satisfactory ratings on prior performance appraisals, which can be deeply confusing and misleading for employees, as they end up being blindsided by the subsequent remediation actions (Williams & Beck, 2018).

#### 2.2.4.2. Employee Ranking and Remediation Measures

The results of a performance management system often are used to rank employees because, at its core, performance management systems aim to differentiate the organisation's employees. The question of whether performance management is inherently oppressive or whether it is, at least in principle, capable of benefitting employees, ignores this critical



function of differentiation. Differentiation may occur through approaches that require managers to either classify employees according to organisationally specified categories or rank the employees according to a forced distribution strategy (Scholarios & Taylor, 2014). Regardless of the particular mechanism, the results are the same: The highest-performing employees are identified, rewarded, promoted, designated as high potential, or given other attention and support, whereas average-performing employees are left alone. Meanwhile, low-performing employees are terminated or otherwise counselled out of the organisation (Quinn et al., 1996). Critics such as Quinn et al. (1996) argue that using performance management in this way only serves to sustain average productivity as a result of weeding out underperforming employees.

The effects of performance management, on performance and on employees themselves, thus depend on which employees become the focus. Scholarios and Taylor (2014) note that rigid human resource management approaches designed to rank employees are being phased out. They argue for the appropriateness of this shift, saying that recognising and classifying employees in this way is impractical because performance tends to resist objective quantification and such quantification is unnecessary. Moreover, they argue, the availability of performance data made possible through advancements like continuous performance management approaches reduce the need for ranking strategies. Finally, consistent with Theory Y (McGregor, 1957) and similar management theories, certain employees tend to be intrinsically motivated, regardless of rewards and incentives. Behrend (1957, p. 507) elaborated:

the 'good worker' is one who maintains a consistently high standard of effort independently of earnings. The 'bad' worker is one who has a low standard of effort, whatever the incentive. In between, there is the 'average' worker, whose standard of effort is believed to be dependent on the strength of the monetary incentive.

Another application of performance management is to address and remediate performance problems in specific employees. In this approach, employees who are not meeting expectations are placed into a performance management process, similar to the so-called special measures instituted for underperforming schools or other institutions. When an organisation uses performance management in this way, the approach typically is relied upon

only as a last resort, and often when previous approaches have failed—such as performance warnings, meetings, special assignments, or mentoring. Use of performance management in this way also has been described as crude, unsophisticated, “bad,” punitive, or an element of “hard” human resource management approaches (Ball, 2010; Arrowsmith & Parker, 2013), in contrast to holistic strategies that emphasise employee development. Other researchers elaborate that both the rewarding of high performers and punishing of low performers are ineffective because both fail in the fundamental task of understanding the employee and supporting his or her ongoing development (McGregor, 1957; Steinmetz, 1969; Kohn, 1999).

#### 2.2.4.3. Justifying Termination Decisions

A problem with typical performance management approaches is that they reflect an insular focus that presumes that workers can be compelled to dedicate more effort or to achieve more quality independently of context and other external factors (Soltani et al., 2005; Aguinis et al., 2011). In a similar fashion, the motivators and rewards built into appraisals (i.e., carrots) often are discussed as if they are disconnected from the disciplinary aspects (i.e., sticks). The body of literature stands as evidence to this: Based on Williams and Beck’s (2018) review of 2,727 articles on performance appraisal published from, 2010 to, 2017 in business or management-related journals, only 34 studies also mentioned the firing of employees. The omission of such an obvious connection is surprising, even while accounting for the generally myopic focus of the literature on human resource management.

Moreover, employers’ rights to dismiss underperforming employees is a central aspect of the power managers have in the workplace. It follows that the threat of termination—whether stated or not—acts as an influencer for productivity (Emmenegger, 2014). The same threat also could be considered a motivator for a range of desired employee behaviours including productivity, attitude, quality, or a host of other work-related variables. In short, rewards and incentives (carrots) may work in certain situations, while punitive measures (sticks) may be highly effective in other situations.

Some researchers have argued that retaining the stick of the threat of termination is particularly important given regulatory changes that extend employees’ careers—such as the

2011 UK act that brought to an end the default age of retirement. A range of employers voiced concerns that this legislative shift would make it harder and more expensive to remove from the ranks those workers who may be exhibiting age-related performance declines (BIS, 2011). In response, government officials advised that termination decisions would not be seen as a form of age discrimination if the decision to fire the older employee came as the outcomes of highly reliable and rigorous performance management procedures (Beck & Williams, 2015). Employers were strongly encouraged to design and enact appropriate processes to substantiate their termination decisions in order to avoid legal exposure. Additional support for strong evidentiary performance management practices leading to justified termination is found in a government report produced by Adrian Beecroft, a venture capitalist, who argued that “A proportion of employees, secure in the knowledge that their employer will be reluctant to dismiss them, work at a level well below their true capacity; they coast along” (Hope & Winnett, 2011). The report continued by outlining a recommendation for “compensated no-fault dismissal,” wherein terminated employees’ unfair dismissal claims would be overruled when organisations can prove they have valid and reliable systems for gauging whether their workers are performing to expectations. When employers can prove that a particular terminated employee was underperforming (typically based on the results of a rigorous performance management system), it would be extremely difficult for the separated employee to win an unlawful termination case (Beecroft, 2011). Beecroft’s (2011, p. 5) rationale was that his proposed “employment at will” law would compel employees to perform at or above expectations and, moreover, to contribute value to their organisations rather than to simply “coast along.”

Although the legislation proposed by Beecroft was not passed, the maturation of performance management systems has, nonetheless, achieved his desired aims. That is, whereas traditional performance management once was pure ritual, performance management systems now are increasingly used to monitor employees’ performance and inform and support processes for terminating underperformers. The adoption of performance management systems for this purpose also should be conceived within the broader landscape of the ongoing professionalisation and formalisation of human resources. Similarly, Saundry and Dix (2014, p. 5) have observed that “a general preference among managers for pragmatic approaches to conflict resolution has increasingly been replaced with

a rigid adherence to process and procedure.” In other words, human resource management has moved away from informal and personal approaches to highly structured, scripted approaches to guide organisations’ interactions with their employees.

Thus, although removal of the retirement age in the UK led to increased pressure for employers, some unanticipated implications (whether adverse or beneficial) were lending further strength to the practice of performance management and changing narratives in human resource practice about termination. Although the narrative used to be that firing an employee was the last resort taken only when all other attempts to motivate and develop the employee has failed, the new narrative is that employers should embrace their ability to fire employees as needed and consider it a keystone of the practice of effective management. Antcliff and Saundry (2009) elaborated that being able to fire employees—especially when employees know their managers have the ability to do so—has a greater effect on performance than mere conversation has. However, making and enacting such decisions requires the appropriate structures in that organisations need to have in place the valid and reliable performance management systems to do so. This is particularly critical for smaller employers, who face increased risks from underperforming employees and wrongful termination lawsuits. The need for small employers to create suitable systems opened up a new niche in the performance management field for consultants eager to help organisations assure quality, reliability, validity, rigour, and ease of use in their performance management practices.

Beck and Williams (2015) reported that one of the newest applications of performance management is monitoring and measuring worker performance for the purpose of being able to control and justify termination decisions. This aligns with the idea that performance management, at its core, is intended to enhance organisational performance. Appraisal and feedback are then used as a triage mechanism whereby one group of employees are spurred on to higher performance while another group, possibly impervious to incentives and sanctions, are removed. At the same time, Williams and Beck (2018) contended based on their interview study of performance management consultants that disciplinary sanctions are not necessarily designed into the software features of performance management, although

organisations have used the data generated through the performance management systems for this purpose.

### **2.2.5. Performance Management Across Sectors**

The adoption, implementation, and effectiveness of performance management appear to vary across sectors, industries, and firm sizes (Wall & Martin, 2003). In government settings, the perspective of employment for life has led to concerns that management may have a lackadaisical attitude toward accuracy in evaluation and accountability that civil servant employees must meet their goals and objectives (Pollitt & Bouckaert, 2000; Doherty & Home, 2001). Alexander (2000) further noted that efforts to implement performance management systems in both governments as well as higher education settings have encountered substantial opposition. The source of this resistance may be that the majority of the performance management approaches available generally are created and have their evidence base in the private sector, potentially resulting in reluctance stemming from philosophical biases (Taylor & Baines, 2012), lack of awareness of the business innovations that have revolutionised the corporate world (Garretson, 2006), or failure to adapt business metrics and practices to public and non-profit settings (Drengenberg & Bain, 2017; Gordon & Fischer, 2018). These various forms of resistance all can serve to produce simple but ineffective performance management systems.

Further insight about public sector performance management is gained when considering that these organisations generally have relied on policies and procedures (termed action controls) to guide and govern employee behaviour (Boland & Fowler, 2000; Radnor & McGuire, 2004). In recent decades, reforms in the public sector, termed “New Public Management,” have led to shifts in how public sector employee behaviour is managed—with more focus being placed on what are called output controls (Lapsley, 1999; Higgins, 2005; Turley et al., 2015). Initiatives to promote public sector implementation of performance management systems have been particularly popular in various Western countries (Angiola & Bianchi, 2013; Charbonneau & Van Ryzin, 2015). However, New Public Management generally has failed to deliver on its promises, as a gap typically emerges between its intended and actual outcomes, necessitating examination of what factors contribute to and what

factors detract from the efficacious implementation of performance management systems (Poister & Streib, 1999). Based on path dependency theory and supported by a review of literature, it appears that public sector organisations that continually examine and implement ways to improve their operations also tend to effectively implement mature performance management methods and models (Mahoney, 2000; McAdam & Walker, 2003). Verbeeten (2008) added that effective use of performance management systems not only can increase the efficiency and effectiveness of public sector organisations, but also can create gains in terms of deeper employee understanding of organisational goals, needs, and wants as well as helping citizens understand the use and outcomes of tax revenue. It follows that any public sector performance management system should include adequate reporting functions to examine and communicate the extent to which public objectives have been achieved (Murray, 2001; Boyne, 2006). Another area of concern in the public sector is the efficiency and efficacy of procurement; ample models can be found in the private sector for measuring these aspects (Gushée & Boffey, 1928; Colton, 1962). In particular, sophisticated approaches have been developed with regard to which measures (e.g., cost, efficiency, the total cost of ownership, on-time delivery, innovation, sustainability, internal and external customer satisfaction, quality) should be implemented (Chao et al., 1993; Beamon, 1999; Gunasekaran et al., 2001; Axelsson et al., 2002; Easton et al., 2002; Lardenoije et al., 2005; Caniato et al., 2014). Other variables include productivity of resources, process material and information flows, and satisfaction of final users (Knudsen, 1999) and the quality of suppliers, internal customers satisfaction, and composition of the supply base (Kumar et al., 2005). Efficiency-oriented measurements include budget savings (e.g., Bennedsen & Schultz, 2011; Costantino et al., 2012; Bergman & Lundberg, 2013) and process and organisational efficiency (e.g., Croom & Brandon-Jones, 2007; Coulson, 2008; Raisbeck et al., 2010; Karjalainen, 2011; Doherty et al., 2013). Besides the concerns of efficiencies and costs, other authors advise measuring the quality of purchases (Nisar, 2007; Yuan et al., 2009), process execution (Rendon, 2008), sustainability (Preuss, 2009; Amann et al., 2014; Walker & Brammer, 2009), and innovation (Aschhoff & Sofka, 2009).

### **2.2.6. Research on Performance Management Systems**

Various studies have been performed to examine the utilisation, efficacy, and impacts of performance management systems across organisations, sectors, industries, and locations. Some research examines models, designs, and best practices and are written for academics to test and refine and practitioners to implement.

Tomić et al. (2016) examined enterprise performance management within the Serbian food industry. They found that only 17% of companies had implemented performance management systems, and only 9% of companies used systems that applied to the entire workforce. Organisations of all sizes (large, medium, small) implemented performance management systems. Although researchers concluded that the decision to utilise a performance management system was not based on firm size, firmwide performance management systems appear to be more common within large companies. Moreover, in their sample of organisations, two fifths (38.5%) do not perform any type of performance evaluation, and one fifth evaluates employees only once a year. Furthermore, 39% of companies reported they lacked transparency of communication, and 50.5% were uncertain about whether any performance-related communication was being practised. Respondents shared they were unsure about the means, content, and purposes of performance-related communication.

Some studies suggest that performance management fail because the constructive feedback designed to optimise employees' performance instead has a counterproductive effect (Buckingham & Goodall, 2019; Schleicher et al., 2019). Pulakos (2004) further posited that managers and employees avoid giving honest feedback in favour of preserving their relationships. Moreover, participants in his study reported that performance management is, by nature, bureaucratic and tedious, further discouraging managers and employees from spending the extra time needed for thoughtful analysis, feedback, and planning. It follows that the outcomes of such a process would lack value and relevance for employees' career and ongoing development.

Other studies within organisations have similarly confirmed managers' and employees' beliefs that performance management processes are perceived as lacking efficacy and value—especially compared to the resources dedicated to the process (Ryan, 2015; Jones, 2016). Particularly wasteful are those approaches that omit admittedly time-intensive qualitative performance feedback and coaching in favour of performance planning and assigning performance ratings (Orlando & Bank, 2016). Rausch et al. (2013) argued that, in such cases, employees completely miss the benefit of hearing suggestions for improving their performance. Notably, this view departs from Buckingham and Goodall (2019), who argue that this feedback should be discarded.

Tomić et al.'s (2016) survey research examined the efficacy of performance management within Serbian food companies. The researchers identified substantial deficiencies in these organisations' systems. Specifically, two-thirds of companies they surveyed are dissatisfied with their performance management system, while a small set of organisations reported that their system exceeds their expectations, and another set of organisations could not identify the effects of their performance management system. Only one of every three respondents indicated that their performance management system successfully identified supervisors' and workers' development needs. Moreover, one-third of respondents reported that senior leaders should be held accountable for cultivating an organisational culture oriented toward performance improvement. These outcomes could be the result of failing to implement and utilise a performance management system in a comprehensive manner. Tomić et al., summarised the key shortcomings of performance management in the Serbian food industry as including lack of managerial efficacy, poor accountability, and insufficient reach or implementation of the system itself. Given that performance management systems exist to optimise organisations' economic performance, these inadequacies are likely to be detrimental to overall organisational health. To improve the efficacy of performance management in the Serbian food industry, the researchers advised companies to implement a performance management system, including as large a demographic of workers as possible in the system, make sure they understand its purpose and value, and hold them accountable for making it a success; increase the frequency of evaluation, and administer ongoing development to supervisors and subordinates.



Jongho (2018) examined performance management in the South Korean government, finding that, in contrast to the United States and other Western settings, South Korea's performance management system favours evaluation over performance planning and also values diversity, flexibility, and autonomy across its agencies and organisations when it comes to performance management. Jongho concluded that South Korea's performance management system needs improvement in several dimensions. First, the researcher advised that a primary evaluation agency should conduct the evaluations rather than the current approach, where multiple agencies simultaneously conduct diverse and overlapping evaluations at the cost of efficiency and cohesiveness. Second, Jongho recommended creating an integrated performance plan for each government agency, which would outline its policies, financial activities, and performance goals, accompanied by a logical implementation plan for rolling out the performance management system across agencies. Third, performance indicators should be identified, and the achievement of these should be linked to rewards. When comparing the current government performance management system to its predecessor, Jongho concluded that the current platform represents a marked improvement that yields benefits for governmental performance. Nonetheless, Jongho strongly urges the Korean Government to enact deliberate improvement initiatives, including those outlined.

Additional issues with efficacy can be found in the specific measures being used to evaluate performance. Despite executives' tendency to simplify performance management measures to a few indicators common across business units, such as financial measures (Lipe & Salterio, 2000; Ittner & Larcker, 2003; Van Dijk & Zeelenberg, 2003), other researchers emphasised the criticality of creating performance management systems that also allow for and assess the measures unique to each business unit (derived from the business unit's strategy), even while promoting a common language and set of practices and procedures derived from the overall organisational strategy (Busco et al., 2008). Without this duality, oversimplified systems risk the loss of critical performance data and, consequently, opportunities to improve the organisation's competitiveness.

Furthermore, performance management systems can lack efficacy even when they are carefully implemented and monitored (Gomes & Yasin, 2011). First, failing to define consistent, clear objectives tends to shift the focus of evaluation from value to cost,

undermining decision making and organisational competitiveness. To avoid this risk, Slack and Lewis (2008) advised deriving performance objectives by comparing the needs of the market to the organisation's resources. A second efficacy problem occurs when managers fail to synthesise the performance measures available and translate these into individual-level responsibilities (Gomes & Yasin, 2011). When this occurs, individual, group and organisational performance tend to be compromised. To limit the probability of this occurring, a manageable set of key performance measures should be outlined. Moreover, these measures should align with the overall organisational strategy. A third issue is when managers fail to take responsibility for the initiatives needed to close any gaps between their subordinates' current performance and the needed goal levels. Fourth, efficacy will be undermined unless organisation changes and performance evaluation are closely calibrated with market dynamics, organisation strategy, and business units. For example, if the results of any monitoring and benchmarking depart drastically from the goals defined earlier, more diagnosis is required to determine whether the shifts were the result of market changes (indicating a need for new goals) or effective resource utilisation and demonstration of valued behaviours.

Pagdonsolon et al. (2020) examined the impacts of continuous performance management within multinational companies in Manila. They found that the participative and more interactive management style—specifically the ongoing check-in conversations—associated with this approach exhibited a significant positive correlation with job autonomy, suggesting that receiving ongoing feedback about their performance may motivate employees to act with greater initiative and independence. Similarly, Santoso and Sepdiningtyas (2017) found in their study that leader trust and support in followers was associated with enhanced effort to achieve work goals. Moreover, Self-Determination Theory (Deci & Ryan, 2017) proposes that autonomy is a basic psychological need. Pagdonsolon et al. (2020) also found a highly significant relationship between continuous performance management and motivation. Similarly, Locke and Latham (2013) and Herzberg (1974) proposed that when employees' work motivation increases when they set goals and receive development and advancement opportunities. These researchers' collective findings suggest that the features of continuous performance management may affect intrinsic aspects of employees' work. Pagdonsolon et al. (2020) additionally found significant negative relationships between turnover intent and

continuous performance management, motivation, and job autonomy, consistent with a variety of studies that found strong associations between autonomy and employee retention (Kramer & Schmelenberg, 2002; Lin et al., 2013; Sajjad et al., 2013; Khan et al., 2016; Nanayakkara & Dayarathna, 2016; Shahzad, 2016). While Pagdonsolon et al.'s (2020) study provide helpful insights about the impacts of continuous performance management on employees, more research is needed to examine managerial perspectives regarding the impacts of this approach on worker performance. It would additionally be helpful to gather objective measures of the impact of continuous performance management on overall organisational performance, particularly as part of a cross-industry comparative study.

In summary, performance management enables companies to manage their human capital to assure that the right individuals are motivated, engaged, retained on staff, further developed, and assigned to the right work opportunities so that a suitable person-job fit is achieved (Rausch et al., 2013). Given the focus on fit and productivity, some authors consider performance management systems central to effective business operations (Kim et al., 2016). Effective performance management systems also have been linked to important employee attitudes, such as employee satisfaction—particularly when employees are allowed to participate in the process (e.g., Prince & Lawler, 1986; Keaveny et al., 1987; Nathan et al., 1991), are informed of how the evaluation process works, and when they perceive the process as being rather unbiased (Schleicher et al., 2019). However, this latter condition is also strongly influenced by the degree of trust in the manager-subordinate relationship (Dusterhoff et al., 2014).

