

Performance Management in Public Sector Organisations: Benefits and Complexities

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Performance management is a very critical process in any organisation. It greatly influences the levels of productivity, service delivery and the image of an organisation in general. Performance management is a process that entails a lot of activities which include assessing individual performance, training and development, monitoring and evaluation and feedback. This paper is a theoretical analysis on the benefits and challenges of implementing performance management systems within public sector organisations. Most organisations struggle in effectively implementing performance management. Others have gone to the extent of regarding it as a useless technique because of various challenges faced. This paper discusses the pivotal roles and challenges that are enshrined in implementing performance management in public sector organisations. It also serves as an eye opener to organisations thinking of adopting a PM system and even those that already have a performance system in place.

Key words: Public sector, performance management, indicators, employees, and motivation.

INTRODUCTION

Performance Management (PM) can be defined as a strategic and integrated approach to deliver sustained success to organisations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors [1]. PM is a management philosophy and set of practices that seek to integrate all major organisational functions within a coordinated strategy for meeting end-user needs and organisational objectives in the most cost effective and efficient manner as possible [2]. PM is a way of thinking that views an organisation as a potentially harmonious collection of interrelated processes, individually and collectively driving towards producing clearly defined outcomes. From these definitions it can be noted that performance management aims to attain organisational objectives and improve the way things are done. Public sector organisations just like any other organisation, desire and aim to meet their objectives and therefore should also be concerned with performance management. However, how it is carried out and its effectiveness in those organisations varies. Most public

sector organisation adopt performance management system without full knowledge of challenges that they can face, eventually this system is regarded useless. The aim of the paper is to highlight the pivotal roles of performance management as well as the challenges faced by many organisations in the implementation of the system.

Theoretical Framework

Benefits of Performance management

Performance management is a process that has so many benefits if implemented effectively. These benefits include good investment for time and effort, staff self motivation and direction or reduction in the level of supervision, clarity of expectations, reduction of disagreements amongst staff, provision of bases on which to evaluate goals and encouragement of fair and appropriate treatment of employees.

Performance management allows staff to do their work

on their own. This is due to the fact that there are clearly laid down rules and regulations of what is expected from the employee. Performance management allows every single individual to work towards the attainment of organisational objectives. Clearly set targets are put in place and everyone knows clearly how to attain the targets. Amanto [3] concurs that performance management links organisational goals with individual goals thereby reinforcing behaviours consistent with the attainment of organisational goals. Shane [4] also points out that through the performance standards and performance indicators that are specified in a performance management system, the employee knows exactly what is expected from him/her that is linked to the organisation's objectives. This will allow the desired behaviour of the employees to be described and thus eliminates ambiguity concerning demonstration of expected competencies.

According to Dubrin [5], PM serves as a way of communicating the most crucial business strategic initiatives. This is through performance feedback which tends to encourage better performance. Feedback helps people determine the amount of adjustments they have to make in order to improve on their performance. PM ensures communication not only with employees but with other external stakeholders. Bratton and Gold [6] reveals that the most successful organisations have constant communication with staff at all levels. Currstine *et al.* [7] posits that, to ensure effective communication and optimal use of performance information, careful attention should be paid to the frequency with which it is reported. However they note that an over emphasis on frequent and detailed reporting without sufficient evidence of its value for public managers, the government, parliament and the public will not meet the needs of decision makers. PM if properly carried out, ensures the smooth flow of information thereby enhancing the decision making process. In addition, performance management helps clarify expectations for every individual. The roles and responsibilities of each management level are made clear and the chosen management style is applied consistently throughout the performance management process [8]. Everyone therefore becomes clear on what is expected of them. Expectations are clarified through the use of goals or rather expected results. When goals and expectations are clear, people are motivated towards the attainment of those objectives. The Goal Setting theory propounds that individuals are motivated by having clear goals [9]. The major aspect underpinning their theory is that individuals who are provided with specific, difficult but attainable goals perform better than those given easy, non-specific or no goals at all [10]. According to Lunenburg [11], goals are what the individual is consciously trying to do. He points out that goal affect behaviour or job performance, they direct attention and action. Goals motivate people to develop strategies that enable them to perform at the required goal levels.

Lunenburg [11] further asserts that accomplishing the goal can lead to satisfaction and further motivation, or frustration and lower motivation if the goal is not accomplished. PM helps in the clarification of goals and ensures that the right behaviour is displayed.

Performance management also reduces disagreements as it offers a mechanism to define and measure what is required and what is to be achieved. One primary point of performance management is to make the organisation's processes as transparent, simple, effective and cost effective as possible [12]. Transparent, coherent performance information contributes to more effective, efficient, fair and responsive government. Transparency not only promotes public understanding of how to accomplish set goals but also supports learning across government agencies, stimulates idea flows, enlists assistance and motivates performance gains.

