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## Reinventing effective performance management for sustainability in public sector: Identifying the prominent domains

Dr. Partha Naskar

Department of Finance, Government of West Bengal, West Bengal, India

Corresponding Author: Dr. Partha Naskar

### Abstract

Over the last decade there has been a remarkable transformation in the expansion and use of performance measures for government organizations. The revitalization of policy system, appropriate manpower planning, anti-corruption euphoria has become the key ingredients of good performance and good governance. The hub of human excellence is deeply rooted with the human skill, abilities, potentialities and expertise all channelizing to performance. The presents study throws light on the notion of performance management and is thus seen as a potentially powerful tool to remedy underperformance in government. Literature of the study hovers around on the index factor of performance measurement practices in government department, performance targets in public domain, the challenges and hindrances in measuring performance in public sector organizations, framework for risk-focused performance management system, evaluation of government mandated

performance management systems and result based management and performance in public sector. The main source of conceptualizing the domains is formulated with the Experts opinion comprising both academicians and practicing managers in the industry in Kolkata as well as across the country through primary and secondary collection methods viz., Domain A: Initializing Index Factor for Performance Management, Domain B: Building Performance Targets, Domain C: Drafting Risk focused Performance Management System Domain D: Establishing Evaluation Mechanism of Performance Management System and Domain E: Introducing Result Based Performance Management System. The coverage of the paper makes an attempt to reveal the prominent domains that may be considered in line with performance management for sustainable development for the organizations of 21 st century millennium.

**Keywords:** performance, management, public, employee, human

### Introduction

#### The core of performance in human resource management & sustainable development

Human resource (HR) management is a relatively young discipline that has undergone a rapid evolution. HR management has assumed considerable importance in the management of organizations. It is an approach to the management of people culminating 'human resource', 'organizational policies', 'integration of organizational constituencies' & 'organizational culture, values & managerial behavior'.

#### Human resource management and Organizational performance

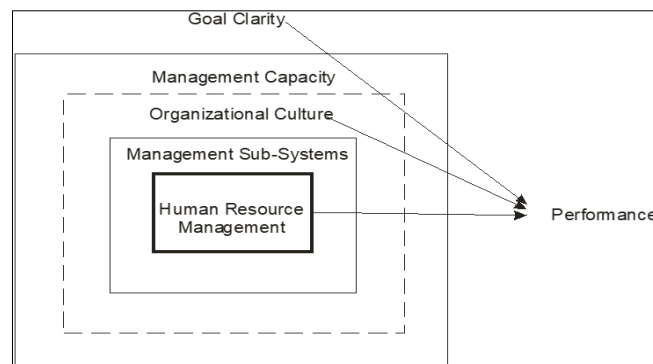


Fig 1

In today’s digitalized world sustainable development is the most persuasive thought for present day organizations. The role of 21<sup>st</sup> century HR Managers are turned to act as agents of transformation equipped with effective performance management system that will support the orngnisation’s sustainable development objectives.

**Objectives of the Study**

The primary objective of the current paper is to identify and define a set of select domains and items in tune with the generation of performance management system for sustainable development in the public sector.

The specific objective can be understood in terms of the following detailed objectives of this paper:

- To define the domains
- To define the items relating to each domain on the basis of literature review.

**Tracing the development of performance management**

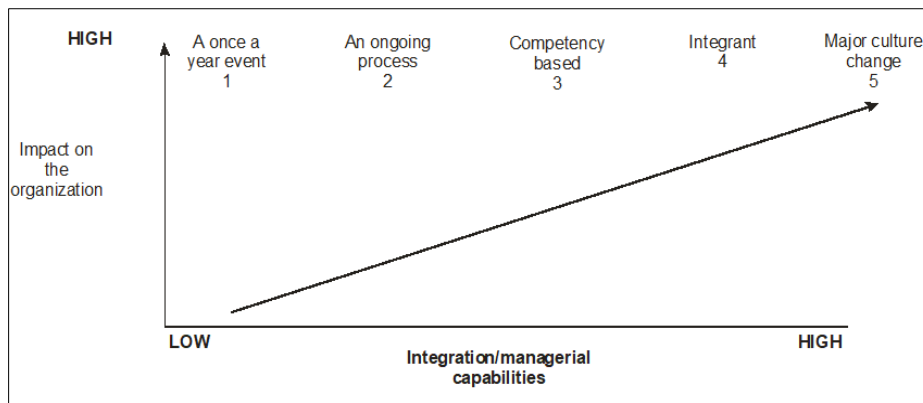
The meaning of the term performance is similar to that of the term productivity as, for example, the effective and efficient use of resources to achieve outcomes. The idea of managing