### **2.3 Criticisms and Drawbacks of Performance Management**

Despite the trends and uses of performance management, the practice has received substantial criticism from researchers and practitioners alike, given the drawbacks associated with the process and its outcomes. Key drawbacks include the lack of agility in the overall process; its tendency to become a meaningless, bureaucratic ritual; bias and lack of genuine engagement from managers and employees alike; and the lack of beneficial outcomes and impacts.

Smith (1988) asserted that performance management is one of the toughest human resource functions to successfully execute, especially in rapidly changing conditions and large, complex organisations. Critics of traditional approaches to performance management have become more vocal as the business landscape continually changes and conditions of volatility, complexity, uncertainty, and ambiguity intensify. Some researchers note that in extremely turbulent conditions, performance measurement systems can quickly become out of step with the organisation and its strategic needs (Melnyk et al., 2014). As firms undergo rapid and turbulent change, performance management systems also need to be reconfigured to remain effective and aligned with their organisations' current realities (Blahova et al., 2017). For example, effective performance management systems now address a range of economic, social, political, and environmental trends, especially in organisations where globalisation plays a significant role. In such organisations, diverse Western and Asian management approaches may blend, creating a unique host of desired performance behaviours.

Despite the need for agility, the variables assessed through performance management systems tend to become rapidly outdated given the conditions of volatility, uncertainty, complexity, and ambiguity characterising the current business landscape (Williams & Beck, 2015). As a result, by the time the evaluation happens, the goals set or performance variables planned 12 months earlier no longer have much relevance to either the organisation's goals and priorities (which likely had changed over the year) or the value others place on the employee's work. Rapid change is quite difficult for performance management systems, as they tend to impose rather fixed, consecutive steps in the process as well as in its strategic and operational role within their organisations (Bititci et al., 2000; Neely, 2005). At the same time, according to these researchers, literature and practice are lacking on how extant theory and constructs related to performance management systems are to be designed and implemented within volatile and complex environments—apt descriptors of the new digital economy. Additionally, research, theory, and practice are lacking regarding the use of artificial intelligence and neural networks for improving the agility of performance management systems (Bititci et al., 2000; Bourne et al., 2003). These gaps in research pose significant challenges to the practice of performance management, resulting in serious drawbacks to the practice overall.

Annual review processes have been criticised for their bureaucracy and inefficiency (Crush, 2015; Kellaway, 2015; Cappelli & Tavis, 2016). For example, traditional performance review processes often involve lengthy feedback meetings and formal one-on-ones (Williams & Beck, 2018). At the same time, the risk with strictly traditional approaches is that the process may fall into a mere ritual with a lack of ownership by managers or employees (Schleicher et al., 2019). Highly structured, formulaic, and one-size-fits-all approaches involving periodic calendar-based appraisal (e.g., traditional annual or semi-annual performance reviews) and feedback meetings between managers and their subordinates were retired (Williams & Beck, 2015). Critics of the traditional performance review approach argued that standard calendar-based approaches are inflexible and often are based on a small set of performance variables. Scholarios and Taylor (2014) note that such rigid human resource management approaches designed to rank employees are being retired. They argue for the appropriateness of this shift, saying that recognising and classifying employees in this way is impractical because performance tends to resist objective quantification and unnecessary. It follows that the outcomes of such a process would lack value and relevance for employees' career and ongoing development. Thus, a greater focus on performance management rather than simply measurement is needed (Srimai et al., 2011).

Moreover, participants in Pulakos's (2004) study reported that because performance management tends to be bureaucratic and tedious, managers and employees avoid spending the time needed for thoughtful analysis, feedback, and planning. Managers and employees additionally shrink back from providing honest feedback in an effort to preserve their relationships. As a result, employees and managers often perceive the annual performance review as drudgery and an awkward ceremony they would avoid, if possible (McElgunn, 2019). In turn, employees and their managers lose a vital opportunity to reflect on and shape the employee's career in concert with their own and their organisation's goals. Given the lack of genuine engagement in the process from all parties, the annual review processes often then become subject to bias (Crush, 2015; Kellaway, 2015; Cappelli & Tavis, 2016). Bias is already endemic to performance review because traditional approaches rely on managers' judgment to decide what parts of the feedback to share and how to share it (Smith, 1988). Accordingly, Cappelli and Tavis (2016, p. 66) have argued that the objectivity implied in

performance management approaches is a fallacy, pointing out, “Formal ratings may do more to reveal bias than to curb it.”

Under the conditions of inflexibility, lack of engagement, and bias, it is little surprise that performance management contributes little or nothing to organisational success and often falls short of its intentions (Schleicher et al., 2019). One issue is that performance evaluation generally is confined to an examination of the year that has just passed and planning for the performance in the upcoming year (Williams & Beck, 2018). Performance management professionals additionally have pointed out that employees who ultimately receive disciplinary sanctions or even a termination decision often have satisfactory ratings on prior performance appraisals, which can be deeply confusing and misleading for employees, as they end up being blindsided by the subsequent remediation actions (Williams & Beck, 2018).

Critics such as Quinn et al. (1996) argue that using performance management when used in the traditional manner of identifying, rewarding, promoting, and supporting the highest performing employees; ignoring average-performing employees; and terminating or counselling out low-performing employees only serves to sustain average productivity as a result of weeding out underperforming employees. The question of whether performance management is inherently oppressive or whether it is, at least in principle, capable of benefitting employees, misses the point that all varieties of performance management exist to differentiate high, low, and average performers. The effects of performance management—on performance and on employees themselves—thus depend on which employees become the object of focus. When performance management is used to address and remediate performance problems in specific employees, employees who are not meeting expectations are placed into a performance management process similar to the so-called special measures instituted for underperforming schools or other institutions. The problem is that this approach typically is relied upon only as a last resort, and often when previous approaches have failed—such as performance warnings, meetings, special assignments, or mentoring. This use of performance management has been described as crude, unsophisticated, “bad,” punitive, or an element of “hard” human resource management approaches (Ball, 2010; Arrowsmith & Parker, 2013), in contrast to holistic strategies that emphasise employee development. Other researchers elaborate that both the rewarding of

high performers and punishing of low performers are ineffective because both fail in the fundamental task of understanding the employee and supporting his or her ongoing development (McGregor, 1957; Steinmetz, 1969; Kohn, 1999).

Moreover, when industry conditions and cultures oppose the effective implementation and use of performance management systems—such as in government or higher education settings (Alexander, 2000; Pollitt & Bouckaert, 2000; Doherty & Home, 2001; Garretson, 2006; Taylor & Baines, 2012; Drengenberg & Bain, 2017; Gordon & Fischer, 2018), the result can be simplistic performance management systems that lack meaning or efficacy. Even when performance management systems are implemented, some studies suggest that the systems fall short of their intended impacts (Schleicher et al., 2019) due to dynamics such as the *feedback fallacy*, which directs employees to focus on their weaknesses as a means for improving performance.

Other studies within organisations have similarly confirmed managers' and employees' beliefs that performance management processes are perceived as lacking efficacy and value—especially compared to the resources dedicated to the process (Ryan, 2015; Jones, 2016). Particularly wasteful are those approaches that omit admittedly time-intensive qualitative performance feedback and coaching in favour of performance planning and assigning performance ratings (Orlando & Bank, 2016). Rausch et al. (2013) argued that, in such cases, employees completely miss the benefit of hearing suggestions for improving their performance. Notably, this view departs from Buckingham and Goodall (2019), who argue that this feedback should be discarded.

Furthermore, performance management systems can lack efficacy, even when they are carefully implemented and monitored (Gomes & Yasin, 2011). First, failing to define consistent, clear objectives tends to shift the focus of evaluation from value to cost, undermining decision making and organisational competitiveness. A second efficacy problem occurs when managers fail to synthesise the performance measures available and translate these into individual-level outcomes and performance criteria. When this occurs, individual, group and organisational performance tend to be compromised. A third issue is when managers fail to take responsibility for the initiatives needed to close any gaps between their

subordinates' current performance and the needed goal levels. Fourth, efficacy tends to be undermined unless organisation changes and performance evaluation are closely calibrated with market dynamics, organisation strategy, and business units. For example, if the results of any monitoring and benchmarking depart drastically from the goals defined earlier, more diagnosis is required to determine whether the shifts were the result of market changes (indicating a need for new goals) or effective resource utilisation and demonstration of valued behaviours.

Performance management systems additionally have been criticised for eroding employee efficiency and effectiveness. Employers generally want employees to not only work with effectiveness but also with efficiency—in other words, working both smart and hard (Schleicher et al., 2019). However, the efficacy of traditional performance management as control over employee performance based on specific targets and benchmarks tend to degenerate over time as employees develop more 'efficient' ways of working by excluding other considerations.

Given the limitations, drawbacks, and even adverse outcomes associated with performance management, various researchers and practitioners question whether the practice should continue at all. While discontinuing performance management may not be desired within the case organisation examined in this study, the drawbacks underscore the criticality of understanding how its performance management system may be optimised and adjusted to promote meaningful, value-added outcomes.

## **2.4 Gaps and Inconsistencies in the Literature**

The literature reviewed in this chapter indicated that performance management is essential to organisational success. However, given emerging trends in the field, increased demands on managerial and employee time, and the ongoing digital transformation of performance management practices, it is important to re-evaluate the design factors that are critical to (versus beneficial but optional) performance management. For example, more insights are needed to identify which divisions of the organisation do and do not need performance management, along with the rationale for such decisions (Tomić et al., 2016). Moreover,



given that performance management systems often deliver suboptimal organisational impacts (Schleicher et al., 2019), such insights to improve the design and efficacy of performance management are essential. The present study was designed to address these omissions in the extant literature.

## **2.5 Researcher Reflections**

The gaps in the literature discussed in the previous section also reflect gaps in the practice of performance management. Based on the researcher's experience as a human resources manager, a serious issue affecting the practice of performance management is the low quality of SMART objectives and typically poor quality of feedback sessions and discussions. Moreover, although employees and managers seem to agree that the performance management process is important, very few give the process the time and attention it deserves due to beliefs that the process wastes their time. Other observations from the researcher's experience are that the time span for feedback and discussion is too long and that, regardless of the efforts dedicated to improving the system, many employees still find it complicated. Forced ranking, moreover, has led to deleterious internal competition rather than productive externally directed competition to improve the organisation's strategic positioning. Moreover, research and practice related to performance management are extremely limited in the Kingdom of Saudi Arabia. Accordingly, the present research filled important gaps in practice.

## **2.6 Conceptual Framework**

A conceptual framework offers a logical structure of connected concepts that help provide a picture or visual display of how ideas in a study relate to one another within the theoretical framework (Luse et al., 2012). To create the conceptual framework, the researcher reviewed the theories of performance management—such as articles by Smith and Goddard (2002) and Schleicher et al. (2019). The worldviews and applications of performance management were reviewed and the core concepts relevant to the present study were identified based on a content analysis of the performance management literature. This content analysis was necessary because, as noted by Smith and Goddard (2002), "The definitive 'general theory'

of performance management remains elusive, and is unlikely ever to emerge” (p. 253). For this study, based on a content analysis of the diverse literature reviewed in this chapter, three core broad concepts were identified regarding the design factors of performance management systems: program design and delivery; support, oversight, and accountability; and utility of evaluation results. These core concepts were converted into a graphic representation of the framework to illustrate the relationship between these constructs and to indicate how the research problem may best be explored.

Analysis of the literature and research on performance management systems indicate a conceptual framework of three central aspects of these systems that should be addressed when implementing or evaluating their effectiveness: program design and delivery; support, oversight, and accountability; and utility of evaluation results (see Figure 2.2).

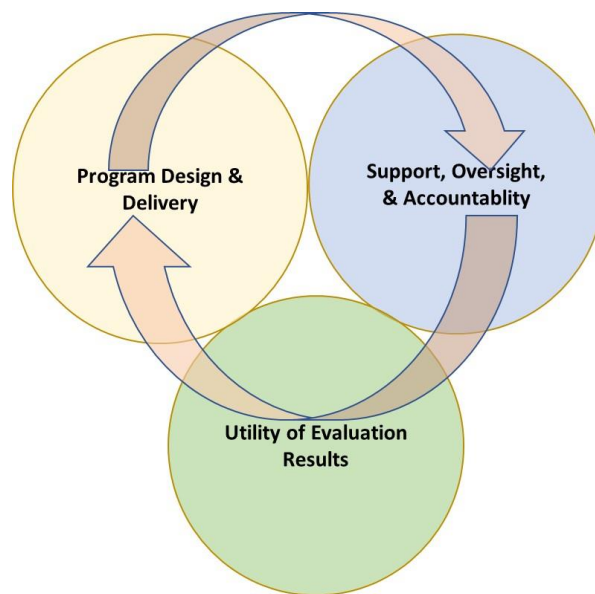


Figure 2.2: Conceptual Framework for Implementing and Evaluating a Performance Management System

Source: Author’s original work

Program design and delivery refer to the components of the system that involve the means and methods for outlining clear metrics and objectives (Chan & Karim, 2012; DeCenzo & Robbins, 2016; Patrucco et al., 2016) as well as for gathering, processing, and analysing performance data (Smith & Goddard, 2002; Frampton et al., 2017; Williams & Beck, 2018).

Design and delivery also include the concept of transparency, which concerns procedural fairness (Jabeen, 2011; Orlando & Bank, 2016; Rosenblat et al., 2017), transparent decision making, and respect for employees (Winstanley & Stuart-Smith, 1996). The system design also should be aligned with the rest of the organisation, such as organisational vision, mission, and strategy (Erridge & McIlroy, 2002; Rhys et al., 2006; Franco-Santos et al., 2012; Patrucco et al., 2016; Anderson, 2017; Gordon & Fischer, 2018), as well as measuring worker performance with respect to corporate targets (Boyne et al., 2005; Iqbal & Kureshi, 2016).

Support, oversight, and accountability refer to determining and enforcing the responsibilities for all parties involved in performance management, including executives, human resources, managers, and employees (Pollitt, 1999). Strong leadership support throughout the organisation is critical for the effective design and implementation of a performance management system (Broad & Goddard, 2010). Specifically, leadership needs to foster the idea that a performance management system paves the road to continuous improvement (Gordon & Fischer, 2018). The human resources department is responsible for selecting, designing, and implementing the performance management system as well as for ensuring that all parties involved in the process are carrying out their roles. Managers need to be actively involved in the process—not only in setting objectives and evaluating performance, but in carrying out the process as designed (Rosenblat et al., 2017). Employees are responsible for suggesting or agreeing with their performance objectives, pursuing those objectives, evaluating their own performance, and offering performance feedback for peers and subordinates (Rosenblat et al., 2017; Williams & Beck, 2018). Without strong support, oversight, and accountability, the performance management system will be superficial and/or unused.

The utility of evaluation results refers to the features and components of the system involved in taking appropriate action based on the results of the evaluation (Frampton et al., 2017). This includes such things as defining clear procedures for informing decision making (Pollitt, 1999); creating instruments that encourage appropriate organisational responses (Iqbal & Kureshi, 2016); and linking workers' performance to subsequent perks, benefits, and compensation or, alternately, disciplinary actions and other sanctions (Iqbal & Kureshi, 2016). When the results of the performance management system are adequately linked to

subsequent organisational actions, the perceived rationality of appraisal outcomes is enhanced, along with more substantive performance improvement and appropriate turnover (Beecroft, 2011; BIS, 2011; Hope & Winnett, 2011; Beck & Williams, 2015; Cappelli & Tavis, 2016; Williams & Beck, 2018). Additionally, it is critical to link evaluation results to appropriate and effective outcomes, such as training and development opportunities (McGregor, 1957; Steinmetz, 1969; Kohn, 1999; Ball, 2010; Arrowsmith & Parker, 2013).

The conceptual framework of program design and delivery; support, oversight, and accountability; and utility of evaluation results will be used in the present study for examining the study data.

## **2.7 Research Questions**

Based on the previous discussion to the literature review, there is evidence that researchers and practitioners alike continue to debate about the value of and need for performance management (e.g., Lawler & McDermott, 2003; Pulakos & O'Leary, 2011; Adler et al., 2016; Schleicher et al., 2019). Other researchers contend that clarity is lacking about the design and critical features of performance management as well as how these systems' efficiency and use could be enhanced (Efron & Ort, 2010). It is clear that literature and research are particularly lacking on performance management in the Middle East and Saudi contexts (Altarawneh, 2016; Jabeen & Behery, 2017), where non-Western cultures and regulations could affect the performance management practices. Therefore, the review and critical examination of the literature led to three research questions, and these were used to guide the present study:

1. What design and delivery features are needed in the performance management system?
2. What oversight and accountability features are needed to support the effectiveness of the performance management system?
3. What impacts should the performance management system have within the rest of the organisation?

## 2.8 Chapter Summary

This chapter provided a review of relevant literature. Theory and research on performance management were presented first. Specifically, a definition of performance management was provided along with a brief history of the practice. Practitioners and researchers appear to agree that performance management is strategically critical to the entire organisation (Smith & Goddard, 2002). When implemented in the organisation in a comprehensive manner, performance management is a high-commitment human resource management strategy resulting in greater employee ownership and overall enhanced individual and company performance (Wright et al., 2003).

The components of performance management systems, trends in practice, and uses of these systems in general and across sectors were outlined. Core aspects of a typical performance management system include individual-level evaluation of worker performance with respect to corporate targets, peer review, and linking the worker's performance to subsequent perks, benefits, and compensation or, alternately, disciplinary actions and other sanctions. Leading trends in the practice of performance management concern a move toward continuous performance management, the emergence of appraisal software, incorporation of qualitative approaches versus the traditional numerical scoring approaches, and the digital transformation of performance management. The practical implications and uses of performance management systems are multivariate, including the ability to (a) improve employee ownership over their own performance and the sense of rationality about personnel and compensation decisions, (b) rank employees and administer remediation measures, and (c) justify termination decisions. The adoption, implementation, and effectiveness of performance management appear to vary across sectors, industries, and firm sizes (Wall & Martin, 2003).

A review of research on performance management was then provided. Examination of the literature revealed that a number of studies had been performed to examine the utilisation, efficacy, and impacts of performance management systems across organisations, sectors, industries, and locations. Criticisms and drawbacks of performance management systems were acknowledged, and gaps and inconsistencies in the literature were identified.

This study built upon this body of literature to examine the performance management process at one organisation in Saudi Arabia to identify opportunities to enhance its effectiveness and improve its adoption by employees. Based on the research and literature documented in this chapter, a conceptual framework for implementing and evaluating the efficacy of performance management systems was created. This conceptual framework consists of three aspects: program design and delivery; support, oversight, and accountability; and utility of evaluation results. This framework will be used in the present study for examining the study data. The next chapter describes the methods that were used to conduct the study.

## **3. Methodology Chapter**

### **3.1 Chapter Overview**

This chapter describes the methods that were used in the study. An introduction is provided first, followed by a description of the research paradigm and design. The research design involved a sequential mixed-method approach, which allowed for gathering both the depth and breadth of data (Creswell & Creswell, 2018). The case organisation, where the data were gathered, also is presented in this chapter. Procedures for recruiting and enrolling participants are then outlined, including issues of sample size and sampling strategy, the selection criteria, and specific selection procedures that were used.

The instrumentation for gathering data then are presented. The instrumentation consisted of a participant survey that contained both closed-ended and open-ended questions as well as a focus group interview script to guide each research conversation.