PM provides a basis through which goals and individuals can be evaluated. It also helps in understanding how and to what extent individual activities throughout the chain contribute to high level goals which easily identify those areas that are not contributing or that are performing poorly so that appropriate action can be taken [13]. In addition, Aquilar [14] also points out that PM assesses the worthiness of the human resources. It assesses the worthiness of an organisation with the main objective of achieving organisational goals. He suggests that PM is a reflection, in turn, on how activities are to be carried with the main focus of achieving desired results. It is a framework in which performance by individuals can be directed, monitored and refined. Heeks [9] also believes that explicit performance targets are further steps towards better democratic control. It is a means of getting results for individuals, teams and the groups at large and for the development of indicators against which performance can later be measured.

De Waal [8] affirms that regular use of PM systems leads to improved results as it is a key driver to employee motivation. Kasyoki and George [15] in their research on PM and employee motivation, revealed that employees agreed that PM was a key driver of motivation through employee recognition. The findings agree with those of Stoner *et al.* [16] who found that employee recognition is not just a nice thing to do for people. Employee recognition is a communication tool that reinforces and rewards the most important outcomes people create for the business. He supports this assertion by drawing attention to research conducted by Hoque and James [17] which concluded that performance management leads to improved results. Continuous process improvement is a key strategy in performance management.

There is growing consensus that effective approaches to management offer organisations competitive advantage and an increasing popular management technique of PM. Research has shown that regular use of PM systems lead to improved results [17]. Ahn [18] also

agrees with the same point and highlights that PM systems improve service delivery through a culture of performance against specific organisational goals, improves employee's understanding on the link between performance and organisational goals and leads to positive behaviour to achieve them. Madhekheni [19] points out that PM in Kenya has enabled government departments to meet their targets leading to enhanced organisational effectiveness. Governments are constantly challenged to provide high quality services and improve outcomes with limited resources. PM addresses this challenge by promoting the use of evidence about effective and efficient approaches and by fostering a culture of continuous improvement in pursuit of the best results for the least amount.

Pfeiffer [20] highlights that performance management is a source of valid and useful information for making decisions about employees including salary adjustments, promotions, employee retention or termination, recognition of superior performance, identification of poor performers, layoffs and recruitment. Performance management improves accountability and supports confidence in government not only by enhancing governments' ability to communicate performance information but by also giving government the right tools for improving results. Ahn [18] assert that if one cannot measure results, one cannot win public support. This means that results should be measured. PM ensures accountability through the measuring of results or performance. It is only through the measurements of results that the spirit of accountability can be instilled in employees. In addition, performance management helps organisations to focus on results that are important to stakeholders. Performance management begins with setting objectives and targets that are relevant to stakeholder's needs and expectations. It focuses on the organisation's resources and efforts towards achieving results that will provide the greatest benefit to the jurisdiction and its stakeholders. Managers and staff gain expertise in understanding and incorporating the public's needs into decision making by engaging with outcomes about what they want and need.

Complexities in applying performance management

There are many challenges that can be faced by public sector organisations in the implementation of performance management. These challenges include; lack of incentives to motivate employees, complicated delivery chains, attitudes towards accountability and transparency, lack of management skills, fear on how the results will be used, politics, lack of financial resources and resistance to change. These challenges are discussed in the following paragraphs.

Lack of incentives to motivate employees to effectively implement any PM management system is a major challenge. A study by Curristine *et al.* [7] revealed that

considerable resistance to Results-Based Management (RBM) as a PM system was largely because of the perception of the system and also due to lack of incentives for implementing it. Employees feel demotivated and refuse to accept any change if they perceive their effort is not linked to their reward. Aquilar [14] acknowledges that without rewards PM will not be effective in improving the service delivery in public sector organisations. This is supported by Vroom expectancy theory which is based on the idea that people believe there are relationships between the effort they put forth at work, the rewards they receive from their effort and performance [11]. People will be more motivated if they believe that strong effort will lead to good performance and good performance will lead to desired results. Olve *et al.* [21] note that there is evidence to suggest that providing incentives whether financial or non-financial causes individuals to change their behaviour and helps communicate what is important to the organisation. They believe that incentives can be used to foster support.

Complicated delivery chains and multiple stakeholders which make it more difficult to manage activities is one of the challenges associated with the implementation of PM. Public sector organisations often use other bodies or stakeholders to help them deliver services, for example donor governing bodies, management professional staff, service users, just to mention a few. Understanding and managing inter-stakeholder relationships is central in performance management because responsibility is shared in this multiple-stakeholder environment. Mandishona [22] argues that the issue of how to measure the output and outcomes of the government programmes is often considered the major challenge faced in performance management. The challenge is measuring many of the outcomes that are of interest to governments. Many outcomes of interest to governments involve the efforts of several programmes and often several ministries. Accountability also becomes a major challenge where there are multiple stakeholders.

