Internal Factors on Effectiveness of Performance Management System

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Abstract

Effectiveness of PMS is more challenges to implement in the organisation, it should be considered with the perceived of accuracy and perceived of fairness, at both influences through external and internal factors. Perceived of accuracy and fairness are the most related with the internal factors. This study used a qualitative approach with literature review of articles relevant on PMS effectiveness with aim to identifies the internal factors could influence on PMS consider the article relevancies. The result shown that the internal factors identified such as employee engagement, manager’s involvement and Job satisfaction has positive impact on effectiveness of PMS, however the PMS training found has linked on effectiveness of PMS.

Keywords- Performance Management, Effective of PMS

INTRODUCTION

‘A performance management (PM) or managing performance varies enormously, thus has the impact on the achievement of organisational goals were shown on the findings researchers to evaluate it either quantitative or qualitative terms. Furthermore, with most personnel and development activities, experiences contrast greatly and to raise
the success stories there are also accounts of poorly designed and implemented performance management system (PMS) in any organisation, it is important for personnel practitioners and the organisations they work for, and note the reasons for some of the difficulties that arise (Martin and Jackson, 2005).

Effectiveness of implementation the PMS are challenges at this point because they are not similar with the performance appraisal which conducted appraised their performance through identify strengths and weaknesses. However performance appraisal as a part of performance management (Alsaif, 2018) focus on mechanism of rating scale of the job perform during the periods used quantitative and qualitative approach in the assessment processing. It's a bit different with the performance management which focus on developmental intervention employees regulation and not limited to the rating and mechanism. (Kakkar et al., 2020)

The concept of efficiency and effective through the statement “doing things right” is “efficiency”, and “doing things the right way” is “effectiveness” (Drucker, 2006), this study to identify of PMS considering perceived accuracy and perceived fairness, the implementation of both “doing the right things” and fairness reflected to “doing things in the right way”. (Sharma et al., 2015). Those are have implication with internal and external factors, the internal factors / internal resources has identified with indicator such as employees’ engagement, management commitment, employee’s training, the external factors with indicator employees union, law and regulation (Sole, 2009).

**Research questions**

Considering with the articles above, this study with contributes the literature review base of article related effectiveness of PMS, thus research question formulated as follows:

a. What is the role of employee’s engagement to PMS effectiveness?

b. What is the role of manager involvement to PMS effectiveness?

c. What is the role of employee’s training to PMS effectiveness?

d. What is the role of Job Satisfaction to PMS effectiveness?
LITERATURE REVIEW

Performance Management System
There is various definition of performance management (PM) to be argued and debates, it can be seen from different perspective to used it. Performance management (PM) is assumed to increasing the performance of individual and organisation through the appropriate measurement systems (Decramer et al., 2012). Other researcher was stated Performance management (PM) is a vehicle for the continuous and evolutionary improvement of business performance through a co-ordinated programme of people management activities (Martin and Jackson, 2005 ), Amrstrong (2009) defines it is a system of process improvement organization performance through individuals and teams development. Those definition was clear explanation and highlighted that determination of PM is developing and improving performance teams and individual accountability and self-regulation (Harper and Vilkinas, 2005) in other words all the phrase of the performance management in line for a goals and expected to strive for improvements all the time with aiming for excellence and the highest possible levels of satisfaction, it is such as a perspective performance management in general, alternatively the perspective performance management considering the theories and arguments would generous highlighted to understanding the perspective divide into two perspectives as practically in the organisation either essential or non-essentials. In addition Armstrong and Baron (1998) was declare the PMS is a strategic and integrated approach of improves personal performance or group by developing people in the institutions.

Performance Measurement
The framework of perspective of performance measurement conceptual similar with performance appraisal(PA) highlighted points in this criteria are describes steps conducted and documented of individual performance to raise up the motivation, integration and contribution expected for the organisation, appraising performance has main goals of providing feedback, milestone and guidance to the workforces (Weightman, 2004), thus mostly used on regular basis personnel practitioners to run the organisation conducted every year commonly but some organisation applied appraising performance for contractual workforce, the final score attempt could be used for recommendation the status of the employment, this opposites with the frameworks
perspective performance management implementation in the organisation is to see and analyse strategy to develop the organisation more precious, it is more challenges and critical activities to lead a competitive advantage and long-term growth through formulation and implementation.