The step-by-step procedures for collecting, managing, and analysing the data are then outlined. Assuring that these steps were sound was critical to enhancing the validity and reliability of the study and to making sure that the full value of the research could be realised, and so future researchers may be able to build upon the present study. Ethical consideration and the researcher's positionality finally are outlined, and the chapter closes with a summary.

### **3.2 Introduction**

The purpose of this study was to outline the design of a performance management process for enhanced effectiveness and improved adoption by employees within one organisation in Saudi Arabia. As such, the nature of the present study may be understood as an assessment of the study organisation's performance management system. The organisation examined in this study was selected due to access, as the researcher was an employee of the organisation at the time of the study. The case study design utilised in this research allowed

for the development of an in-depth understanding of the organisation as it pertained to performance management (Yin, 2011), which was useful for the researcher and the study setting. Moreover, as Yin explains, the intent of case study work is to generalise to theory rather than other organisations.

### **3.3 Research Paradigm and Design**

This study used a sequential mixed methods single case study design. Mixed methods research adopts the *compatibility thesis*, which asserts that quantitative and qualitative methods are inherently compatible and, thus, can be used together within a single study. Mixed methods also adopt a philosophy of pragmatism, which straddles the polarities of qualitative and quantitative research and holds that researchers should utilise those approaches (or blend of approaches) that work best for a given real-world situation (Johnson & Christensen, 2016). The central concept behind mixed methods research is to utilise a combination of approaches that produce complementary strengths and nonredundant weaknesses.

For example, qualitative approaches adhere to an interpretivist philosophy, which places attention on the meanings gained through data gathered (Berg & Lune, 2012) and which is inherently humanistic and naturalistic (Creswell & Creswell, 2018). Qualitative research is based on an ontological assumption of the existence of multiple realities that are constructed and perceived idiosyncratically by individuals, whether alone or in relationships (Beck & Polit, 2017). Qualitative research, thus, seeks to discover participants' rich descriptions and nuanced understandings of the study topic, rooted in their unique sociohistorical setting.

In contrast, quantitative approaches operate from a positivist philosophy informed by the ontological assumption of the existence of one reality that can be observed using one's senses (Grove et al., 2014). The epistemological assumption underlying quantitative methods is that knowledge can be examined and understood through careful assessment of the topic of interest. Accordingly, quantitative studies strive for "rationality, objectivity, prediction and control" (Grove et al., 2014, p. 15).



A sequential mixed-method study means that the qualitative and quantitative phases of the study are performed separately, to allow one phase to inform the next phase (Johnson & Christensen, 2016). In this study, a quantitative survey was administered in the first phase of research in order to shape the subsequent qualitative portion, wherein focus groups were conducted to elaborate, enhance, illustrate, and clarify the results generated from the survey. In this way, the sequential mixed methods approach allowed for development and complementarity between and across the research phases.

A single case study design enables the researcher to build a deep understanding of a single subject—in this instance, a single organisation—to determine how its conditions relative to the variables being examined change over time (Yin, 2013, 2017). This was accomplished by gathering multiple types of data through a variety of methods. Thus, triangulation of data and greater construct validity were possible. The limitation of a single case study is that transferability of the findings can be somewhat limited but not prohibited (Yin, 2011). Case studies typically are used when a deep understanding of the case or cases under study are desired, when a complex set of psychologically rich qualitative information will be gathered, or when few cases are available for study (Creswell & Poth, 2017). Moreover, as Yin (2011) pointed out, the aim of case study work is to generalise to theory rather than other organisations.

Furthermore, the present research is conducted as a descriptive case study, wherein the research began with a descriptive theory of performance management based on the extant theory documented in chapter 2. This descriptive theory helped specify the boundaries of the case and enhanced the rigor of the finished case study (Yin, 2003, 2009). Descriptive case study approaches are distinct from exploratory and explanatory case study approaches, due to each design's unique features. Whereas descriptive case studies are focused and detailed, based on propositions and questions about a phenomenon that are carefully scrutinised and articulated at the outset (the descriptive theory), exploratory case studies investigate distinct phenomena characterised by a lack of detailed preliminary research or hypotheses to test. Exploratory case studies often are conducted as a preliminary step for the purpose of clarifying the research questions to investigate or to gather data in order to formulate hypotheses. In contrast, the power and promise of a descriptive case study lie in

its potential for mining for abstract interpretations of data and theory development. In further contrast, explanatory case studies not only explore and describe phenomena but also are used to explain causal relationships and to develop theory—often through the articulation of *how* and *why* questions regarding the phenomenon. Explanatory case studies should consist of an accurate description of the facts of a case, considerations of alternative explanations, and a conclusion based on credible explanations that are congruent with the facts (Yin, 2003, 2009).

Of the various types of case study designs, an exploratory case study design was not considered to be appropriate for this study, as an ample body of extant research on performance management systems was already available and the research questions to explore were able to be defined. An explanatory design was not considered appropriate because the aim of the study was to understand the components of the performance management system rather than understand causal relationships between parts of the system. A descriptive approach was considered appropriate because theory was available on performance management systems; yet, examination of the present case was believed to aid in further developing the theory, consistent with the descriptive approach. Specifically in this study, primary data were then gathered from the case organisation and these data were analysed, interpreted, and compared to the pre-existing theory (Yin, 2003, 2009). Questions about the phenomenon were then meticulously articulated and reflected in this study's research questions. By collecting and analysing data related to these questions, patterns and connections in the data were discovered, culminating in advancing theory.

### **3.4 Case Organisation**

The setting for this study was the Kingdom of Saudi Arabia, whose contemporary economic history is noted by the discovery of oil and evolution of the oil industry. Although foreign companies originally took charge of the industry, the last five decades have featured increasing control of oil revenues and, in turn, rapid modernization and transformation of the country. Oil revenues were reinvested in urban development and economic and technological advancement, which in turn dramatically expanded the job market. However, because the Saudi workforce generally was not equipped to meet the need for labour, many

posts were filled by foreign talent. A succession of 5-year economic development plans was outlined that included diversifying the economy, reducing dependence on oil, and developing the country's human resources.

Organisation A is situated within Saudi Arabia's food industry, which faces ongoing competitive threats from international food processing behemoths (Alsaleh, 2007). Despite these threats, the industry shows evidence of growth, as reflected in its exports. According to analysis by Fitch Solutions (2021), the Saudi agricultural market has an overall positive outlook driven by rising levels of consumption across sectors. Moreover, government efforts to encourage long-term investment in the industry and to limit import dependency suggest ongoing industry growth—especially in light of concerns about food supply and food security policies in the region in the wake of the COVID-19 pandemic. Fitch Solutions Country Risk and Industry Research service predicts economic growth of 2.7% in 2021 for Saudi Arabia, suggesting that the country's economic output is unlikely to reach pre-COVID-19 levels before 2022. Nevertheless, recovery in non-oil activities appears to be underway and increasing. For example, Fitch Solutions notes the existence of strong opportunities for dairy exports to neighbouring countries that have less developed dairy sectors. At the same time, the country is under increasing pressure to cut agricultural and consumer subsidies, which could significantly and adversely affect production and consumption growth.

Saudi Arabia has invested heavily in educating its young people in the high-tech industry, management, medicine, IT, engineering, and other technologies. The country also is focused on Saudization, meaning employing mostly Saudi natives in positions across sectors (Looney, 1991). However, the Saudi workforce has needed significant development to meet these aims. As a stop-gap measure, Europeans and North Americans were hired for managerial and technical jobs. However, the lack of human resources development in Saudi workplaces only exacerbated the problem.

Consequently, human resource development training in all sectors of the Saudi economy has become a focus throughout all sectors of the Saudi economy (Looney, 1991). The most recent Economic Development Plan, Vision 2030, reiterates focus on developing the

country's human capital (Kingdom of Saudi Arabia, 2017) by affirming a commitment to access and optimise the talent and potential of all Saudi citizens.

Abduljadayel (2009) examined the state of human resources development in Saudi companies by investigating their use of Accelerated Promotion Schemes, intensified training meant to accelerate employees' ability to step into advanced management roles. Her findings indicated that certain sectors exhibited more readiness than others for this type of training. Nonetheless, Al-Asfour and Khan (2014) argued that Saudi Arabia had neither developed nor established an effective foundation of human resources development to ready its nationals for advancement. They argued that correcting the problem would require a framework "to develop local employees and aligning it with the demands of the job market" (Al-Asfour & Khan, 2014, p. 243). As noted by Saru (2007), "people are the primary source of competitive advantage for any type of organisation. In order to survive, organisations need to take advantage of the strategic potential and competencies of employees for the benefit of the organisation" (p. 38).

Human resource development, including performance management systems, is needed for companies to optimise and benefit from their human capital (Saru, 2007; Grebow & Gill, 2017). Although there is a paucity of research on performance management systems in Saudi Arabia (Altarawneh, 2016), companies in Saudi Arabia as well as throughout the Gulf region have recognised the importance of such strategies. For example, Agthia Group, a large food and beverage company headquartered in the United Arab Emirates, has identified Saudi Arabia as a priority market for expansion (Rashid, 2021) and noted that part of its aggressive growth strategy involves digitizing performance management systems. Given the growing strategic importance of human resource development, ongoing development and use of performance management in Saudi Arabia, and lack of research on such uses, it is important to contribute to the body of literature on performance management in Saudi companies.

Organisation A was selected due to access, as the researcher was an employee of the organisation at the time of the study. The organisation, founded in the early, 1980s, is located in the Middle East and North Africa region and is legally structured as a joint-stock public

company, with, 20% owned by the Public Investment Fund and 80% of Organisation A shares being publicly traded on the Saudi Stock Exchange.

Organisation A is a large agribusiness organised into three business units: Dairy and Beverages, Agriculture and New Business. The company owns 75,000 cows, and 1.2 million litres of milk are produced daily through 100,000 milking processes. Product quality is assured through more than 8,000 daily tests. Organisation A's fleet of 900 trucks delivers the company's dairy products to more than 40,000 stores throughout the Gulf region.

The company employs more than 7000 individuals from 35 countries. Monitoring, managing, and rewarding performance of these employees is vital to the company's operations. However, the performance evaluation process was manual until, 2015; with goals and objectives as well as manager feedback being stored in a Microsoft Excel spreadsheet. Although Organisation A managers and leaders reportedly found the process to be tedious, little changed until the company implemented an "integrated computer-based system that manages internal and external organisation resources," referred to as an Enterprise Resource Planning (ERP) system (Radovilsky, 2004, p. 707). The ERP addressed all aspects of the company through automated solutions, including performance planning tasks and feedback mechanisms for all Organisation A positions (except field jobs). The ERP outlines an annual process, where performance is evaluated for the previous year and planned for the coming year in January. Performance evaluations, in turn, influence employee compensation, in the form of both bonuses and salary adjustments.

Since the implementation of the ERP-based performance evaluation system, the process has continued to evolve. Although some leaders consider the system predictable, objective, valuable, and easy to use, focus group research conducted in December 2018 in Organisation A revealed that issues remain with regard to the system being too tedious, too historically focused, too competitive, too disconnected from other organisational elements, and too unclear (Althumairy, 2018).

These issues indicate that the performance evaluation system currently being used by Organisation A lacks the strategic impact it could have, due to suboptimal effectiveness and

adoption by employees. There exists a strong need to assess the system in order to identify its strength and weaknesses. When these are understood, environmental threats and opportunities also could be identified, ultimately leading to an improved design for performance management at Organisation A.

Given these characteristics, Organisation A serves as an extreme case, which is an information-oriented case selection strategy intended to maximise the utility of information from small samples and single cases (Flyvbjerg, 2006). According to information-oriented strategies, cases are selected on the basis of expectations about their information content. When an extreme case is selected for study, the focus is on obtaining information on unusual cases that can be especially problematic or especially good in a more closely defined sense. Organisation A is an extreme case in that its performance management process had been automated for only five years at the time of the study. The newness and continual evolution of the process was anticipated to generate fresh as well as in-depth insights from participants regarding organisation members' understanding, enjoyment, participation in, and suggestions for the system.

### **3.5 Participant Procedures**

Three samples were drawn for this study: survey respondents from across the professional roles in the organisation, employee focus group participants, and manager focus group participants. The entire population of approximately 1000 employees in professional roles, according to company records, received a survey. A sample size of 278 was needed to achieve a 95% confidence level (Raosoft, 2019), and a sample of 311 participants across 15 departments was achieved.

To draw the focus group samples, 102 non-managerial employees (Levels P1-P4) and 60 managers (Level P5 or higher) were randomly selected using Stat Trek (n.d.) Random Number Generator. The selected individuals received an invitation to the focus group interviews. Of the 162 employees and managers randomly invited, a total of 42 participants volunteered to be interviewed across four focus group sessions. One employee focus group consisted of 11 participants, while the other consisted of 7 participants. One manager focus group consisted

of 13 participants, while the other consisted of 11 participants. Brinkmann and Kvale (2018) advised that interview samples should contain 5 to 25 participants, depending upon the nature and depth of the interviews. Therefore, the interview sample for this study exceeded the recommended sample size needed for data saturation. Analysis of the findings further confirmed that data saturation was reached.

### **3.6 Instrumentation**

Instrumentation used in this study included a participant survey that contained both closed-ended and open-ended questions and a focus group interview script to guide each research conversation. The following sections describe these instruments in detail.

#### **3.6.1. Participant Survey**

The online survey was created by the researcher for this study based on the relevant literature and established survey research practices. Specifically, the survey was designed to evaluate common components of performance management systems (i.e., performance planning, goal setting, development planning, evaluation). To gauge respondents' perceptions of these, Kirkpatrick's (1960) four-level evaluation approach was utilised. Kirkpatrick asserted that participants' reactions and level of enjoyment, knowledge, behaviours, and results achieved as a result of the new knowledge and behaviours should be assessed when determining a program's impact (Kirkpatrick & Kirkpatrick, 2016). These four levels were assessed on the online survey by gauging respondents' enjoyment of the performance management system, their understanding of it, their participation in, and the career impact of the performance management system.

The 29-item survey was organised into six categories:

1. Demographics. Items 1-4 gathered respondents' demographic details to contextualise the findings. Specifically, these items captured respondents' division, level in the organisation, gender, and tenure with the company. Lincoln and Guba (1985) emphasised that participants' subjective meanings are rooted in their

experiences, and Crotty (1998) added that humans make sense of their world based on their experiences and background. Gathering this information also created the potential for comparing respondents' answers across demographic groupings.

2. Performance planning. Five closed-ended items gauged respondents' enjoyment, understanding, participation in, and growth and career impact of the performance planning component of the performance management system. A final open-ended question solicited respondents' suggestions for how to improve the performance planning aspect.
3. Goal setting. Five closed-ended items gauged respondents' enjoyment, understanding, participation in, and growth and career impact of the goal-setting component of the performance management system. A final open-ended question solicited respondents' suggestions for how to improve the goal-setting aspect.
4. Development planning. Five closed-ended items gauged respondents' enjoyment, understanding, participation in, and growth and career impact of the development planning component of the performance management system. A final open-ended question solicited respondents' suggestions for how to improve the development planning aspect.
5. Evaluation. Five closed-ended items gauged respondents' enjoyment, understanding, participation in, and growth and career impact of the evaluation component of the performance management system. A final open-ended question solicited respondents' suggestions for how to improve the evaluation aspect.
6. Overall. One open-ended item solicited respondents' general comments and suggestions regarding the performance management process.



### 3.6.2. Focus Group Interview

The interview schedule was constructed based on relevant literature and established qualitative research practices. The semi-structured interview schedule was organised into three sections, with the question portion consisting of three items. The questions were open-ended, allowing the researcher to follow the course of the conversation, pursue additional areas of inquiry as they arose, and pose follow-up questions as needed. Further, it was more of a group conversation than an interview.

The interview began with an opening statement from the researcher designed to put the participants at ease, build rapport, and assure participants that the data would be confidential (See Appendix II). According to Creswell and Creswell (2018), orienting the conversation in this way helps promote high-quality data collection.

After the introduction, the survey results were presented to provide participants with a foundational understanding of the study, a common starting point for discussion, and a set of data for them to offer reactions. Consistent with Crotty (1998) and Lincoln and Guba (1985), this portion of the discussion was designed to generate context helpful for shaping the subsequent conversation.

The interview questions used in this study solicited the participant's interpretations and evaluations of the survey data and of the performance management system. First, participants were asked, "Do you agree with these results?" Probing questions such as "Why or why not?" and prompts such as "please explain" or "share a story/your own experience/observations" were posed as needed to gather more detail. These questions invited participants to share their reactions rooted in their context and background (Lincoln & Guba, 1985; Crotty, 1998), resulting in a richer frame of reference for understanding the survey data and participants' perspectives.

Next, participants were asked to comment on, "What does this mean for us as an organisation," prompting them with "for you as employees," "for managers," and "for our performance management system?" as needed to enrich the data. This line of inquiry

further enriched the survey data by inviting deeper perspectives on the organisational impacts of the existing performance management system.

A final open-ended question was asked to gather any additional ideas that were not collected earlier in the discussion. Specifically, the researcher asked, “Is there anything else you think is important to share regarding this topic?”

The interview closed with a statement from the researcher designed to diffuse any tension that may have built up over the course of the interview (Robson & McCartan, 2016) and express appreciation for the participant. These practices are consistent with established research interviewing techniques (Creswell & Creswell, 2018; Brinkmann & Kvale, 2018).

The instrument was tested with two employees, and two managers not included in the study to verify that it elicits suitable data (Brinkmann & Kvale, 2018).

### **3.7 Data Collection**

Data were gathered using an online employee survey and four focus group interviews. After gathering respondents’ demographic data (i.e., division, level, gender, tenure at Organisation A), the remaining survey items (see Appendix I) gauged perceived effectiveness and adoption of the current performance management system. Respondents were asked to offer their viewpoints about the performance planning, goal setting, development planning, and evaluation processes. For each process, respondents were asked to indicate the degree to which they enjoy it, they understand the role it plays in their growth and development, they take part in it, and their careers have benefited from it. Finally, they were asked to describe how the process could be improved. After evaluating each process, respondents were asked to share any other comments or suggestions they have about Organisation A’s performance management system overall. The survey was issued to the sample after the ethics board approval was received and then was open for two weeks.

The focus groups were conducted in accordance with established practices (e.g., Krueger, 2002; Sutton & Arnold, 2013). After welcoming participants and introducing the study and

the researcher, the researcher reviewed the performance management system and presented the survey results. Participants then were invited to discuss whether they agreed with the results and to explain their answers and share their own observations (see Appendix II). Next, participants were asked to consider and discuss what the survey results mean for the organisation and the performance management system. Finally, participants were asked to share any additional insights they have regarding the topic.

Given the researcher's status as an HR leader in the organisation, there was a risk that participants might provide only positive feedback about the existing performance management system. However, later examination of the study findings revealed that the focus group discussions were animated and lively, with participants freely expressing a range of suggestions and critical comments about the performance management system. Participants' freedom of expression suggests that the researcher's position as an HR leader in the organisation did not pose a threat to data trustworthiness.

### **3.8 Data Management**

Data refers to items of recorded information considered collectively for reference or analysis. Data may exist in various formats, including notebooks; responses to survey questions; software; lines of code; measurements gathered through laboratory interventions or observations gathered in the field; images (e.g., film; scans; photographs); audio recordings of interviews, workshops, or other events; or physical samples; Miles et al., 2019).

Data management in research management refers to how data is created, entered, organised, structured, labelled, secured, accessed, stored, backed up, and disseminated (Bell & Foster, 2019). Data management is a critical element of the research process and influences the study's effectiveness, efficiency, and validity; participants' safety; and the ability of subsequent research to be performed in the future (Whyte & Tedds, 2011).