According to de Waal [8], the overall lack of management skills and expertise often makes it unviable for developing countries to develop complex structures such as sophisticated performance management systems. Resultantly, they concentrate more on introducing tools and systems from the Western world which are not always best suited to local circumstances. It is important to note that most managers are not trained on how to conduct performance management systems. As a result reviews on employee appraisal are subjective and inconsistent and this result in the demoralisation of employees. Thomas [23] also reveals that the insufficient professional skills to develop and use PM systems have dragged implementation in many nations. He pointed out that people have failed to interpret and craft relevant documents. The overall lack of management skills and expertise often makes it unviable for developing countries to develop structures such as sophisticated performance

management system. Most organisations, especially in the public sector, concentrate more on introducing and copying tools and systems from western nations which are not always suitable to local circumstances. Heeks [9] argues that each country is unique and since countries differ in political ideology, economic, social and cultural status, it is vital to come up with home grown strategies from the country's experiences. What is an effective strategy in one's jurisdiction maybe a disaster to another.

Most people in different departments also tend to dislike PM due to lack of clarity on how its results may likely affect them and their performance. It is quite difficult to implement performance management if people in the organisation do not understand it fully. Implementation of performance management is dependent on the capacity of intended users to understand, interpret and apply knowledge that they obtain from performance data. Stoner *et al.* [16] identified lack of awareness and understanding of the performance requirement to be a significant weakness in the implementation of Australian PM regime.

By and large, politics, which affects almost everything from the very rout of public sector governance arrangements and the frequency and philosophy behind reform efforts, also hinder the effective practise of performance management in the public sector. Lunenburg [11] indicates that measuring performance is a politically complex task and the search for a single best performance measure is a futile one. He argues that public goals are often broad and vague providing room for ambiguity. Strict business measurement methods are difficult to use. It is believed that PM systems ignore the strategic plans of organisations as they focus on processes and planning while ignoring performance and results. This means that it does not have any effect on results of the organisation. In addition to the challenges, failure to use collected data effectively for making decisions causes it to lose its value and renders it useless. This can be linked to the struggle to come up with performance indicators. Failure to come up with appropriate performance indicators may lead to failure to use collected data and eventually decision making. Performance indicators can be defined as an objective measurement of performance against a target or required level established for a particular control measure. Coming up with performance indicators can therefore be a challenge especially in organisations that are into service provision. Thomas [23] highlight that measurement of performance in the health and education sectors in the UK have not yielded meaningful results due to performance indicator problem.

Lack of involvement and support by leaders is also another major challenge in the implementation of performance management. PM initiatives cannot achieve optimum success without the sustained support from managers in the organisation. It is argued that managers need to articulate a vision for PM that tells stakeholders

who it will benefit and encourage involvement. Ambiguous and dynamic organisational strategies pose challenges against linking objectives of individual and organisational performance. Lathan [10] asserts that this problem is due to the fact that managers implement a performance management system with rules and regulations and then leave the system to run. He argues that managers should rather take a hands-on operational approach and use leadership skills to motivate employees and produce results that are valued by citizens. This problem can be traced back to the fact that most organisations, especially public sector organisations, tend to use performance management systems which are imposed on them from the top echelon within their system.

The other challenge that is faced by many organisations in the implementation of PM is the lack of financial resources. Public sector organisations have always scrambled for resources. Financial resources have had a huge blow in the activities of most public sector organisations. Performance management requires upfront investment of resources for implementation. People, expertise, technology and money are necessary to establish and maintain tools and practices for revising processes, developing measures and collecting and storing data. Lack of financial resources therefore poses a huge challenge. According to Lathan [10], there are features of the public sector that make effective performance management harder to implement. Given that performance management is or can initially be labour intensive, its introduction into systems which are underfunded and where managerial capacity is in short supply poses a number of ethical and practical implications. The private sector organisations can easily determine where to invest effort and resources so as to maximise overall performance.

Another challenge in the implementation of PM presented by Curristine *et al.* [7] is resistance to change. He argued that employees may feel threatened in terms of their interests and job security if organisations just introduce new PM systems. They pointed out that it is important that one recognises that organisations need to be ready for the new system. Employees need to understand what their organisation will achieve by introducing PM systems, why they need the systems, how they will implement the changes and who will drive them. Armenakis and Harris [24] highlight that when organisational readiness for change is high, employees are more likely to be part of the change process.

PM is said to be a tool that exploits and manipulates employees. Musingafi *et al.* [25], posit that PM is currently believed to be the tool managers use to achieve organisational goals through other people. Musingafi *et al.* [25] believe that reading between the lines of this statement one is justified to feel that there is an element of manipulation and exploitation. Although the concept claims equality between subordinates and their seniors, it

becomes practically difficult when managers achieve goals through other people. The relationship is that of unequal if not paternalistic.

Conclusion

The paper reviewed the empirical studies on performance management systems and its roles in enhancing efficiency in the public sector. Lessons and challenges gained from the implementation of PM in other countries were also discussed. It can be concluded that the success and failure of any performance management system lies within the organisational structure, type of leadership and employees in general. Having noted this, this paper can therefore assist public sector organisations to equip themselves before adopting any performance management system.

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