**Effectiveness**

Effectiveness, its hard to define and describe especially related with the concept of PMS, Neher & Maley, (2020) describes an effectiveness of PMS is a process of employees have value in their career development, their motivation and their perception of the benefits. Ikramullah et.al (2016) was describes effectiveness in the contextual of PMS depending of intended the management purposes.

| No | Authors (year) | Result | Similarity with this article | Differences with this article |
|----|----------------|--------|-------------------------------|------------------------------|
| 1  | (Teeroovengadum et al., 2019) | Involvement senior management, feedback of performance is significant in effectiveness of PMS | Identifying the variables of effectiveness of PMS through managerial involvements | The differences of variables and research objects |
| 2  | (Kakkar et al., 2020) | Positive PMS effectiveness discovered to enhance the employee work engagement, with increased job satisfaction and reduced the turnover of employees | Identifying the factor to influence effectiveness of PMS | The differences of variables and research objects |
| 3  | (Neher & Maley, 2020) | Enthusiasm of managerial values are effectively implemented to subsequent effectiveness of PMS using a circular model including its criteria, process, feeling, outcome and employee's engagement | Identifying the variables of managerial involvement to effectiveness of PMS | The differences of variables and research objects |
| 4  | (Upadhyay, 2012) | There is a significant relationship between job satisfaction and employee commitment to effectiveness of PMS | Identifying the factors to influence effectiveness of PMS | The differences of variables and research objects |
| No | Authors (year)                          | Result                                                                                                                                                                                                 | Similarity with this article                                                                 | Differences with this article                                                                 |
|----|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| 5  | (Jayachitra,B.; Vijay, 2000)           | The training and development program conducted find out to the employee satisfaction which impacted to effectiveness of PMS                                                                  | Identifying the training and development in relevancy with effectiveness of PMS              | The differences of variables and research objects                                            |
| 6  | (Hervie et al., 2021)                  | PMS build connection with employee performance, involving top management and training and development                                                                                              | Identifying factors of effectiveness of PMS                                                  | The differences of variables and research objects                                            |
| 7  | (Sharma et al., 2015)                  | The effectiveness of PMS has to accuracy and fairness of construct. The variables included Organisation commitment and Job Satisfaction, the accuracy extent implies of employee recognition, the fairness implies morality through practical, distributive and informational. Effectiveness of PMS                                                                 | Identifying factors influencing of PMS                                                        | The differences of variables and research objects                                            |
| 8  | (Awan et al., 2020)                    | The effectiveness of PMS have positive impact and significant on Employee Engagement, Task performance and Context performance. Employee engagement has positive impact and significant on employee performance | Identify of employee engagement, task performance and context performance to PMS effectivesness | The differences of variables and research objects                                            |
| 9  | (Amaratunga & Baldry, 2002)            | PMS provide basis of determining and communicating use facilitates learning process emphasis individual and organization.                                                                       | Identifying of influencing factors the effectiveness of PMS                                   | The differences of variables and research objects                                            |
| 10 | (Shrivastava, 2018)                    | There is positive and significant between job satisfaction and commitment of organization to employee's engagement                                                                            | Identifying job satisfaction through employee's engagement                                   | The differences of variables and research objects                                            |
| No | Authors (year) | Result | Similarity with this article | Differences with this article |
|----|----------------|--------|-----------------------------|------------------------------|
|    |                |        | effectiveness of PMS        | influencing effectiveness of PMS |

**RESEARCH METHODOLOGY**

This paper using method of qualitative approach and literature review to identify and classify several research relevant with the conceptual effectiveness of performance management. The articles sources using Google Scholarly, Emerald Insight, ProQuest and GARUDA (Garda Rujukan Digital)

**RESULT AND DISCUSSION**

This paper is to discuss the factors influencing effectiveness of PMS in the various organization, considering the previous researcher, books of management and articles have been identified internal factors identified are employee’s engagement, manager’s involvement, employees PMS training and job satisfaction.

**Internal Factors of PMS**

Sharma et al., (2015) has stated that the measuring performance considering with perceived of accuracy and fairness, those are reflected effectiveness of PMS has influences most significant internal factors. The accuracy of PM was related with the behaviour and professionalism connected with goals of the organisation, therefore the fairness of PMS related with through morality of employees.

**Role of Employee Engagement**

Research conducted by Kakkar et al., (2020) was found there is relationship between employee engagement with the effectiveness of PMS, its show with the ratio of turn over employees has reduced and increasing job satisfaction as well as work engagement. Those are impacted of intention of employees to change the job would be hold back, the PMS implemented on focus on the measurement can improve their motivation, behaviour and committed, organisation usually surrounded in the complexity structural which affected to successfully the effectiveness of PMS, its solved if the organisation tend for a maturity and learn from the experiences as references before make decision in the context of problem solving related the PMS. The result (Kakkar et al., 2020) indicate the positive impact the effectiveness of PMS to enhance work engagement and
mediated job satisfaction increased through motivation, behaviour and committed. The practices PMS has influenced to reduce the turnover with perceived employees by feedback, goal setting, committed to development more likely. The positively image the organisation in the mind of employees influenced and lead to great investment and boost the positive energy into job performance and work engagement.