In this study, participants' answers were recorded in a password-protected document, and an anonymous identifier (such as "Manager 1") was assigned to their information. Data that

identified them (e.g., names, places, events) were assigned pseudonyms and anonymised during the transcription process. Various measures were instituted to safeguard participants' privacy and confidentiality. First, electronic versions of study data will be saved on a secure server indefinitely. During the time the data is stored, only the principal researcher and others mandated by law will have access to the data, and only for the purposes of collection, transcription, or analysis. Any findings were reported in aggregate, and participants remained confidential. Signed consent forms were collected from all participants and will be locked in a file separate from the data for five years until these are destroyed via a shredding machine.

### **3.9 Data Analysis and Validation**

Both quantitative and qualitative data analysis methods were used in this study. Descriptive statistical analysis was applied to the closed-ended survey data. Subscale scores were calculated for each performance management system component and for each assessed impact of the performance management system.

After transcribing the focus group conversations and extracting the qualitative responses from the surveys, thematic analysis, as described by Miles et al. (2019) were used to examine the data. Qualitative data analysis began by identifying the meaning units present in the data. A meaning unit refers to a group of words or statements that indicate a cohesive meaning and may constitute only a few words, a phrase, a sentence, or an entire paragraph (Braun & Clarke, 2006; Miles et al., 2019). Ratner (2001) asserted that the first step in any qualitative analysis is to identify meaning units within the document. Ratner added that what designates something as a meaning unit is that it is coherent and distinctive from other ideas. Moreover, the meaning unit must preserve the psychological integrity of the idea being expressed. It must neither fragment the idea into meaningless, truncated segments nor confuse it with other ideas that express different themes (Ratner, 2001; Wargo, 2013; Osbeck, 2014). In this study, 1,391 meaning units were identified.

Each meaning unit was then assigned a descriptive theme, consisting of words or phrases that capture the essence of the meaning unit. Meaning units that represented similar underlying

constructs were grouped into themes. Simultaneous themes were applied, indicating that each meaning unit could be assigned to more than one theme, if appropriate. Once each of the 1,391 meaning units was assigned to at least one theme, the themes were reviewed to assure the participant responses were accurately depicted. Themes then were reviewed to evaluate their appropriateness. Themes were reworded, combined, or expanded as needed. Next, the 23 emergent themes that resulted from this process were reviewed and considered for how they relate to each other, if at all. Similar emergent themes were grouped into categories. Based on this process of analysis, the 23 emergent themes were organised into three categories. Meaning units were then reorganised according to the theme and category structure as needed. This process of identifying meaning units and then assigning themes and categories reflected the qualitative analysis procedures described by Osbeck's (2014) process of sense-making during the qualitative inquiry and Braun and Clarke's (2006), Miles et al.'s (2019), and Vaismoradi and Snelgrove's (2019) steps of qualitative analysis.

The number of unique participants reporting each theme and category was then calculated. Finally, the categories were examined in light of the conceptual framework (program design and delivery; support, oversight, and accountability; utility of evaluation results) that were created based on the research and literature documented in chapter 2.

It is important to note that the aim of the present study was not to test specific hypotheses or create statistically generalisable results. Instead, the intent was to use the case study to help advance theory development related to performance management by developing analytical generalisations. In the early stages of research, the theoretical propositions underlying the research are summed up and operationalised in research questions. Yin (2003) asserted that laying down a theoretical framework in this way helps to design and conduct case study research. The framework then informs what types of evidence should be collected, where or from whom it should be collected, and how the collected data should be analysed and interpreted (Miles et al., 2019). The theoretical framework also provides the vehicle for achieving analytical generalisability, described by Polit and Beck (2010) as

qualitative researchers develop[ing] conceptualisations of processes and human experiences through in-depth scrutiny and higher-order abstraction. In the course of

their analysis, qualitative researchers distinguish between information that is relevant to all (or many) study participants, in contrast to aspects of the experience that are unique to particular participants. (p. 1453)

As a result, case study findings generate theoretical insights using the empirical data and findings created based on one case study. Yin (2017) explains that, in this way, the findings “could be applied in reinterpreting the results of existing studies of other concrete situations ... or to define new research focusing on yet additional concrete situations” (p. 33). Maxwell (2013) also asserted that analytical generalisability of qualitative studies is based on the development of a theory of the processes operating in the study, including how changes and paradoxes are navigated. As a result, using a single case or drawing a small sample is not problematic, as “it is the concepts or theories that are generalisable, not the specific context or population” (Smith, 2018, p. 141).

At the same time, analytical generalisability should not be emphasised at the expense of the richness of data and attention to the specific case examined (Yin, 2017). Care should be taken to develop knowledge around the proposed theoretical framework—in this case, identifying the design factors and impacts of a performance management system. Analytical generalisation means that the investigator is generalising specific and contextual findings by linking them to the theoretical propositions summarised earlier in this research. Bryman (2008) emphasised, “case studies should be evaluated in terms of the adequacy of the theoretical inferences that can be generated. The aim is not to infer findings from a sample to a population, but to engender patterns and linkages of theoretical importance” (p. 173).

### **3.10 Ethical Considerations**

As noted in chapter 1, ethical considerations are important for protecting both researchers and participants (Locke & Spirduso, 2014). Participants need to be advised of the study intent, nature of participation, potential risks and benefits of participation, and procedures for protecting their data and identities (Bell & Foster, 2019). These procedures are documented in a consent form that the researcher must verbally review and that participants must sign (Locke & Spirduso, 2014).

Participation in this study was entirely voluntary and confidential: Participants were not identified, and they were able to withdraw or decline to answer at any time (although no participants did so). To further protect participants' identities, only aggregated data are reported in the results section. Hard copies of raw data were kept in a locked cabinet at the researcher's residence and shredded upon the study's completion. Electronic files of the raw data will be kept indefinitely for the purposes of future research.

### **3.11 Researcher Positionality**

As noted in chapter 1, pragmatic epistemology embraces a post-positivist worldview that acknowledges how the researcher relates to the study setting and topic. Therefore, it is important to consider the researcher's personal and professional background and how they relate to the topic being investigated. This helps explain the researcher's interest in the study, offers a place for the researcher to acknowledge his biases, and establishes his expertise for conducting the study. It is particularly important for researchers to disclose their background given the assumptions associated with the qualitative paradigm that researchers are inextricably linked to their work and that their experience and knowledge affect the conduct of the entire study (Camic et al., 2003).

Relevant to this study, the researcher was a human resources leader at the study organisation. As such, the researcher holds certain biases related to this study, which were acknowledged in chapter 1. The researcher also has extensive experience in leading performance management initiatives. Through these experiences, he developed the conviction that performance management is critical to organisational success, and this experience and mindset inform his work in this study.

These experiences mean that the researcher brings certain biases to this research. These biases were controlled by explicitly identifying the biases beforehand and intentionally bracketing these biases while gathering and analysing data. Given the researcher's closeness to the issues being investigated in this study, it did require ongoing self-examination and reflection to make sure that the analysis and results derived were true to the data rather than merely reflective of his preconceived professional opinion. For example, the researcher may

hold stronger views concerning the need for future orientation in the performance management system than what the study participants expressed.

### **3.12 Chapter Summary**

This chapter described the methods used in the present study. An introduction was provided first, followed by a description of the research paradigm and design. The research design involved a sequential mixed-method approach, which allowed for achieving both a depth and breadth of data (Creswell & Creswell, 2018).

The case organisation, where the data were gathered, was then presented. Procedures for recruiting and enrolling participants were outlined. Three samples were drawn for this study: 311 survey respondents from across the professional roles in the organisation, 18 employees distributed across two employee focus group interviews, and 24 managers distributed across two manager focus group interviews.

The instrumentation for gathering data was described. The instrumentation consisted of a participant survey that contained both closed-ended and open-ended questions and a focus group interview schedule. Survey data were subjected to descriptive analysis, while open-ended survey and interview data were examined using thematic analysis. The next chapter presents the results of this study.



## **4. Findings and Discussion Chapter**

### **4.1 Chapter Overview**

This chapter describes the findings of the study. The introduction, including the research purpose and objectives, is presented first. The analysis process is then described, and a profile of the sample interviewed and surveyed for this study is provided. The quantitative findings are then presented, followed by description of the qualitative findings as discovered through the lens of the conceptual framework developed from the review of relevant literature. The chapter closes with a chapter summary.

### **4.2 Introduction**

The purpose of this study was to evaluate the effectiveness, impact, and improvement opportunities related to the study organisation's performance management system. Moreover, the intent of the study was to outline the design of a performance management process for enhanced effectiveness and improved adoption by employees within one organisation in the Saudi Arabia. The following objectives were carried out:

1. Review and identify current trends and debates in theory and research regarding performance management.
2. Evaluate the effectiveness and adoption of the case organisation's performance management system through survey and focus group methods.
3. Design a new performance management framework for the case organisation based on examination of performance management theory and research and on primary data gathered as part of this study.

### **4.3 Analysis Process**

Data collection involved both quantitative and qualitative methods. Descriptive statistics were calculated for the survey items. Subscale scores were calculated for each performance

management system component and for each assessed impact of the performance management system.

After transcribing the focus group conversations and extracting the qualitative responses from the surveys, thematic analysis, as described by Miles et al. (2019) was used to examine the data. Qualitative data analysis began by identifying the meaning units present in the data. A meaning unit refers to a group of words or statements that indicate a cohesive meaning and may constitute only a few words, a phrase, a sentence, or an entire paragraph (Braun & Clarke, 2006; Miles et al., 2019). In this study, 1,391 meaning units were identified.

Following qualitative analysis procedures outlined by Braun and Clarke (2006), Osbeck (2014), Miles et al. (2019), and Vaismoradi and Snelgrove (2019), each meaning unit was assigned a descriptive theme consisting of words or phrases that capture the essence of the meaning unit. Meaning units that represented similar underlying constructs were grouped into themes. Simultaneous themes were applied, where each meaning unit could be assigned to more than one theme, if appropriate. Once each of the 1,391 meaning units was assigned to at least one theme, the themes were reviewed to assure the participant responses were accurately depicted. Themes then were reviewed to evaluate their appropriateness. Themes were reworded, combined, or expanded as needed. Next, the 23 emergent themes that resulted from this process were reviewed and considered for how they relate to each other, if at all. Similar emergent themes were grouped, resulting in three categories. Meaning units were then reorganised according to the theme and category structure as needed. The number of unique participants reporting each theme and category was then calculated. Finally, the three categories were examined in light of the conceptual framework of program design and delivery; support, oversight, and accountability; and utility of evaluation results that were created based on the research and literature documented in chapter 2.

#### **4.4 Participants**

The survey sample consisted of 311 respondents (308 males, 3 females). As shown in Table 4.1, more than half the respondents were from four departments: sales (21%), manufacturing (18%), finance (10%), and human resources (10%). Nearly two-thirds of those completing the

survey were non-management professionals (P1-P5; 65%), while 27% were managers (M1-M3), as shown in Table 4.2. More than half the respondents reported working for the company for 5-9 years (37%) or 10-14 years (18%), as shown in Table 4.3.

*Table 4.1: Surveyed Departments*

Department	n	%
Sales	66	21%
Manufacturing	57	18%
Finance	30	10%
Human Resources	30	10%
Haradh Operation	24	8%
Quality & Innovation	19	6%
IT	15	5%
Marketing	15	5%
Purchasing	14	5%
Dairy Farms	12	4%
Agriculture	10	3%
Internal Audit	8	3%
CEO Office	7	2%
New Business Development	3	1%
Environment & Renewable Energy	1	0%

*N* = 311

*Table 4.2: Surveyed Job Grades*

Job Grade	N	%
Executive (E1-E3)	8	3%
Senior manager (S1-S3)	17	5%
Manager (M1-M3)	84	27%
Professional (P1-P5)	202	65%

*N* = 311

*Table 4.3: Respondent Tenure*

Tenure	n	%
Less than one year	25	8%
1-4 years	62	20%
5-9 years	115	37%
10-14 years	57	18%
15-19 years	26	8%
20+ years	26	8%

*N* = 311

A total of 42 participants were interviewed across the four focus group sessions. All participants had a rating of 1, 2, or 3 (out of 5), where 1 is the top rating. One employee focus group consisted of 11 participants, while the other consisted of 7 participants. One manager focus group consisted of 13 participants, while the other consisted of 11 participants. As shown in Tables 4.4-4.6, more than half the focus group participants were from four departments: marketing (19%), finance (14%), human resources (14%), and internal audit (12%). Half the focus group participants were employed at a non-management professional level (P1-P5), while 14% were senior managers (S1-S3), and 36% were managers (M1-M3). Nearly two thirds of the focus group participants had been with the company 1-9 years, with 40% reporting tenure of 1-4 years and 24% reporting tenure of 5-9 years.

*Table 4.4: Departments Interviewed*

Department	Manager Group		Employee Group		Total
	1	2	1	2	
Marketing	4	2	1	1	8 (19%)
Finance	3	0	2	1	6 (14%)
Human Resources	1	2	1	2	6 (14%)
Internal Audit	1	1	3	0	5 (12%)
Information Technology	2	2	0	0	4 (10%)
Sales	1	2	0	1	4 (10%)
Supply Chain	0	1	2	0	3 (7%)
Purchasing	1	0	2	0	3 (7%)
New Business Development	0	0	0	1	1 (2%)
Quality and Innovation	0	1	0	0	1 (2%)
Not reported	0	0	0	1	1 (2%)
<b>Total</b>	<b>13</b>	<b>11</b>	<b>11</b>	<b>7</b>	<b>42</b>

*Table 4.5: Job Grades Interviewed*

Job Grade	Manager Group		Employee Group		Total
	1	2	1	2	
Executive (E1-E3)	0	0	0	0	0 (0%)
Senior manager (S1-S3)	4	2	0	0	6 (14%)
Manager (M1-M3)	6	9	0	0	15 (36%)
Professional (P1-P5)	3	0	11	7	21 (50%)
<b>Total</b>	<b>13</b>	<b>11</b>	<b>11</b>	<b>7</b>	<b>42</b>

*Table 4.6: Focus Group Participant Tenure*

Tenure	Manager Group		Employee Group		Total
	1	2	1	2	
Less than one year	1	0	2	0	3 (7%)
1-4 years	7	4	6	0	17 (40%)
5-9 years	0	6	0	4	10 (24%)
10-14 years	3	0	0	1	4 (10%)
15-19 years	1	1	0	0	2 (5%)
20+ years	1	0	3	1	5 (12%)
Not reported	0	0	0	1	1 (2%)
Total	13	11	11	7	42

The data shown in Tables 4.4-4.6 help contextualise the findings from the present study based on the participants' departments, job grades, and tenure. These data also help indicate gaps for future research, such as indicating what other samples need to be drawn from the organisation to gather a representative view of employees' perspectives. The next section describes the quantitative survey results, followed by a reporting of the qualitative findings that resulted from the analysis of the open-ended survey and interview data.

## 4.5 Quantitative Findings

The survey asked respondents to rate their enjoyment, understanding, participation, professional growth, and career impact related to the performance management system and its components. An overview of the respondents' ratings of the performance management system components is presented in Table 4.7. Overall, the ratings indicated that participants were satisfied with the performance management system, with goal setting receiving the highest rating ( $M = 4.20$ ,  $SD = 0.96$ ) and effectiveness of the current performance management system receiving the lowest rating ( $M = 3.75$ ,  $SD = 1.32$ ). Standard deviations for these scores were rather high, suggesting that respondents rated the components differently. Past literature indicated that satisfactory ratings in these areas are important for gauging the efficacy of the design of performance management systems (Chan & Karim, 2012; Franco-Santos et al., 2012; DeCenzo & Robbins, 2016; Iqbal & Kureshi, 2016; Anderson, 2017; Frampton et al., 2017; Gordon & Fischer, 2018; Williams & Beck, 2018).

*Table 4.7: Summary of Performance Management System Component Ratings*

Component	Mean	SD
Goal Setting	4.20	0.96
Performance Planning	4.08	0.97
Development Planning	4.02	1.09
Evaluation	4.09	1.03
Effectiveness of Current Performance Management System	3.75	1.32

Scale: 1=low impact, 5 = high impact; \*these items rated significantly different than other items

Examining the results based on impact (see Table 4.8) revealed that the highest impacts were reported for respondents' participation in the performance management system (M = 4.29, SD = .95) and understanding the role that the performance management system plays in their career (M = 4.25, SD = .94). The lowest ratings were reported for the career impact of the performance management system (M = 3.83, SD = 1.28). Standard deviations were rather high, suggesting that respondents rated the impacts differently.

Based on past literature, these scores indicate that the performance management systems could be anticipated to have positive organisational impacts. For example, regarding participation, researchers have emphasised that employees and managers should collaborate to set employee goals (Hartle & Weiss, 2002; Van der Walldt, 2004) and that employee participation in the process can enhance employees' intrinsic work motivation (Van der Kolk et al., 2019). Past literature also noted that performance management systems need to be linked to employees' professional growth, development, and career trajectories (McGregor, 1957; Steinmetz, 1969; Kohn, 1999; Ball, 2010; Arrowsmith & Parker, 2013). Past literature was not found that explicitly addressed the nature or impact of employees' understanding and enjoyment of performance management system processes, although it is reasonable to assume based on Kirkpatrick and Kirkpatrick's (2016) work on training evaluation that employees' understanding and enjoyment of the system would improve its impacts.

*Table 4.8: Summary of Performance Management System Impact*

Impact	Mean	SD
Participation	4.29	.95
Understanding	4.25	.94
Professional Growth	4.10	1.10
Enjoyment	4.01	1.05
Career Impact	3.83	1.28

Scale: 1=low impact, 5 = high impact

Examining the results for the performance planning component (see Table 4.9) revealed that scores were moderate across all impacts, with the lowest rating reported for career impact (M = 3.83, SD = 1.36) and the highest rating reported for participation (M = 4.35, SD = .97). The standard deviations were rather high, suggesting that respondents rated the impacts differently. Past literature underscored the importance of performance planning (Jabeen, 2011; Orlando & Bank, 2016; Deloitte, 2017; Rajib et al., 2016) for reflecting on and shaping the employee’s career in concert with their own and their organisation’s goals.

*Table 4.9: Assessment of Performance Planning Component*

Item	Mean	SD
I take part in the performance planning process to the best of my ability.	4.35	0.97
I understand the role that performance planning plays in my development as a professional	4.20	1.10
Performance planning contributes to my growth as a professional.	4.10	1.10
I enjoy the performance planning process	3.94	1.22
Performance planning has positively contributed to my career at Organisation A	3.83	1.36
	Overall	4.08 0.97

Scale: 1=strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly disagree

Examining the results for the goal setting component (see Table 4.10) revealed that scores were moderate to high across all impacts, with the lowest rating reported for career impact (M = 3.95, SD = 1.31) and the highest rating reported for understanding the role that goal setting plays in their development as a professional (M = 4.37, SD = .99). Standard deviations were rather high, suggesting that respondents rated the impacts differently. Despite the importance of goal setting, past research has suggested that goals and metrics often are ill-

defined, leading to a lack of alignment between performance management systems and organisational goals and vision (Patrucco et al., 2016).