performance, both an individual and organizational level, is far from new – an extensive range of literature covers the subject. According to Fletcher (2002) the origin of performance management and its evolution is projected in the following table.

**Table 1**

Period	Nature of Development of Performance Management
1950s	Personality-based appraisal
1960s	Emphasis on goal setting and the assessment of performance-related abilities
1980s	Organizations became more ‘performance oriented’
1990s	Performance management began to seen as core management process
1991	System- Appraisal- Outputs & PRP driven
1998	Process-Joint review-Inputs & Development driven
2006	Structure-Integrated HR process-Management of results & Measurement driven

The evolution of performance management in the given Figure:



**Fig 2**

The continuum diagram was developed by Hay Group in the early 1990s. Its first application has been to encourage organizations to diagnose the state of development of their current performance management practice. The vertical axis (y) represents the level of impact that performance management or appraisal processes are seen to have within the organization. The horizontal (x) axis encapsulates two elements; the degree of integration with other elements of the management process and, more importantly, the level of management capability required in implementation. A line has been plotted to denote a range of possible manifestations of performance management.

**Philosophy behind performance management**

Performance management seeks to link individual and team job performance to the objectives and strategy of the organization. It is a continuous process that involves managers and employees in the identification and evaluation of key performance objectives and competencies that contribute to the attainment of the objectives and strategy of the organization. The organization is responsible for providing an effective and fair performance management system that encourages effective communication between employees and managers and ensures that managers have the skills and time to carry out performance management

successfully. In a nutshell, the philosophy behind performance management can be captured in the following six core categories:

- Clarify job responsibilities and clearly state agreed-upon goals
- Communicate regularly by giving and receiving feedback throughout the year on performance, goals, directions, and changing expectations.
- Counsel to improve performance problems and/or develop employee performance.
- Compare performance to agreed-upon goals periodically and evaluate results.
- Cultivate continuous learning, employee growth, and development.
- Celebrate exemplary performance.

**Literature Review**

**Boosting performance measurement practices: An overview**  
 With the changing waves in the business hemisphere performance management systems have become increasingly important in the public work field in the digitalized platform of 21<sup>st</sup> century. The call for efficiency and affectivity has tied knot upgradation and excellence has become the doorbell for the public sector managerial. The ‘New Public Management’ portfolio seeks valid answer of the measurement quotients

based on how the performance measures being used; how effective are the performance measures being used; why government decide to implement performance measures; what factors affect the success of the implementation of performance measures; how are performance measures being maintained and communicated. Broadly Generic performance measures signify input-process-outcome-output whereas Specific performance measures signify cost-customer-learning-benchmark. Studies reveal that measures and indicators of performance in the public area concentrate on three E's i.e. economy (inputs), efficiency (process) and effectiveness (outcomes). Moreover it can be witnessed that primarily the performance measures are mostly used for evaluating program performance and for internal purposes. The effectiveness of performance measures can be used as one of the main variables that attempts to explain performance measures use in government departments. Factors ranging from adequate technology, staff participation, management and staff training, manpower to perform tasks all constitute the critical factors that guarantee a successful implementation of performance measures in public sector.