Research conducted by Awan et al., (2020) was describes the effectiveness of PMS has positive impact and significant on Employee Engagement, Task performance and Context performance, also mediation of employee work engagement has relationship with effectiveness of PMS and employee performance. This relationship is important in the contextual effectiveness of PMS on employee engagement through motivation with contribution in planning, rewarding system and decision making. Other than that employee engagement could establish employee commitment would increased the level of job satisfaction. (Upadhyay, 2012).

**Role of Manager Involvement**

Research conducted by Teeroovengadum et al., (2019), was describes Involvement senior management, feedback of performance is significant in effectiveness of PMS, senior managers were actively influenced and engage the employees in defining and implementing PMS in the organisation with effectively, contribution positively from senior managers in the effectiveness of PMS become a key successfully the organisation to applied the PMS in all aspect of operation. The regulations were issued by senior managers in term of effectiveness of PMS would be used as a guidance for employees in conducting the job performance, enthusiasm of managerial involves are effectively implemented has a positive impact on effectiveness of PMS.

Research conducted by Neher & Maley, (2020) was describes the managerial values influence the behavior of employees as well as increase the engagement through applying code of work ethics and provision of commitment to work to make the employees satisfaction. An enthusiasm of manager values through model of circular effective of PM consist of six variables as follows : (1) True-based relationship, (2) the purpose of PM, Its reflected with the goals or achievement of the organization with the principles of increasing individual performance, employee development and compensation (3) the Criteria of PM, it should be considered reliability and validity to measuring job performance (4) strategic congruence, the system should fits with the
organization (5), specificity, the effectiveness of PMS has relevancy with the strategic and development (6) Acceptability and engagement, the effectiveness of PMS concern to motivation and commitment to stimulate to engagement of employees.

**Role of PMS training**

Armstrong and Baron (1998) determined the aim of training and development is to improve, increase and enhance the skills, knowledge and capabilities the employees in order to increase the efficiency, effectiveness and productivity in overall goals. Rowland et al., (2017) was described the Training and Development need integrated approach and performance management (PM) with activities as follows:

Encouraging the employees to attend the program of training and development linking with the promotions

Training and development integrated with employee’s performance appraisal system, rewarding and punishment system, the participated of employees in training and development programmes with their mind of ideas will raise decide many things and contribution of successfully training programmes, even though there is no measure it

Research conducted by Jayachitra, B., Vijay (2000) was describes the effectiveness of PMS has related with the training and development program mediated employee satisfaction, their can improve and develops the skills and knowledge to achieve the job performance effective and efficiently. Amaratunga & Baldry (2002) was stated that the PMS provide basis of determining and communicating use facilitates learning process emphasis individual and organization in achieving successfully on their role. The PMS facilitates those learning and training to enlargement skills and ability.

**Role of Job Satisfaction**

Job satisfaction is an emotional pleasurable of individual in the organization as their achievement on his job which stated on the result of appraisal. (Upadhyay, 2012). Research conducted by Kakkar et al., (2020), Shrivastava, (2018), Upadhyay, (2012) were describes Job satisfaction has positive significant relationship on effectiveness of PMS. The moderation on job satisfaction is employee commitment as fundamentally of the organization focus on developing effectiveness of PMS. The level of job satisfaction could reduce the turn over and encourage the employee’s work engagement. These variables might one of factors significantly in measuring the effectiveness of PMS implemented in the organization.
**Conceptual frameworks**

Considering the articles research above on the PM which consisting of internal factors influencing the effectiveness on PMS, its stated as follows:

![Diagram of Conceptual Framework Internal Factors of PMS effectiveness](image)

The conceptual framework of PMS effectiveness through internal factors considering with literature review and relevancy papers exploring the PM through variable Employee Engagement, Manager's Involvement and Job Satisfaction on Effectiveness of PMS is significant, and the PMS training has relationship on effectiveness of PMS.

**CONCLUSION**

Finally, the literature review on this paper shows that the study focuses on effectiveness on PMS base on 10 papers screened further analysing the conceptual approaches from various authors and different of institutions to sees internal factors which influences on effectiveness of PMS in accuracy and fairness perceived in the organisation could concludes as follows:

- a) The employee engagement has positive impact on effectiveness of PMS in reducing the turn over and increasing job satisfaction
- b) The Manager’s involvement has positive impact on effectiveness on PMS through manager values with model circular effective of PM consist of True-base relationship, purpose, criteria, specificity, adaptability and engagement
- c) The PMS training has related of effectiveness on PMS in enlargement of skills and ability
- d) The Job satisfaction has positive impact on effectiveness of PMS in moderation of employee commitment
LIMITATION

This paper has reviewed using 10 papers, for future researcher suggested to study using more articles and more variables in term of internal factors on effectiveness of PMS.

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