*Table 4.10: Assessment of Goal Setting Component*

Item	Mean	SD
I understand the role that goal setting plays in my development as a professional	4.37	0.99
I take part in the goal-setting process to the best of my ability.	4.36	1.01
Goal setting contributes to my growth as a professional.	4.19	1.17
I enjoy the goal-setting process.	4.13	1.15
Goal setting has positively contributed to my career at Organisation A.	3.95	1.31
Overall	4.20	0.96

Scale: 1=strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly disagree

Results for the development planning component (see Table 4.11) revealed that scores were moderate across all impacts, with the lowest rating reported for career impact (M = 3.76, SD = 1.38) and the highest rating reported for understanding the role of development planning (M = 4.17, SD = 1.17). Standard deviations were rather high, suggesting that respondents rated the impacts differently. Smith and Goddard (2002) and Schleicher et al. (2019) similarly conceptualised the performance management process as being instrumental to employee development.

*Table 4.11: Assessment of Development Planning Component*

Item	Mean	SD
I understand the role that development planning plays in my development as a professional.	4.17	1.17
I take part in the development planning process to the best of my ability.	4.15	1.17
Development planning contributes to my growth as a professional.	4.05	1.23
I enjoy the development planning process.	3.96	1.26
Development planning has positively contributed to my career in Organisation A.	3.76	1.38
Overall	4.02	1.09

Scale: 1=strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly disagree

The evaluation component was rated in a pattern similar to other components (see Table 4.12) with moderate scores across all impacts and the lowest rating reported for career



impact (M = 3.79, SD = 1.41). The highest rating for evaluation was related to their participation in the process (M = 4.29, SD = 1.09). Similar to other components, these impact scores were not significantly different from each other, despite the rather high standard deviations, indicating variance in participants' ratings. Past literature emphasised that evaluation is a critical component of performance management (DeCenzo & Robbins, 2016), ultimately, for the purpose of boosting individual, group, and overall organisational performance (Schleicher et al., 2019).

*Table 4.12: Assessment of Evaluation Component*

Item	Mean	SD
I take part in the evaluation process to the best of my ability.	4.29	1.09
I understand the role that evaluation plays in my development as a professional.	4.27	1.05
Evaluation contributes to my growth as a professional.	4.07	1.21
I enjoy the evaluation process.	4.01	1.24
Evaluation has positively contributed to my career at Organisation A.	3.79	1.41
Overall	4.09	1.03

Scale: 1=strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly disagree

## 4.6 Qualitative Findings

Qualitative data were gathered from open-ended survey questions and focus group conversations. After transcribing the focus group conversations and extracting the qualitative responses from the surveys, thematic analysis (Miles et al., 2019) was applied to the data. This section outlines the emergent themes and categories that resulted from this analysis as well as how the themes relate to the conceptual framework presented in Chapter 2. Representative comments for each theme are reported. Although specific names, positions, and departments are not reported for the comments for the purpose of protecting participants' identities, Table 4.13 outlines the pseudonyms for the managers and employees in each focus group.

Table 4.13: Focus Group Participants

<u>Focus Group</u>			
1	2	3	4
Employee 1	Employee 12	Manager 1	Manager 14
Employee 2	Employee 13	Manager 2	Manager 15
Employee 3	Employee 14	Manager 3	Manager 16
Employee 4	Employee 15	Manager 4	Manager 17
Employee 5	Employee 16	Manager 5	Manager 18
Employee 6	Employee 17	Manager 6	Manager, 19
Employee 7	Employee 18	Manager 7	Manager, 20
Employee 8		Manager 8	Manager 21
Employee 9		Manager 9	Manager 22
Employee 10		Manager 10	Manager 23
Employee 11		Manager 11	Manager 24
		Manager 12	
		Manager 13	

#### 4.6.1. Findings Related to Program Design and Delivery

Analysis of the data indicated a need for attention to program design and delivery, specific to four areas: clarifying and improving policies and procedures; improving alignment with organisational structures and staff; clarifying and enforcing roles and responsibilities; and incorporating effective, user-friendly software and tools. These themes are described in the following sections.

##### 4.6.1.1. Clarify and Improve Policies and Procedures

Five themes indicated participants' requests that a logical, ordered system of performance planning and review be implemented, with accountabilities enforced for managers and employees alike so that the process is impartially and consistently carried out up, down, and throughout the organisation. Moreover, participants wanted to understand how rankings are determined, why and when they are modified, and what the impact of rankings will be. Participants expressed that being able to rely on a performance management system having these characteristics would aid them in trusting the system, dedicating the needed effort, and sustaining the engagement to carry it out. Overall, this category was reflected in the

comments of 12 employee focus group participants, 14 manager focus group participants, and 113 survey respondents—nearly half (46.6%) of the total participants surveyed and interviewed.

#### 4.6.1.1.1. Need a Clearly Documented, Consistent, and Reliable Process Enacted Across Organisation

Participants emphasised that a clearly documented, consistent, and reliable process enacted across the organisation is needed. This theme was cited by one employee focus group participant, three manager focus group participants, and 66 survey respondents (23.5% of the total participants surveyed and interviewed). Employee 1 elaborated:

There should be a proper structure for the management and the employee to agree on the goals. ... There should be some sort of a review committee—like a set of directors within the department—that sits with the employees or direct reports and identifies their improvement areas. ... This needs to be done everywhere in Organisation A as a whole.

Several participants noted that personnel often rush the process right before the deadline rather than taking the time needed to carry out the process steps as intended. Manager 5 expressed this sentiment as, “The frustration is about implementation: Most people say that the ratings are being uploaded one week before the deadline, once a year. So, it’s not about the system, it’s about the implementation.” Survey participants similarly stated that the system should be “followed religiously,” and that “Organisation A should implement a strict evaluation process.” In the absence of this, as survey participants noted, “Organisation A’s performance management system doesn't reveal the accurate performance of employees.” Several additional participants asserted that managers offload the task of evaluating performance to an assistant; thus, the process is not consistently or even accurately carried out. One survey participant stated, “Having no fair evaluation for the previous year is a very serious issue among employees. Someone’s clerk was assigned, and he evaluated employees as if they were his own, and with a degree of partiality.”

These findings are similar to past literature, which stressed that when performance management systems are implemented in the organisation in a comprehensive and consistent manner, the result is enhanced employee ownership and overall enhanced individual and company performance (Wright et al., 2003).

#### 4.6.1.1.2. Set Time-Bound Goals and Review Regularly

Participants voiced that as part of the performance management system, employees should set time-bound goals, Moreover, these goals should be reviewed regularly to track progress, encourage adherence, and allow for needed revision. This theme was cited by four employee focus group participants, nine manager focus group participants, and 27 survey respondents, for a total of 13.4% of all participants surveyed or interviewed. Some participants pointed out that goals are sometimes set retroactively and that the system should prevent this. Manager 16 explained:

We need to have some checks and balances so that people don't wait until the end of the year to set goals. Some say, "I'm only going to record those goals that I accomplished exceptionally well. I'm not going to record what I did not deliver." So, everybody's performance in the company is high, and you cannot differentiate performers. We have to close this loophole in the system.

Employee 17 expressed the desire for emails to remind him of the goals he set and their targeted completion dates:

We set up each goal with a deadline to finish it (e.g., 2 months, 3 months). But we would like the performance management system to send us a reminder email, like "Your performance goal is coming up to its deadline." Right now, if we want this information, we have to go into Mawhiba and find it. I don't want to have to go to Mawhiba every time to check that. It should come on my email that "Your goals are going to end this month and you need to finish."

Manager 24 similarly expressed:

We forget our goals after we set them. ... The system should be sending reminders saying, "These are your goals. You are computed to be on time." We are planning 1-year goals, but in that year, we get other assignments, and we may forget the goals

we set. So, when evaluation time comes and they look at our goals, what we have been doing is different. Reminders every three months would be good.

Several managers, speaking to the same issue, suggested that the system should allow for the revision of goals during the year. Manager 4 commented, “It should allow some options. Although we are setting the goals, a lot of unplanned work happens. But there is no option to record those during the evaluation.” Several employees and managers requested that goal review happen more frequently, such as quarterly, semi-annually, or even monthly. Employee 8 noted that feedback after each project is helpful to support his growth and development:

After we finish each engagement, our manager evaluates us. ... He tells us what our weak points were during this engagement and how we can improve them. That is more beneficial to us than just a yearly process. I think each department can do this practice according to their own criteria—like monthly or quarterly. Why are we doing this performance management only once a year? Why not every six months or each quarter?

Survey respondents provided similar requests and observations, such as “setting SMART goals at the beginning of the year” and “quarterly briefings of whether you achieve up to mark or less than mark.”

Similarly, other researchers noted the importance of setting clear objectives (Chan & Karim, 2012; DeCenzo & Robbins, 2016; Patrucco et al., 2016) and gathering, processing, and analysing performance data to monitor their achievement (Smith & Goddard, 2002; Frampton et al., 2017; Williams & Beck, 2018). Both Van der Waldt (2004) and DeCenzo and Robbins (2016) noted that goals ideally are collaboratively set by the employee with his or her manager. Eckerson (2006) suggested the concept of a performance dashboard, which outlines the organisation’s and employees’ goals. This kind of dashboard helps managers assess, oversee, and manage the performance of both subordinates and the organisation overall. DeCenzo and Robbins (2016) asserted that goals could be based on (a) absolute standards, where performance is appraised according to incident checklists using behaviourally anchored rating scales, (b) relative standards using individual rankings and comparisons, or (c) outcomes standards based on achievements produced and assessed against group or organisational goals.

#### 4.6.1.1.3. Improve the Visibility and Clarity of the Ranking System and the Results

Participants indicated that more visibility and clarity was needed regarding how rankings were assigned and what the results of such rankings were. This theme was cited by seven employee focus group participants, five manager focus group participants, and, 20 survey respondents, for a total of 10.7% of all participants surveyed or interviewed. Several participants questioned the validity of the ratings employees received, as depicted in this exchange in Employee Focus Group 2:

Employee 13: There is no transparency in the performance evaluation. For example, I assessed myself as a 2, and my manager rated me a 4. How can we reach an agreement?

Employee 17: And what will happen in this case? The system will take the manager's rating. What if your manager is mad at you?

Manager 1 similarly stated, "You have a lot of fake evaluations: People getting 3 or 2 while they don't even deserve a 4. Or maybe they deserve better than this." Employee 18 described that his evaluation goes through several managers before he sees his final rating. He explained:

Sometimes, we do not get the rating we deserve or what we submit. When we submit anything in the system, it goes to the manager and then the organisational manager. We are not familiar with the system and process.

Other participants noted their lack of understanding about how ratings are decided. Employee 16 asserted, "We should have a clear picture of what's happening and what's going to happen. There is no roadmap of what is going to happen next." Similarly, Employee 15, who completes work for a number of managers, described a convoluted process that unfolds in order for him to get a rating:

My line manager knows I am doing ok. He approves my rating. But he doesn't know everything I'm doing. So, at the end of the day when I perform and when I'm sending my goals, it goes to my fore-manager and he rates me a 2, and I think my career is going good. Then suddenly, after two weeks, I see it's 3. It's really sad for me because

I have seen this for the last two years & I have talked to my manager regarding this, but they said it's the system. So, this year, I said I want to see the facts.

Survey respondents called for more clarity, such as one employee respondent who stated, "Employees should be well aware of the reward they will get if they perform." Another employee respondent asserted, "we have no clear evaluating system."

Review of the extant literature suggests that the design and delivery of performance management programs should honour the principle of transparency—in this case, with regard to decision making about employee rankings and outcomes (Winstanley & Stuart-Smith, 1996). Clarity is critical because goals can vary across sectors and organisations (Chan & Karim, 2012; Patrucco et al., 2016), and failure to establish metrics can undermine performance (Boyne et al., 2005). Moreover, how employees' performance is ranked according to these metrics should be clarified. As DeCenzo and Robbins (2016) noted, rankings could be evaluated against absolute standards, relative standards, or outcomes standards.

#### 4.6.1.1.4. Adjust Time Dedicated and Timing of Process Steps

Participants expressed a desire to adjust the timing of certain steps as well as the overall time dedicated to enacting the performance management process. This theme was cited by three employee focus group participants, four manager focus group participants, and, 19 survey respondents, for a total of 8.7% of all participants surveyed or interviewed. Some participants suggested having dedicated time to complete the process steps, such as Employee 7:

We should dedicate one day for goal setting in every department. For example, an employee is submitting the goals, and the manager and the director are agreeing on what the goals are.

Other participants noted that regular notifications are needed to allow employees an opportunity to improve their performance before the end of the year. Employee 9 suggested system notifications that occur "...quarterly or every six months—especially ... if your performance is just 5 out of 10." Several survey respondents similarly requested more frequent evaluations. For example, one survey respondent asserted, "We are not doing it at

the right time, and we receive no review or evaluation by manager quarterly or every six months to evaluate where every employee is standing versus our goals.” Manager, 20 shared that in his department, they opted to conduct more frequent evaluations:

What we decided is that, rather than waiting for the end of the year to evaluate employees, we will evaluate each staff at the end of each project. So, let’s say we have ten projects, and our employees work through different managers. So, at the end of the year, I may have four or five performance reports from different managers for an employee.

Other employees asserted that the process steps were being enacted too late. Employee 5 stated:

We’re using the system, but it’s too late. For me, it’s better to set my goals at the beginning of the year. But what we do is, we come to quarter three and think, “We have to finish this.” So, we set our goals for the year in the third quarter. But if I set my goals at the beginning of the year, I could get an evaluation against my goals every quarter as we complete each quarter.

A survey respondent similarly stated that “KPIs must set by the manager and given to the employee before starting the year.” Manager 11 opined that the system was not being used properly and that the timing should be adjusted:

We have the system for the goal setting and the tracking and monitoring, but it is not properly used by the departments. ... We don’t evaluate until only one week is left to submit it. We do it in a rush. ... Then we forget immediately what happened.

Although guidelines around the timing of steps in the process were not found in the literature, Cohen et al. (2016) found that timely (ideally, immediate) feedback is associated with better employee performance. Singh (2018) added that in continuous performance management systems, employees’ sense of fairness and organisational justice is increased due to the nature of receiving real-time or prompt performance-based feedback. The suggestions offered by participants, thus, may be considered a valuable contribution to the existing body of research and practice.



#### 4.6.1.1.5. Need Equity and Impartiality in the Process

Participants expressed a desire for enhanced equity and impartiality in the performance management system process. This theme was cited by one employee and one manager focus group participant as well as six survey respondents, for a total of 2.6% of all participants surveyed and interviewed. All participants reporting this were male and represented different departments. Five of the six survey respondents were individual contributors and one was a manager, which is roughly consistent with the representation of the survey respondents across levels. The tenure of participants reporting desires for more equity varied to the same degree as that of the overall survey sample.

Employee 10 described the challenges when a manager has not worked with a direct report for the entirety of the evaluation period:

What happens when your boss leaves in the last quarter, and you only work three months with the new manager? ... How can he evaluate me when he worked with me no more than one or two months? These are the types of things we need to work on in the system: As someone is moving middle of the year from one department to another department and the goals and objectives change, what about his previous work?

Manager 8 pointed out that inequity is observed when high performers and low performers receive the same bonus. He added that for this reason, managers and employees do not take great care in executing the process:

We know that if one employee receives a rating of 4, another receives a 3, and another receives a 1, all of them they will get a bonus. And, in most cases, they will receive an equal bonus and an equal salary increase. We don't trust the system; that's why we do it in a rush.

Six survey respondents similarly offered statements that indicated they perceived bias and inequity in the existing performance management system. While one employee simply requested "more impartiality," another explained, "This is the crucial part in evaluation: the management shall consider the skills, competency, and performance of the employee and not base it on personal interests or politics only." Yet another elaborated, "The areas that affect

the performance of an employee should be discussed and documented evidence—either positive or negative. ... Personal bias should be discouraged as a policy at all levels.” Similarly, past researchers emphasised the need for procedural fairness (Jabeen, 2011; Orlando & Bank, 2016; Rosenblat et al., 2017), transparent decision making, and respect for employees (Winstanley & Stuart-Smith, 1996).

#### 4.6.1.2. Improve Alignment with Organisational Structures and Staff

Three themes emphasised participants’ beliefs regarding the importance of designing the various features of the performance management system to align with and support the organisation, its various parts, and its employees. These themes stressed the importance of improving the alignment with organisational structures and staff, suggesting that performance review systems cannot be a one-size-fits-all solution if they are to be effective. Instead, the system must be highly customised for the organisation, according to participants. Overall, this category was reported by seven employee focus group participants, seven manager focus group participants, and 70 survey respondents (28.2% of the total participants surveyed and interviewed).

##### 4.6.1.2.1. Tailor to Each Position, Level, and Department

Participants emphasised that the performance management process needs to be tailored to each position, level, and the department to optimise its effectiveness. This theme was cited by five employee focus group participants, five manager focus group participants, and 35 survey respondents, for a total of 15.1% of all participants surveyed or interviewed. Employee 14 suggested:

A set of directors within the department should sit with the employees or direct reports and identify ... targets and goals as per their job descriptions. ... So, if we have a vision about directions—for example, we want to increase our sales in the Gulf region by this much per cent, or we want to launch this product in the next one or two years, we communicate these goals from the top—from the board of directors to the GM level, then director level then to the employee.

Employee 3 similarly stated, “as a department, we should have a 1-day session to decide what is the goal, what is the target, what are the benefits.” Building on this sentiment, Employee 9 added:

Actually, that’s an excellent point. ... There are department KPIs, but they are not translated into KPIs for the managers, senior supervisors, supervisors, and employees lower down the line. ... So, at year-end, they don’t have a clear idea of what measures their performance will be assessed upon. ... We need to communicate those KPIs to all the departments and create a detailed plan with regards to the KPIs within the department.

Manager 6 described how his previous employer translated the organisational vision into goals for departments, levels, and positions:

We would have the vision of the company at the top, and cascade those down to each department’s role in that vision & then from that role, cascade down to the employees of each department into achieving the vision and developing the traits needed to achieve the vision. Then our boss delegated goals to us, and we were evaluated based on these things.

Survey respondents offered similar suggestions, such as, “Set the evaluation process based on each department separately, based on the expected KPIs from the management and each level different from the other to determine a clear path for career development at Organisation A.” Other survey respondents pointed out that certain employee positions and grade levels currently were not included in the performance management system but should be. One such respondent requested Organisation A to “pay more attention to lower class workers, labourers, and operators,” while another stated, “Kindly Include F4 and C Grade employees in the Performance Management system because my position is Data Entry operator and Grade F4.”

Guidelines about tailoring the process to each unit (e.g., position, level, department) of the organisation were not found in the extant research on performance management systems, although Smith (1988) noted that performance management systems should be adapted or modified to fit the company’s unique needs and strategic direction. Other authors added that business metrics and practices should be adapted to fit the company’s sector (Drengenberg & Bain, 2017; Gordon & Fischer, 2018).

#### 4.6.1.2.2. Align with Organisational Goals and Culture

Participants asserted that employee goals should be aligned with the organisation's goals and culture. This theme was cited by five employee focus group participants, six manager focus group participants, and 31 survey respondents, for a total of 14.1% of all participants surveyed or interviewed. Focus groups participants and survey respondents alike emphasised that Organisation A's strategic goals, such as increasing market share or innovating new products, need to be reflected in employees' goals and KPIs throughout all levels and areas of the company. For example, one survey respondent expressed the sentiment of various participants in stating, "Employees' performance objectives should be aligned with the company's short-term and long-term objectives." Nonetheless, Employee 6 observed,

I've seen departmental KPIs that aren't translated into KPIs for the managers, senior supervisors, supervisors, and employees lower down the line. So, what happens is that at year-end, they talk to their manager, who communicates five points, the employee enters those five points, and they give them a rating. That's it. They don't have a clear idea of what their performance will be measured on, and they don't know what tasks they will be doing. It would be better to configure goals to our KPIs or communicate those KPIs or measures to all the departments.

Manager 15 similarly expressed:

Goals should be linked. ... My objectives should be my department's objectives. This is happening at my level, but it's not being cascaded down to the front-line level. If we are in the same department but you are working on different objectives, the business will be negatively affected.

A survey participant elaborated:

Organisation A needs to revamp its performance planning process, where the performance objectives must be aligned with the top-level plan and trickled down to the organisation and workforce. ... There needs to be clearly defined and communicated company targets with tangible factors and KPIs being established for the purpose of performance assessment.

Manager 2 described the process he uses to cascade organisation-level goals down to front-line employee goals:

First of all, I think about what adds value to the company and how that can come from my function. Then I'm going to analyse that and see how I can relate that as goals to the people in my department and identify the capabilities needed to perform this. Based on that, I will also arrange the training needs or other needs that are going to be associated with this.

Past research similarly highlighted the need to align the performance management system with the organisation's vision, mission, and strategy (Erridge & McIlroy, 2002; Rhys et al., 2006, Franco-Santos et al., 2012; Patrucco et al., 2016; Anderson, 2017; Gordon & Fischer, 2018), as well as measuring worker performance with respect to corporate targets (Boyne et al., 2005; Iqbal & Kureshi, 2016).

#### 4.6.1.2.3. Align with Employee Goals and Needs

Participants suggested that the performance management process needs to align with employees' goals and needs. This theme was cited by two employee focus group participants, three manager focus group participants, and 15 survey respondents, for a total of 6.7% of all participants surveyed or interviewed. Employee 7 noted the importance of setting goals "according to each employee's strengths," while Employee 9 agreed that when this is done, "the goal is very motivational." Manager 13 asserted that aligning performance management with each employee's needs and goals is the key to retention:

Employees want to know, "What is my future in this company? Do I become the CEO? What is the path? What should I do?" ... If we focus on their career succession and upgrading their performance, developing them, ... then we can retain people. Today we are retaining people only by cash.

Survey respondents stressed the importance of customizing goals for each employee. One stated, "KPIs must set by the manager and ... must be unique for all," while another asserted that performance management "should be a process that will contribute to the company's and employees' goals and aspirations," and yet another emphasised that the process should be "customised to each individual's needs, based on line-manager assessment and recommendations."

Similar to these findings, Smith (1988) noted that an organisation's performance management system would need to be adapted or modified to fit the company's unique needs and strategic direction. Other authors added that failure to adapt business metrics and practices to public and non-profit settings could result in oversimplified, ineffective performance management systems (Drengenberg & Bain, 2017; Gordon & Fischer, 2018). Notably, past literature focuses on the need to adapt these systems at the sector, industry, and company level, but fall short of acknowledging the need to tailor the process to employee goals and needs. Therefore, the present findings constitute a contribution to the extant literature.

#### 4.6.1.3. Clarify and Enforce Roles and Responsibilities

Four themes reflected participants' beliefs that the roles and responsibilities related to the performance management system need to be clarified and enforced. Participants stressed that employees, managers, and other raters play important roles in the performance management system and that their involvement needs to be carefully planned. Across the themes, participants appeared to want employees' voices to be heard, for managers to be keenly aware of and involved with their direct reports' performance planning and evaluation, and to solicit reviews from others who have important insights about a given employee's performance. Overall, this category was reported by five employee focus group participants, nine manager focus group participants, and 69 survey respondents (27.9% of the total participants surveyed and interviewed).

##### 4.6.1.3.1. Involve Employees and Incorporate Their Input

Participants asserted it is important for the performance management system to allow for employee input. Notably, this theme emerged only in the survey data (n = 37, 12.4% of the total participants surveyed or interviewed). One respondent voiced the desire that "the employees' viewpoints were taken into consideration," while another similarly suggested that the performance review process would be more successful, "If we are invited to take part to make goals and ... if you open a channel to share the ideas by employees." Other respondents

stressed the need to “encourage employees’ full participation” and to “engage the employees.”

Similarly, other authors stressed that employee goals should be mutually negotiated between an employee and his or her manager (Hartle & Weiss, 2002; Van der Walddt, 2004). Moreover, Van der Kolk et al. (2018) noted that performance management systems that focus on controlling results could undermine intrinsic motivation.

#### 4.6.1.3.2. Require Frequent One-On-One Touchpoints Between Employees and Managers

Participants opined that frequent one-on-one touchpoints between employees and managers were needed to achieve optimal results from the performance management system. This theme was cited by two employee focus group participants, four manager focus group participants, and 25 survey respondents, for a total of 10.4% of all participants surveyed or interviewed. Employee 12 noted, “For the past three years that I’ve done Mawhiba, my manager and I don’t sit together even if they evaluate my performance,” while Manager 13 suggested that the system provides “frequent reminders to hold a one-on-one meeting—at least on a quarterly basis with their employees. Most of the people don’t even meet their employee if they have urgent tasks.” During these meetings, as Manager 7 explained, “a review can be done every quarter to see the employee’s performance, gaps, and how things can be improved before the end of the year.” Manager 22 agreed:

At regular intervals, you need to inform your employee how he has achieved. As I mentioned, there should be regular feedback so that employee can focus [on improvement]. It should not be at the end of the year that suddenly the manager is saying he did not achieve any result. No. Should not be like that. There should be frequent meetings between the manager and the employee & they should discuss what the weak points, where he has to work, where he has to develop more are. So that he can improve, right? And at the end of the year, there should be no surprises.

Survey respondents voiced similar ideas, such as “monthly updates by each one and discussion with direct manager,” and more generally, to “Increase personal meetings and discussions with the manager.”

Although the concept of frequent touchpoints as a feature of performance management systems was not found in past literature, Keefe and Chesley (2015) stressed the importance of senior leaders holding touch points as a key tactic for engaging and retaining an organisation's high potentials. Some researchers additionally advised that in extremely turbulent conditions, leaders should frequently revisit and, if necessary, adapt the strategy to assure that the measures used to evaluate performance remain appropriate (Melnik et al., 2014). Tomić et al. (2016) additionally advised based on their survey research that companies should increase the frequency of evaluations conducted as part of their performance management systems.

#### 4.6.1.3.3. Determine Appropriate Evaluators Per Role

Participants additionally advised that the appropriate evaluators needed to be determined for each role in the company. This theme was cited by one employee focus group participant, five manager focus group participants, and 11 survey respondents, for a total of 5.7% of all participants surveyed or interviewed. Employee 11 pointed out that because he was not reporting to any one manager, multiple evaluators were needed, and the entire process needed to be overseen by someone who could own it. He explained:

I have to report to different managers, so who will be aligned to look after my full performance at the end of the year? ... And then when I see it showing a two from my manager, I am happy. Then after two weeks, I open the system again, and it's a 3. ... So, I don't know who to ask to find out where I went wrong.

On a similar note, Manager 20 suggested that employees should be rated in an ongoing manner after each project, as in his department. He explained, "What we decided, rather than waiting for the end of the year to get this guy evaluated, we will evaluate each staff at the end of each project."

Several focus group and survey participants suggested instituting 360-degree appraisal. Manager 17 asserted,



We need a 360 performance appraisal. My manager and my peers need to evaluate me. It is important for not only managers to evaluate employees, but also for the employee to evaluate the manager because the manager himself might not be good.

Participants in the manager focus groups also pointed out that some managers fail to complete the performance review process at all, to the detriment of their employees who then fail to receive a bonus or salary increase. To resolve this problem, managers suggested that more people should be involved in the evaluation process so the employee will still get rewarded. Manager 10 explained:

Let's assume that this employee has achieved a goal, ... but I'm so busy and have so many things to do that I forgot to evaluate him. Is there another department that can check? If the manager himself is not doing the job that he is supposed to do it, you're not getting the feedback you need.

Similarly, a survey respondent noted, "Key positions in the company need to be evaluated collectively, not only by the direct manager."

Available literature noted that performance management systems typically involve a review of a given employees' work performance by their supervisors, but also may involve reviews by peers, customers, and subordinates. However, several authors noted that various types of biases are possible when completing reviews (Rosenblat et al., 2017; Williams & Beck, 2018).

#### 4.6.1.3.4. Managers Should Set Direct Reports' Goals and Evaluate Their Achievement

Another emergent theme was that participants believed that managers should set their direct reports' goals and evaluate goal achievement. This theme was cited by two employee focus group participants, one manager focus group participant, and seven survey respondents, for a total of 3.4% of all participants surveyed or interviewed. Employee 4 expressed, "After I set my goals, it should be brought to the direct manager and the general manager." Manager 21 described his observation that managers are ultimately responsible for their employees setting appropriate goals: "I saw people putting their job descriptions on their performance

evaluation. I saw someone stating ‘coming on time’ as an objective. But the problem is not him. The problem is the manager who approved that.” Survey respondents expressed that the system would be better “if the goals are set by my line manager,” and if “real goals are set, done, and evaluated by the line manager.”

Although various authors stressed the need to make sure that goals are aligned with organisational strategy and Armstrong (2006, p. 502) contended that performance management is simply “what managers do,” the present theme departs somewhat from other literature, which emphasises that employee goals should be mutually negotiated between an employee and his or her manager (Hartle & Weiss, 2002; Van der Waldt, 2004). Moreover, Van der Kolk et al. (2018) noted that performance management systems that focus on controlling results could undermine intrinsic motivation.

#### 4.6.1.4. Assure Process is Appropriately Tooled

Two emergent themes reflected participants’ beliefs that the performance management system needs to be appropriately tooled—with specific attention to their efficacy and user-friendliness.

##### 4.6.1.4.1. Assure Process is Supported by Effective Software and Tools

Participants suggested that optimal performance management outcomes rely on effective software and tools. This theme was cited by two employee focus group participants, one manager focus group participant, and 11 survey respondents, for a total of 4.7% of all participants surveyed or interviewed. Participants discussed the need to follow industry best practices, create frameworks and methodologies to guide the process, and create tools such as reminder emails. Employee 4 described a framework that could aid goal setting:

Certain daily job duties are standard: accountants have standards, salesman have standards. We can add certain categories within the performance management reviews to improve effectiveness which can be improvement areas in the process, which will be identified, for example, at the general manager or director level. For example, if they are facing certain problems with invoicing processes, then they set up a goal that they need to improve this & then we can have other categories for ad

hoc projects. Daily routines are being done already, but we can take it to the organisational level.

Performance management has undergone a significant wave of digitalisation, with various pathways being continually developed for the purpose of enhancing the effectiveness and efficiency of performance management systems. Nevertheless, while some researchers are calling for more sophisticated information technology solutions to support digitalised, effective performance management systems (e.g., Bourne et al., 2003), theory and research on this topic have remained rather limited.

#### 4.6.1.4.2. Make the System More User-Friendly

Participants requested that the performance management system become more user-friendly. This theme was cited by three employee focus group participants, five manager focus group participants, and no survey respondents, for a total of 2.7% of all participants surveyed or interviewed. Employee 2 explained that he would like to see instant messaging options to obtain help when he had questions or concerns:

Now, when we have questions while completing the process, we are sending emails, but some are out of office, some are not available. So, can we build into the software some chats or messenger so I can get help in case I have any concerns or questions? And can we add the demo as well, in case someone is on leave, on vacation, has a lot of work, or has a business trip during the training on how to use it? Documentation, demos, and some chats would be helpful.

Employee 15 pointed out that the system should be in other languages because not everyone is fluent in English. He elaborated:

I'm not assigned to the head office. I work outside Riyadh, and one negative is that it is only in English. For us, let's say in accounts, most are Saudi Arabian, and they don't read English, and they don't understand the language very well. ... We tell the region they have to do it, but we do it for them, and I think it would be better if he did it for himself.

Manager 9 simply stated, "This should be more user friendly. It's very difficult to use."

Manager 14 described:

Users say it is very difficult to set the goals & when you're doing the ratings, if you do something by mistake and you want to go back and change the ratings, it is very difficult to use. The system should be user friendly so that a non-technical person also can easily use it. Myself, I'm struggling to add goals and ratings every time. Every time, I'm thinking I need someone to help me learn how to do it, and I am from IT. I don't know how other departments and employees are using it.

There is a growing body of literature on digitally based performance management solutions. For example, Bititci et al. (2000) suggested that the dynamic nature of performance management needs to be enhanced so that these vital personnel systems and related decisions could more nimbly react to internal and external environmental shifts. Specific to the present theme, Peters et al. (2016) examined the impact of high-quality business intelligence systems on the diagnostic and interactive features of performance management systems believed to be associated with a superior competitive advantage. However, research is lacking regarding what features would make technology-enabled performance management systems highly user friendly.

#### **4.6.2. Findings Related to Support, Oversight, and Accountability**

The data indicated the need for increased support, oversight, and accountability related to the performance management system. This aspect of the system was reflected in five themes.

##### **4.6.2.1. Increase Executive Sponsorship for Process**

Participants expressed beliefs that more executive sponsorship was needed to support optimal performance management system outcomes. Although this theme did not emerge in the employee focus groups, four manager focus group participants and seven survey respondents voiced this theme, totalling 3.7% of all participants surveyed or interviewed. Survey respondents cited the need for a budget and "more attention by the top management of the company." Manager 6 elaborated:

I think what is missing here is the engagement of the top management. It has to start from there. ... First, we have to get the top management aligned. ... Somebody all the way up at the top has to make clear to everybody that this is important and it is not something we spent half an hour to do and then come back 12 months later just to

close it and go on for the next year. Because I think that is what is happening right now.

Similarly, a review of the extant literature indicated that effective performance management systems require executive support (Pollitt, 1999). Strong leadership support throughout the organisation is critical for the effective design and implementation of a performance management system (Broad & Goddard, 2010). Specifically, leadership needs to foster the idea that a performance management system paves the road to continuous improvement (Gordon & Fischer, 2018). However, without strong support, the system is likely to go unused or yield superficial results.

#### 4.6.2.2. Increase Human Resources Department's Monitoring, Guidance, and Oversight of Process

Participants expressed beliefs that the human resources department needs to provide more monitoring, guidance, and oversight of the performance management process to assure success. This theme was cited by one employee focus group participant, five manager focus group participants, and 13 survey respondents, for a total of 6.4% of all participants surveyed or interviewed. Employee 8 expressed, "Human resources should monitor all department growth and employee growth. They have to get in touch with them," while Manager 21 elaborated, "We need human resources to drive the process and offer tools and guidance. OD should also support if they need an explanation or definitions." Other managers noted the need for human resources to exert more accountability around deadlines to complete the process and to offer a process for disputing performance ratings. Manager 12 suggested:

If we can have the objectives and goal-setting deadline close and then penalise the guys who did not do it—they don't get anything at the end of the year, maybe they will make sure to not miss the deadlines again.

Manager 14 advised that human resources offer a complaint mechanism, based on a story of when an employee wanted to dispute the rating he received:

If you have any issues, you need to have someone to whom you can escalate. If you have any issues, you discuss with your manager. If your manager is not responding

properly, we have the general manager, the next level. If things go wrong, you approach the OD, and we will help you so in this way. ... A couple of years back, a manager had given his subordinate a 2, and he would get a bonus. Then the manager found out that his own boss had given him a 3 or 4, which would not entitle him for a bonus. So he changed his subordinate's grade to 4.

Survey respondents similarly called for "direct engagement between human resources and employee," "close monitoring from the human resources department," and "active involvement in the process by human resources."

Extant research on performance management systems similarly suggested that human resources needs to play a central role in supporting and overseeing performance management systems (Pollitt, 1999). Specifically, the human resources department is responsible for selecting, designing, and implementing the performance management system as well as for ensuring that all parties involved in the process are carrying out their roles.

#### 4.6.2.3. Require Managers and Employees to Use the System as Designed

The most frequently reported theme was participants' request that managers and employees be required to use the system as designed. This theme was cited by one employee focus group participant, 13 manager focus group participants, and 60 survey respondents (24.8% of the total participants surveyed and interviewed). Employee 3 emphasised the importance of not "just filling in goals. ... This must be enforced." Manager 23 advised, "We need to bring the general manager and tell them, 'Ninety per cent of this is your job. Go and do it.' We also must have a deadline for them to meet." Manager 7 elaborated:

We have to be very truthful with ourselves and see if most of the teams in Organisation A are taking this exercise seriously or not. Are they taking your reminders about the deadline seriously or not? ... You can never achieve success with this without forcing things. ... Otherwise, they will put your emails in the least important, and then a couple of hours from the deadline, they will ask you to extend, or they will start to find the technical problems.

Manager 11 pointed out that manager tampering with the review post hoc was a rather common issue. This manager explained:

Managers are adjusting the evaluation after they completed it to get their people bonuses. That's not right. We should stop managers from doing this. We need to close that from the top itself. ... Also some unlucky people didn't get bonuses and compensation adjustments because their managers just didn't do an evaluation. That's not right. Last year, we gave some salary increases for clinical and field-based people, but maybe 300 to 400 of them were not evaluated by their managers, and they were penalised by not getting any salary adjustment, just because of their managers. Instead, we need to penalise the managers because the managers should take responsibility for that.

Survey respondents reported that the system often is not enacted as designed. Sample comments included: "Managers do not fill the performance review. Many times, their secretaries do it for them, so it is not representative for the actual performance," "Performance planning is just on paper, never on the ground. It is completely non-existent," and "It seems like we have a system, but it isn't utilised the proper way."

Available research also indicated that managers and employees play key roles in the effectiveness of performance management systems (Pollitt, 1999). Managers need to be actively involved in the process—not only in setting objectives and evaluating performance, but in carrying out the process as designed (Rosenblat et al., 2017). Employees are responsible for suggesting or agreeing with their performance objectives, pursuing those objectives, evaluating their own performance, and offering performance feedback for peers and subordinates (Rosenblat et al., 2017; Williams & Beck, 2018). Without such support and accountability, the benefits of performance management system will remain unrealised.

#### 4.6.2.4. Improve Employee Commitment and Engagement in the Process

Participants stressed that the success of the performance management system relies upon employees' commitment to and engagement in the process. This theme was cited by one employee focus group participant, 12 manager focus group participants, and 24 survey respondents, for a total of 12.4% of all participants surveyed or interviewed. Employee 14 explained that the performance management process is simply an impersonal formality for many employees:

We do it as a routine, only a task. We have an email we have to follow and finish before this date, so we do it. We follow a strict format and don't put our mind in it. If we put our mind in it, it will be refused, and we will have to do it again.

A survey respondent offered a similar impression, stating, "Performance evaluation is conducted every year as a formality only, ... for compliance only, as the recommendations and evaluation results are never considered for a raise or career jump." Manager 23 agreed by saying that most employees are apathetic about it, but that a distinct difference in quality is evident for those that do care:

You will find good results with a few select people within every department, often because it's coming from an employee who is eager to have a development program. The rest don't care. They don't know how important this is.

Manager 3 asserted that conducting high-quality performance management processes requires a cultural shift wherein managers and employees understand the importance of the process and the seriousness of the consequences of its outcomes. In turn, he predicted that employees would dedicate the needed time, effort, and attention to the process. Manager 3 elaborated:

More important than meeting the deadlines for submitting evaluations is producing quality data that meets the deadline & this depends on people recognising the seriousness of this system. For example, ... if somebody is coming late to a specific meeting, it is because he feels that this meeting or its outcome is not important. ... People need to understand the consequences of this process, whether good or bad. ... If I'm seeing someone ranking 4 or 5 for more than 2 or 3 years, he needs to go. This is not happening. Once this happens, people will feel the seriousness of this and ... you will not have to spend too much effort to engage people in this.

Similarly, Manager 21 expressed, "I'm actually not aware of the importance of the performance management system because I'm new. I had no onboarding." Building on this conversation, Manager 18 advised, "First, we all need to understand what we need from this, like awareness sessions. Second, we need to know what will come back about these results." Manager 18 further suggested that inviting employees to set challenging goals for themselves may help to induce their engagement and commitment. He explained:



I would like to see employees set a challenging objective besides their regular objectives. It would not harm the employee if he does not achieve that but it could become an opportunity. He will be recognised if he achieves it. It will be basically an area to think about for himself. It will encourage them to work more, as a motivational tool.

Although extant literature stressed the need for employees' involvement and accountability for performance management to be effective (Pollitt, 1999, Rosenblat et al., 2017; Williams & Beck, 2018), these researchers focused on the tasks employees should carry out rather than specifically emphasizing the importance of commitment and engagement. Therefore, the present findings constitute a contribution to past literature.

#### 4.6.2.5. Train Managers and Employees to Effectively Carry Out the Process

Participants requested that managers and employees be trained to effectively carry out the process. This theme was cited by four employee focus group participants, 14 manager focus group participants, and 27 survey respondents, for a total of 15.1% of all participants surveyed or interviewed. Various participants requested training on aspects of the system, such as Employee 1, who requested an overall "awareness training to say what is required of them and what is not required." Employee 16 suggested holding "a specific one-day session exclusive for managers on how to set the goals, because they are simply doing a copy and paste from last year to this year." Employee 2 from human resources admitted that even he did not know how to use the system. He shared:

A lot of people are coming to us in human resources, asking me how to do this. Even I was asking the training department how to do the system ... because we don't know. We are doing it only once a year, and in 365 days, we forget how we did it last year.

Several managers similarly acknowledged that they had not received needed training on how to use the system. Manager 16 shared:

I have been with Organisation A for two years, and I don't know how to use this system. I have been taught '1...2...3,' so I do 1...2...3. ... I believe it's important, but I don't know how to deal with it, and I need someone to explain it to me.

Manager 9 stated that he used to do performance reviews using Excel, “and then you changed the system a little bit, ... but there was not proper instruction in how to use the system.” While Manager 17 asserted, “We need some training or guidelines for all steps. ... We need to arrange some workshops for the managerial levels,” other managers cited specific challenges they had, such as “it is very difficult to set the goals” (Manager 24). Manager 22 elaborated:

This is our problem: How do I set my objectives for my goals? I align with my boss, but then if I want to add it to the system, I don't know how. If I seek help from human resources, it will take one week, two weeks, three weeks. We need more awareness about how to set our objectives.

In the absence of adequate training, Manager 4 provided a cautionary tale that individuals will simply copy others' performance management material.

Similar to the focus group participants, survey respondents suggested that the outcomes would be improved with “more training courses,” and, specifically, if a “training program could take place in each centre to educate staff.”

Past literature did not explicitly call out the need for training managers and employees to carry out the process. However, Tomić et al. (2016) recommended based on their survey research that when companies implement a performance management system, they should include as large a demographic of workers as possible in the system, make sure they understand its purpose and value, and hold them accountable for making it a success, and administer ongoing development to supervisors and subordinates.

#### **4.6.3. Findings Related to Utility of Evaluation Results**

Analysis of the data indicated that the results of the performance management system need to have perceived usefulness, such as informing promotion and compensation decisions, career planning and development, training opportunities, and employee-valued outcomes. These themes are described in the following sections.

#### 4.6.3.1. Inform Promotion and Compensation Decisions

Participants emphasised that the results of the performance management system should inform promotion and compensation decisions. This theme was cited by two employee focus group participants, five manager focus group participants, and 65 survey respondents (24.2% of the total participants surveyed and interviewed). Employee 17 expressed, “What I achieved in my performance review should reflect in my salary. It does not reflect in the salary, and we are not being updated on that.” Manager, 19 participant similarly shared, “The performance management should reflect the monetary and non-monetary awards.” Manager, 20 elaborated:

Some reward needs to be linked to the ranking. If we have somebody as a good employee, we have to give him something. Either you can call it a bonus or some fixed reward. I need to know that at the end of the year if I get this performance ranking, I will get this amount.

Survey respondents voiced similar sentiments, such as: “If you link the results of the performance to the benefits and compensation, he has more trust in the performance system” and “The performance planning process will be effective if it truly reflects its purpose in ... salary growth regardless of grades.” Yet another survey respondent added, “Good performance is never or rarely rewarded, and quite often bad performers are promoted and salaries increased.”

Past literature similarly underscored the need to link workers’ performance to subsequent perks, benefits, and compensation or, alternately, disciplinary actions and other sanctions (Iqbal & Kureshi, 2016). When the results of the performance management system are adequately linked to subsequent organisational actions, the perceived rationality of appraisal outcomes is enhanced, along with more substantive performance improvement and appropriate turnover (Beecroft, 2011; BIS, 2011; Hope & Winnett, 2011; Beck & Williams, 2015; Cappelli & Tavis, 2016; Williams & Beck, 2018).

#### 4.6.3.2. Inform Career Planning and Development

Participants also expressed the desire that the results of the performance management system guide career planning and development. This theme was cited by five employee focus group participants, four manager focus group participants, and 35 survey respondents, for a total of 14.8% of all participants surveyed or interviewed. Employee 10 commented, "I don't see any positive contribution from the performance management system to my career." Several survey respondents offered similar feedback, such as "Overall, this management system does not help in career," and "In Dairy Farms, career growth is almost near zero. ... Please give us some opportunity to grow." Several survey respondents emphasised that career development is the point of performance management; absent this link, the process lacks value. One such respondent stated, "The performance management system overall will be effective if the management really considers the performance of employees for the purpose of enhancing their career development and growth. Otherwise, it is just a system with no benefit."

Other participants offered suggestions for how career planning and development could be linked to performance management. Employee 15 suggested, "We should have a session to build awareness about how the performance management system leads to a development plan." A survey respondent similarly stated,

It would be better if employees know that the potential goals will contribute to his career growth and that there are rewards attached to achieving these goals. Managers should discuss the goal-setting process with each individual, guide them, counsel them, and provide them with opportunities to reach these goals in a timely manner.

Employee 5 asserted that performance reviews should be used as a source of information during departmental transfers, adding that this important source of feedback is not considered. He explained:

No one ever looked at the performance appraisal before making the decision to accept or give up an employee. They all depend on word of mouth—"This guy is good; I want him in my department or function." Performance appraisals are essential for people to transfer from one place to another.

Employee 5 added that career development discussions should be part of the performance management process. He elaborated:

If someone has a passion for finance and he works in marketing, he should sit with his manager and say, "I have a career preparation to go to finance, so let's develop something as an objective that he has more exposure on the finance framework."

A survey respondent similarly commented that "more open discussions that focus on future development are better than discussions focused on past accountabilities." Manager 10 added:

For the company to retain talented people, clear aspiration plans should be outlined because those people are not like others just waiting for their salary every month. Performance management should include career aspiration and career planning. ... Like, "Your objective this year is to achieve this and this and that. If you do that, you will be able to raise yourself."

Survey respondents offered additional suggestions to connect performance management to career development, such as "defining clear career path for high potential employees" or "setting an evaluation process for each department ... to determine a clear path for career development at Organisation A."

The literature on performance management has emphasised that appropriate actions need to be taken based on the results of employees' performance evaluation (Frampton et al., 2017). Such outcomes include decisions about developing and promoting employees (McGregor, 1957; Steinmetz, 1969; Kohn, 1999; Ball, 2010; Arrowsmith & Parker, 2013).

#### 4.6.3.3. Inform Training Opportunities

Participants asserted that the results of the performance management system should inform subsequent training opportunities. This theme was cited by two employee focus group participants, four manager focus group participants, and 36 survey respondents, for a total of 14.1% of all participants surveyed or interviewed. Employee 6 explained, "The main purpose

of the performance management system should be to identify the gaps and provide training to improve those areas.” Several participants stated that if a weakness in them is identified, they want training to help close the gap. For example, a survey respondent stated, “If an employee lacks any competencies, he should be helped to improve his individual performance.” Manager, 19 elaborated, “If I have a weak point that was pointed out in my performance review, then give me training. I am not looking for an increment or bonus. Training is much better for me as a person.” Manager 12 added, “If a manager has recommended a particular training to his employee, we need to make sure the system is connected to the training department and that they give him this training.” Several survey respondents additionally requested simply more on-the-job training as well as more training courses. One respondent expressed, “provide Organisation A talent with the right set of tools and training for the purpose of having the right workforce available for company growth,” while another stated, “there should be training programs to update the employees about new developments and challenges.”

Available literature examining the effective performance management systems similarly note that the results of the performance management system need to be linked to subsequent organisational actions (Beecroft, 2011; BIS, 2011; Hope & Winnett, 2011; Beck & Williams, 2015; Cappelli & Tavis, 2016; Williams & Beck, 2018), such as training opportunities (McGregor, 1957; Steinmetz, 1969; Kohn, 1999; Ball, 2010; Arrowsmith & Parker, 2013).

#### 4.6.3.4. Results Need to Lead to Employee-Valued Outcomes That They Understand

Participants additionally emphasised that the results of the performance management system need to lead to employee-valued outcomes that they understand. This theme was cited by seven employee focus group participants, 18 manager focus group participants, and no survey respondents, for a total of 8.4% of all participants surveyed or interviewed. Employee 13 expressed the confusion he and other employees felt surrounding the need for both goals and job descriptions: “When we recruit someone, there is a job description. So why do we have to set the goals?” Employee 7 described performance management as a

formality rather than a value-added task: “In reality, performance management is nothing. We are doing this to follow the procedure for the company. Ok, finished, submitted, approved, done. I need to do this formality.” Manager 24 similarly expressed:

Honestly, I didn’t do anything for my performance evaluation. Clearly, I just took last year’s goals and put them in the next year and just played a little bit. The reason is that because I felt that has no importance. It is just something that has to be done, and the act of evaluation is not based on what you have succeeded in. It is based on other things.

Other employees expressed that they do not see any value-added outcomes emerging from the performance management system. Employees in one focus group discussed:

Employee 18: It’s just a process, but after the result of this the Mawhiba process, what comes after this? If we get 2, if we get 3, if we get 4, if we get 5, what does it mean to us?

Employee 12: I will just add to what [Employee 18] said. I also agree that—especially with development planning and evaluation—there is no benefit to the employee. There is no impact.”

Manager 8 similarly elaborated:

A majority of the people here don’t know about the program. They don’t know this exercise or what it means. Further, if someone is rated 4, bad, what is the development program? What are you going to do? Are you going to remove him from the system? No, nothing happens & if this gentleman is 4, this one a 3, and that one a 1, all of them get a bonus—and in most cases, an equal bonus, and an equal salary increase. We don’t trust the system; that’s why we do it in a rush.

While some employees stated they wanted valuable outcomes such as promotion, compensation, or recognition, others suggested awarding certificates of achievement that they could show when they interview for other jobs. Employee 11 explained:

I have been here for 10 years, and I have been a consistent performer, but nothing has happened. What has it done for me or my career? It comes to the point that I no longer care whether I get a 2 or a 5—so what? I’m still here, doing the same thing. I’m not promoted. It’s not that we are expecting to get rewarded all the time. But recognition is very important for us.

Manager 2 similarly suggested:

Once when you are done with the Mawhiba, and you score 2, and there's nothing given to you but an acknowledgement on the email. Once when I leave the company, there is no proof I could show the interviewer that I performed and these were my grades. At least we could have a certificate. It won't cost the company anything. A certificate every year would be great. When you interview someone, and he tells you about his company and what he achieves, you just see his CV and take a leap of faith—he might be good, or he might not be good. If I give you my achievement certificates, and I show you I was regularly above average in my department, you would have confidence in me that I will perform in this company.

Another aspect of this theme was that participants wanted the performance-related touchpoints and formal conversations to focus not only on what they accomplished and what occurred in the past but also to focus on what they will be doing looking ahead to the future. One survey respondent expressed the opinion that “more open discussions focusing on future development is better than on past accountabilities.”

Similarly, past research on performance management has emphasised that appropriate actions need to be taken based on the results of employees' performance evaluation (Frampton et al., 2017) and that subsequent organisational actions need to promote a sense of rationality regarding appraisal outcomes (Beecroft, 2011; BIS, 2011; Hope & Winnett, 2011; Beck & Williams, 2015; Cappelli & Tavis, 2016; Williams & Beck, 2018). According to the literature, the system should promote the sense that the highest-performing employees are identified, rewarded, promoted, designated as high potential, or given other attention and support, whereas average-performing employees are left alone. Meanwhile, low-performing employees should be terminated or otherwise counselled out of the organisation (Scholarios & Taylor, 2014; Quinn et al., 1996).

## **4.7 Chapter Summary**

The purpose of this study was to conduct an assessment of the case organisation's performance management system. Specifically, the aim was to evaluate the system's effectiveness and impact on employees and to provide information on how to improve it. This chapter described the results of the study. Quantitative survey data were statistically



analysed. A total of 1,391 meaning units were identified and extracted from the qualitative survey data and the focus group transcripts. From these, 23 emergent themes were drawn and assigned to one of three categories. These emergent themes and categories were examined through the lens of a conceptual framework of program design and delivery; support, oversight, and accountability; and utility of evaluation results created based on extant research and literature on performance management systems.

Findings indicated that the Program Design and Delivery of a performance management system needs to assure clarity of policies and procedures, improved alignment with organisational structures, clearly outlined and enforced roles and responsibilities, and effective software. Additionally, the support, oversight, and accountability of the system needs to be enhanced through increased executive sponsorship, monitoring by the human resources department, use by managers and employees (as the system is intended), employee commitment and engagement to the process, and training for managers and employees to help them use the system effectively. Finally, to assure the utility of the evaluation results, the outputs of the system should inform promotion and compensation decisions, career planning and development, training opportunities, and employee-valued outcomes. These findings and their implications are further discussed in the next chapter.

## **5. Conclusion Chapter**

### **5.1 Chapter Overview**

This chapter provides a discussion of the study findings. The introduction, including a restatement of the study objectives, is first. Key findings emerging from this study are then reviewed, followed by a presentation of a framework for performance management systems based on the study findings. The connection of the study findings and proposed framework to extant literature is discussed and recommendations for human resource leaders are offered. Next, the limitations and delimitations of the study are acknowledged and recommendations for researchers are outlined. The chapter concludes with a summary.

### **5.2 Introduction**

The purpose of this study was to conduct a formative evaluation (Dahlberg & Colin, 2010) of the case organisation's performance management system. Specifically, the aim was to evaluate the system's effectiveness and impact on employees and to provide information on how to improve it. Moreover, the intent of the study was to outline the design of a performance management process for enhanced effectiveness and improved adoption by employees within one organisation in Saudi Arabia. The following objectives were carried out:

1. Review and identify current trends and debates in theory and research regarding performance management.
2. Evaluate the effectiveness and adoption of the case organisation's performance management system through survey and focus group methods.
3. Design a new performance management framework for the case organisation based on examination of performance management theory and research and on primary data gathered as part of this study.

### 5.3 Key Findings

Three research questions were outlined at the outset of this study based upon a review of the literature. The questions proposed for examination were:

1. What design and delivery features are needed in the performance management system?
2. What oversight and accountability features are needed to support the effectiveness of the performance management system?
3. What impacts should the performance management system have within the rest of the organisation?

In response to Research Question 1, the design and delivery features needed in the performance management systems include defining clear metrics and objectives (Chan & Karim, 2012; DeCenzo & Robbins, 2016; Patrucco et al., 2016); gathering, processing, and analysing performance data (Smith & Goddard, 2002; Frampton et al., 2017; Williams & Beck, 2018); transparency (Winstanley & Stuart-Smith, 1996; Jabeen, 2011; Orlando & Bank, 2016; Rosenblat et al., 2017); and alignment with the organisation (Erridge & McIlroy, 2002; Boyne et al., 2005; Rhys et al., 2006, Franco-Santos et al., 2012; Iqbal & Kureshi, 2016; Patrucco et al., 2016; Anderson, 2017; Gordon & Fischer, 2018). Analysis of the study data indicated that in the Saudi Arabia, in addition to alignment with the organisation, program design and delivery also needs to include clarity about policies and procedures governing the process as well as clarity about and enforcement of managers' and employees' roles and responsibilities in the process. Effective, user-friendly technology and tools also need to be a central part of the program design. Given these findings, the present study helps advance theory on performance management systems by confirming the importance of features documented in past research, such as clear metrics and objectives (Chan & Karim, 2012; DeCenzo & Robbins, 2016; Patrucco et al., 2016), transparency (Jabeen, 2011; Orlando & Bank, 2016; Rosenblat et al., 2017), respect for employees (Winstanley & Stuart-Smith, 1996), and alignment with other organisational features (Erridge & McIlroy, 2002; Rhys et al., 2006; Franco-Santos et al., 2012; Patrucco et al., 2016; Anderson, 2017; Gordon & Fischer, 2018). Based on these findings, organisational leaders—both at the case

organisation as well as at others—can conclude that clear, well-organised systems are critical for implementing and sustaining effective performance management systems.

In response to Research Question 2, findings indicated that the oversight and accountability features needed to support the effectiveness of the performance management system concern the responsibilities for all parties involved in performance management, including executives (Pollitt, 1999; Broad & Goddard, 2010; Gordon & Fischer, 2018), human resources (Pollitt, 1999), managers (Pollitt, 1999; Rosenblat et al., 2017), and employees (Pollitt, 1999; Rosenblat et al., 2017; Williams & Beck, 2018). The study data confirmed the importance of the active involvement of these parties, emphasizing that managers and employees need to be trained and required to use the system as designed. Moreover, the findings emphasised that effort must be made to optimise employees' commitment and engagement to the process. These findings contributed to performance management theory by confirming assertions in extant literature that support, oversight, and accountability is needed from organisational stakeholders (Broad & Goddard, 2010; Gordon & Fischer, 2018; Pollitt, 1999; Rosenblat et al., 2017; Williams & Beck, 2018). Specifically, the study findings outline the manner of involvement of these various parties (i.e., executives, human resources, managers, employees) as well as what support they need for the organisation to implement and sustain an effective performance management system.

In response to Research Question 3, findings indicated that appropriate action should be taken based on the results of the evaluation (Iqbal & Kureshi, 2016; Frampton et al., 2017), such as linking workers' performance to perks, training, or disciplinary actions, as appropriate (McGregor, 1957; Steinmetz, 1969; Kohn, 1999; Ball, 2010; Beecroft, 2011; BIS, 2011; Hope & Winnett, 2011; Arrowsmith & Parker, 2013; Beck & Williams, 2015; Cappelli & Tavis, 2016; Iqbal & Kureshi, 2016; Williams & Beck, 2018). Analysis of the study data confirmed the importance of associating the results of performance management with outcomes such as promotion and compensation, career planning and development, training opportunities, and employee-valued outcomes they understand—including the occurrence of forward-looking performance conversations. Clarifying employees' responsibilities in the system, training them, and then holding them accountable for carrying out the steps in the process as designed will provide employees with clear guidelines and expectations for their

involvement in the system. Moreover, faithfully administering benefits as well as disciplinary sanctions correlated with employees' performance scores demonstrate to employees that the system has actual impacts that affect them in measurable ways. Accordingly, employees will realise that using the system as designed and providing accurate data is critical for them to receive benefits they value. The findings drawn for Research Question 3 are consistent with past literature that appropriate actions need to be taken based on the results of employees' performance evaluation (Frampton et al., 2017). Moreover, the findings outline clear actions to be taken by organisational stakeholders. Specifically, clear guidelines are offered, such as the need for linking outputs of the system to promotion and compensation decisions, career planning and development activities, and training opportunities. Organisation leaders across industries can incorporate these measures as best practices.

The conclusions drawn from this study led to a proposed framework for performance management systems in Saudi Arabia, the Middle East and other regions of the world. This framework is presented in the next section.

#### **5.4 Framework for Performance Management Systems**

Based on analysis of the study data, the proposed framework for implementing and evaluating performance management systems should address program design and delivery; support, oversight, and accountability; and utility of evaluation results (see Figure 5.1). While the present study findings confirmed the basic structure of the conceptual framework outlined in chapter 2 of this research, the insights gained from this study provided extensive detail and guidance surrounding specifically how organisations can optimise their performance management systems for improved employee engagement and adoption. Thus, whereas the initial conceptual framework outlined the three areas of program design and delivery; support, oversight, and accountability; and utility of evaluation results, the present findings elaborated on each of these areas, as illustrated in Figure 5.1 and described in the remainder of this section.

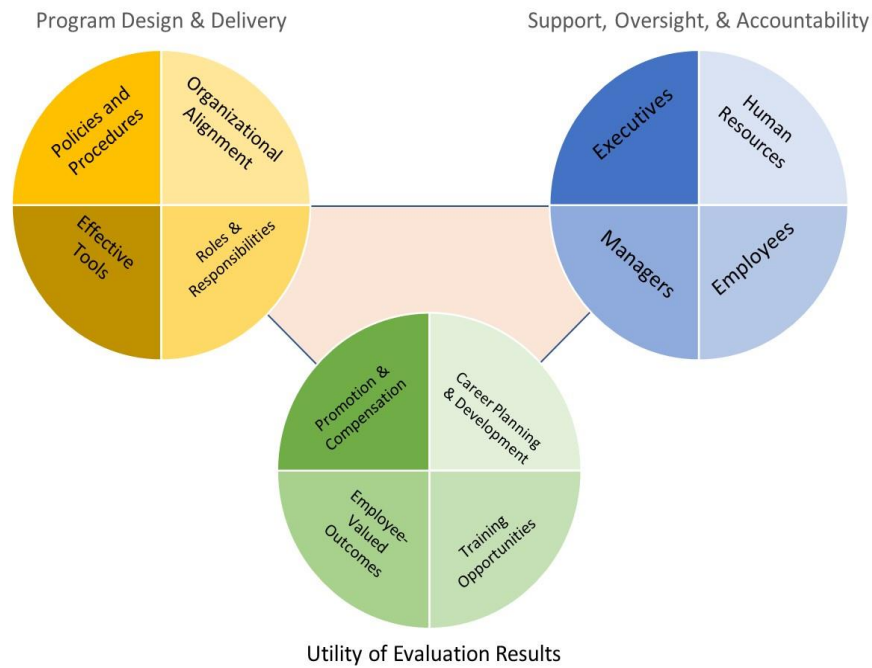


Figure 5.1: Conceptual Framework for Implementing and Evaluating a Performance Management System

Source: Author's original work

Program design and delivery concerns (a) clarity about policies and procedures governing the process (e.g., a documented, consistent, organisation-wide process, time-bound goals and regular review, clear ranking system, optimised process timing, equity and impartiality); (b) alignment with the organisational structure and staff (e.g., customisation by position, alignment with organisational goals and culture, accommodation of employee goals and needs); (c) clarity about and enforcement of managers' and employees' roles and responsibilities in the process (e.g., including employee input, requiring frequent manager-employee touchpoints, involving appropriate evaluators); and (d) instituting effective, user-friendly tools and technology to support the process.

Support, oversight, and accountability are central to effective performance management systems. Specifically, executives need to demonstrate strong sponsorship of the process, while the human resources department needs to monitor, guide, and provide oversight of the process to assure that all parties are carrying out their responsibilities and engaging in the process. Meanwhile, managers and employees need to be trained on how to use the system as designed and then be held accountable for doing so. Employees' commitment and

engagement to the process also should be continually encouraged and supported, so they are not simply copying and pasting content from one year to another or carrying out the process as if it was a meaningless bureaucratic routine.

The final element of the framework is assuring the evaluation results lead to valued outcomes, such as promotion and compensation decisions, career planning and development activities, and training opportunities. A critical aspect of these outcomes is that they are valued by employees and that employees understand the connection between the performance management outcomes and the subsequent outcomes they experience. Moreover, attention should be given not only to the backwards-looking acknowledgement of achievements but also forward-looking planning of future activities.

## **5.5 Connection to Literature**

Based on analysis of the literature and research on performance management systems, a conceptual framework of three central aspects of these systems was determined, to include program design and delivery; support, oversight, and accountability; and utility of evaluation results. Analysis of the study data confirmed these three elements, with some additions and nuances, as demonstrated in the study data. The connections between the extant literature and the present study's findings are elaborated in the following sections. In doing so, and in combination with the new framework presented in the previous section, this study demonstrates not only a connection to extant literature but also its analytical generalisability in that it contributes to ongoing theory development regarding the design features and impacts of performance management systems.

### **5.5.1. Program Design and Delivery**

According to past literature, program design and delivery refer to the components of the system that involve the means and methods for outlining clear metrics and objectives (Chan & Karim, 2012; DeCenzo & Robbins, 2016; Patrucco et al., 2016) and for gathering, processing, and analysing performance data (Smith & Goddard, 2002; Frampton et al., 2017; Williams & Beck, 2018). Design and delivery also include the concept of transparency, which

concerns procedural fairness (Jabeen, 2011; Orlando & Bank, 2016; Rosenblat et al., 2017), transparent decision making, and respect for employees (Winstanley & Stuart-Smith, 1996). The system design also should be aligned with the other features of the organisation, such as its vision, mission, and strategy (Erridge & McIlroy, 2002; Rhys et al., 2006; Franco-Santos et al., 2012; Patrucco et al., 2016; Anderson, 2017; Gordon & Fischer, 2018). Worker performance also needs to be assessed with respect to corporate targets (Boyne et al., 2005; Iqbal & Kureshi, 2016).

The present study findings confirmed that when instituting performance management systems, in addition to alignment with the organisation, the program design and delivery also needs to include clarity about policies and procedures governing the process (e.g., a documented, consistent, organisation-wide process, time-bound goals and regular review, clear ranking system, optimised process timing, equity and impartiality), as well as clarity about and enforcement of managers' and employees' roles and responsibilities in the process (e.g., including employee input, requiring frequent manager-employee touchpoints, involving appropriate evaluators). Effective, user-friendly technology and tools also need to be a central part of the program design.

These findings also reflect observations of the present researcher, who has extensive experience as a human resources professional. Specifically, a need exists to improve the quality of SMART objectives and the quality of feedback sessions and discussions. Clear guidelines and processes could aid organisations in these endeavours.

### **5.5.2. Support, Oversight, and Accountability**

Review of the extant literature indicated that effective performance management systems include support, oversight, and accountability regarding the responsibilities for all parties involved in the process, such as executives, human resources, managers, and employees (Pollitt, 1999). Strong leadership support throughout the organisation is critical for the effective design and implementation of a performance management system (Broad & Goddard, 2010). Specifically, leadership needs to foster the idea that a performance management system paves the road to continuous improvement (Gordon & Fischer, 2018).



The human resources department is responsible for selecting, designing, and implementing the performance management system as well as for ensuring that all parties involved in the process are carrying out their roles. Managers need to be actively involved in the process—not only in setting objectives and evaluating performance, but in carrying out the process as designed (Rosenblat et al., 2017). Employees are responsible for suggesting or agreeing with their performance objectives, pursuing those objectives, evaluating their own performance, and offering performance feedback for peers and subordinates (Rosenblat et al., 2017; Williams & Beck, 2018). In summary, without strong support, oversight, and accountability, the performance management system is likely to yield superficial results, if it is used at all.

The study data confirmed the importance of the active involvement of the aforementioned parties, emphasizing that managers and employees need to be trained and required to use the system as designed, and that effort must be taken to optimise employees' commitment and engagement to the process. The literature and study findings related to this component of performance management also reflect the researcher's experiences as a human resources professional. In particular, oversight and accountability are critical because, no matter how vigorously organisational stakeholders agree about the importance of performance management, very few managers and employees give the process the time and attention it deserves—often because managers and employees view it as a waste of time and find the process overly complicated. Training and support from human resources can help avoid such perceptions and outcomes.

### **5.5.3. Utility of Evaluation Results**

The literature on performance management has emphasised that appropriate actions need to be taken based on the results of employees' performance evaluation (Frampton et al., 2017). Achieving this outcome requires defining clear procedures for informing decision making (Pollitt, 1999); creating instruments that encourage appropriate organisational responses (Iqbal & Kureshi, 2016); and linking workers' performance to subsequent perks, benefits, and compensation or, alternately, disciplinary actions and other sanctions (Iqbal & Kureshi, 2016). When the results of the performance management system are adequately linked to subsequent organisational actions, the perceived rationality of appraisal outcomes

is enhanced, along with more substantive performance improvement and appropriate turnover (Beecroft, 2011; BIS, 2011; Hope & Winnett, 2011; Beck & Williams, 2015; Cappelli & Tavis, 2016; Williams & Beck, 2018). Additionally, it is critical to link evaluation results to appropriate and effective outcomes, such as training and development opportunities (McGregor, 1957; Steinmetz, 1969; Kohn, 1999; Ball, 2010; Arrowsmith & Parker, 2013).

The present study's findings confirmed the importance of the performance management system leading to useful outcomes. Study findings specifically indicated four types of needed impacts: promotion and compensation decisions, career planning and development activities, training opportunities, and employees' understanding of the clear link between the performance management system and aforementioned outcomes.

These findings also echo the researcher's observation as a human resources professional that many employees fail to see the connection between performance management and their desired outcomes. Assuring clear links between the system and impactful outcomes will help correct this perception, likely leading to employees' improved adoption of the system.

## **5.6 Recommendations for Human Resources Leaders**

The considerations and framework created in this study based on the study findings can be incorporated into a standard process model for performance management, such as that presented in Figure 5.2, and which is utilised in the study organisation. The steps in Figure 5.2 would be adapted to reflect the concerns uncovered in the present study. For example, attention throughout the process would be on both backwards-looking performance assessment and forward-looking planning of upcoming activities. Furthermore, care would be taken to assure that any goals set are aligned with the organisation as well as the employee's department and needs.



Figure 5.2: Standard Process Model for Performance Management

Source: Author's original work

While the process model in Figure 5.2 is presented as an example of what is used within the study organisation, it is offered only as an example of how the framework from this study can be integrated with and used to improve upon existing models for performance management currently being used in a target organisation.

## 5.7 Limitations and Delimitations

Limitations are the inadvertent occurrences in the course of performing a study that affect the validity or reliability of collected data. A primary limitation of this study concerned researcher bias. The researcher naturally entered this study with certain beliefs and predispositions based upon his personal and professional experiences in organisations as an employee, manager, and human resources leader. Researcher bias was particularly relevant to the study, given that the researcher worked at the organisation at the time of this study. For example, risks existed for him to engage in confirmation bias, where his analysis simply validates what he already believed.

An additional issue that may have affected the data's trustworthiness is the concept of social desirability. Social desirability has to do with the research study participants' motivation to

offer answers or behave in a manner to make participants “look good” to the researcher or other participants (Bryman, 2008). This was a particular risk given the researcher’s organisational insider status, especially if participants were concerned about the organisational or career implications of their participation. However, this risk was considered negligible, as the study findings revealed that the focus group discussions were animated and lively, with participants freely expressing a range of suggestions and critical comments about the performance management system. Participants’ freedom of expression suggests that the researcher’s position as an HR leader in the organisation did not pose a threat to data trustworthiness.

Another limitation affecting this study included the limits to generalisability endemic to case studies (Creswell & Creswell, 2018). Thus, while findings may be transferred to other settings, with some limits, the findings from this study cannot be considered widely applicable to other organisations. This limitation is tempered; however, in that case, study work is generalisable to theory, which in turn transfers to and benefits other organisations (Yin, 2011).

Delimitations are the methodological and design choices in the study that affected the study data and findings. The primary delimitation of the present study was the use of focus group interviewing to collect data, which relies on self-reported data. Specifically, the findings were thus limited to the insights participants provided of themselves or in conversation with the researcher. Moreover, it is possible that some participants might have been more comfortable and might have shared more in a one-on-one interview setting. However, the choice of focus group interviews was used in the present study because it allowed for a much greater number of participants to be included than would have been possible through individual interviews. Moreover, the focus group approach allowed participants to listen to other participants, which potentially stimulated their thinking and subsequent input.

A second delimitation that affected the study and its results was the use of convenience sampling methods. This strategy could be construed as problems with external validity, as opposed to random sampling methods typically used in quantitative studies. The population chosen consisted of those to which the researcher had linguistically and logistically more convenient access. Glesne (1999) and other researchers dismiss this sampling approach as

resulting in “backyard research,” despite the predominance of research based on convenience sampling. Glesne aptly notes that in these natural situations, researchers lack control over most study variables. However, the practical and financial limitations of unfunded research meant that research—even if based on convenience sampling—was preferable over an absence of research.

## **5.8 Recommendations for Researchers**

The researcher was employed at the case organisation at the time of the study. His status as an organisational insider introduced a range of researcher and participant biases. Although study findings indicated that the researcher’s status did not hamper the study, future research could reduce the potential for limitations, along with the subsequent risks to the trustworthiness of the data, by utilising an external researcher to help conduct the study or validate the findings.

The research findings also were limited due to the single case study design and reliance on self-reported data gathered through the online survey and focus group interviews. Future studies could expand the research to include multiple organisations across other regions and utilise other forms of data collection (e.g., unobtrusive methods involving document review) to reduce the consequent limitations on the findings and their trustworthiness and transferability. As discussed in chapter 3, future replication studies and mixed-methods research also offer the potential to strengthen the analytical generalisability of this study.

The third suggestion for research is to conduct studies based on the proposed framework for performance management systems. Ideally, it would be helpful to select two or more organisations that are roughly equal, but which differ in the degree to which the proposed elements are present. For example, if a study were conducted on two organisations—one that has clear policies and procedures governing the performance management process and one that does not. Based on these preconditions, employee and manager engagement in the process could then be assessed to determine whether the level of engagement differs across these two settings. Care must be taken in such a study to control for possible confounding variables; however, methodical testing will be needed to validate the proposed framework.

## 5.9 Chapter Summary

The purpose of this study was to conduct a formative evaluation of the case organisation's performance management system. Specifically, the intent was to evaluate the system's effectiveness and impact on employees and to provide information on how to improve it. This chapter provided a discussion of the study findings. Conclusions related to the research questions were presented, followed by the presentation of the proposed framework for performance management systems. This framework constitutes a substantial contribution to research and practice. It is unique in that it illustrates the critical components of a performance management system capable of boosting organisational performance and employee adoption of the system. Not only does this add to, extend, and correct previous frameworks and models (e.g., Smith & Goddard, 2002), but it also offers insights about the unique aspects of performance management systems in the Kingdom of Saudi Arabia. Up to the point of the present study, such literature was lacking.

Connection of the study findings and framework to the extant literature was considered, and the limitations and delimitations of the study were acknowledged. Finally, recommendations for researchers were offered to continue advancing the study and practice of performance management, especially within Saudi Arabia and the Middle East. Study of the case organisation revealed that the critical elements of an effective performance management system include elements of program design and delivery; support, oversight, and accountability; and utility of evaluation results. While continued research is needed to validate the framework, given the importance of performance management to organisational success and the simultaneous gaps in research and practice, the proposed framework is anticipated to offer needed guidance to organisations as they seek to improve their use of these systems. If implemented, the all-too-common cautionary stories of organisations that undertake half-hearted attempts at performance management (at best) or launch deleterious systems that stir unproductive internal competition and perceptions of injustice (at worst) may be brought to an end.

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## 7. Appendices

### 7.1 Appendix I: Participant Survey

#### Survey: An Evaluation of the Performance Management Process at Organisation A

This survey asks you to share your opinions about the performance management system at Organisation A. Participation is voluntary and anonymous.

#### Demographics

1. Division:
  
2. Level:
  - Executive
  - Senior manager
  - Manager
  - Individual contributor
  
3. Gender:
  - Male
  - Female
  
4. Tenure in company:
  - Less than 1 year
  - 1-4 years
  - 5-9 years
  - 10-14 years
  - 15-19 years
  - 20+ years

#### Performance Planning

5. I enjoy the performance planning process.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
6. I understand the role that performance planning plays in my development as a professional.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
7. Performance planning contributes to my growth as a professional	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
8. I take part in the performance planning process to the best of my ability.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
9. Performance planning has positively contributed to my career at Organisation A.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree

10. The performance planning process at Organisation A would be better if:

### Goal Setting

11. I enjoy the goal-setting process.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
12. I understand the role that goal setting plays in my development as a professional.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
13. Goal setting contributes to my growth as a professional.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
14. I take part in the goal-setting process to the best of my ability.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
15. Goal setting has positively contributed to my career at Organisation A.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree

16. The goal-setting process at Organisation A would be better if:

### Development Planning

17. I enjoy the development planning process.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
18. I understand the role that development planning plays in my development as a professional.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
19. Development planning contributes to my growth as a professional.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
20. I take part in the development planning process to the best of my ability.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
21. Development planning has positively contributed to my career at Organisation A.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree

22. The development planning process at Organisation A would be better if:

### Evaluation

23. I enjoy the evaluation process.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
24. I understand the role that evaluation plays in my development as a professional.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
25. Evaluation contributes to my growth as a professional.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
26. I take part in the evaluation process to the best of my ability.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree
27. Evaluation has positively contributed to my career at Organisation A.	Disagree	Slightly disagree	Neither agree nor disagree	Slightly Agree	Agree

28. The evaluation process at Organisation A would be better if:

**Performance Management Process Overall**

29. Please share any other comments or suggestions you have about Organisation A's performance management system:

Thank you for sharing your insights!

## 7.2 Appendix II: Research Guide

### Focus Group Research Guide: An Evaluation of the Performance Management Process at Organisation A

Moderator: Khalid Al-Thumairy

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#### Welcome

I, Khalid Al-Thumairy, will be the moderator for this focus group to guide the discussion, and to create a permissive environment for you to participate. Assisting me is Raed who should be handling all the logistics, taking careful notes, and monitoring the recording equipment.

#### Overview of Topic

For the next 45–60 minutes, we are going to be discussing the performance management process at Organisation A. I would like to gather your insights, feedback, and ideas for improvement. Any questions before we start?

#### Ground Rules:

- There are no right or wrong answers, only differing points of view.
- I am audio recording this discussion, please one person speaking at a time.
- We should use first names only.
- You do not need to agree with others, but you must listen respectfully as others share their views.
- Kindly turn off your mobile phones or pagers. If you cannot and if you must respond to a call, please do so as quietly as possible and re-join us as quickly as you can.
- Please talk to each other, listen to each other, respect each other, and encourage each other to speak.

#### Overview

- Describe the current performance management system and process.
- Present the survey results. Present the descriptive statistics and highlight any differences by division, level, gender, or tenure.

#### Questions

1. Do you agree with these results?
  - Why or why not?
  - Please explain
  - Share a story/your own experience/observations.
2. What does this mean for us as an organisation?
  - For you, as employees?
  - For managers?
  - For our performance management system?
3. Is there anything else you think is important to share regarding this topic?