#### **Building foundation of performance targets: An outline**

Over the last decades there has been a drastic change in the performance measures for government organisations. The two core words namely 'accountability' & 'transparency' connotes performance measurement dimensions in government organisations. Performance management acts as a remedial tool to upgrade under performance outcomes in government. To measure performance and to achieve the desired results the level of performance needs to be fixed, assessed and designed popularly known as targets – a combination of quantitate indicator of performance. The services rendered by the public departments by various bodies, institutions contribute towards performance improvement where actual performance is delivered by dispersed sub units. The most discussed question and notion of performance management lies on to what extent organisations should be centralized for effective performance management and whether such role is really fruitful is helpful for such performance. The central theme of improved performance rests on determining at least one target focusing decision making, monitoring, locust for investment and value in fusion. In case of targets organisation's mission and goal are the preconditions for ascertaining employee's commitment towards the organisations. The role of the central leaders should be emphasized in their own identification with people at large in order to attain optimum result through effective target standards and performance.

#### **Drafting risk focused performance management system: challenges & prospects**

Today's organization function on risk driven platform. The level of risk exposure and uncertainty arises from various factors comprehended by a number of significant external and inter organizational risk. Development of risk focus performance management performance planning framework is the call of the hour. The business risk identified not only influences organisational-level performance management system designed functioned and operational needs but also results in forecasting the consequences of business risk amidst changed management scenario. The perspective of risk management stand provides a common measurement

length in visualizing the degrees of uncertainty at organizational domain. The primary aim of risk management portfolio is to determine effective monitoring mechanism, environmental management objectives and appropriate designed framework for effective performance outcome. Contingency theory is the notion of examining the fittest contained of risk and contingency factor which help in reducing and managing environmental uncertainties and performance loss. Contingency based risk management is about the mitigation of internal and external business risk which helped in designing management-controlled system and use needs to match a form's operating context so as to acclimatize performance. A wide integration between performance management and risk planning helps to design the information flow that enabling monitoring and reviewing with implementation of corrective action as situation demands. The linkage between the two provides a means of assessing changes and the degree of risk exposure resulting to accelerate the forms economic performance with continued survival and growth.

#### **Establishing evaluation mechanism of performance management system: An Overview**

The initiative and attempt for improving organizational performance in the public sector has attributes from the PNS system (Performance Management System) from the private sector and implementing the elements under the public domain. In spite of considerable initiatives and developments the effect of government mandated performance management system on forms performance has not yet reached at the desired level of performance system. With an analysis to find out the constraints and the drawbacks in non-fulfillment of performance standards it is two prime quests come in the forefront in addressing the evaluation of performance system viz. the public disclosure of relative performance information (RPI) really improve organisations performance and the possibility of existence of incremental effect of mandated play-for-performance plans (P4P). To evaluate the effectiveness of the disclosure of RPI and P4P plans, selection of important sector of the economy, reports on the quality, monitoring measure adopted, field study, at the bench marking domains in examining the performance standards. In addition, public entities regulators, and policy makers also contribute in successful implementation of performance plans in the long run. Combine effect of employee participation, financial incentives help in strengthening goal commitment in achieving improved performance characterised through individual incentive communication, goal commitment and participative goal setting. Finally, it can be summarized that a comparative analysis of the effectiveness of relative performance information and mandated pay for performance plans has a future potential for the concerns relating improved performance with upcoming changes for better performance evaluation in public sector.

#### **Launching result based performance management system: possibilities & Prospectss**

Result Based Performance Management can be connoted as a management strategy by which all performance on the work platform contributes directly or indirectly for achieving a state of developed result ensuring that the processes, products and services contribute to the attainment of desired result. Result Based Management (RBM) is an outcome of the concept of management by objectives focusing

organizational goals and objectives with performance evaluation and feedback. Result based management is an integrative approach and mechanism in developing linkage between employee goals and responsibilities to the objectives of the organization and integration for overall organizational performance. In recent times, Result Based Management has gained popularity in the public field as it clarifies customer - client relationship, specifies result, standard performance expectation of clients linking budgetary and promoting continuous progression and analysis. In many developed countries, RBM has been implemented successfully in the public sector with a view to implement the more accountable and transparency governance amidst changing political leadership with escalating national financial deficit scenario from time to time. While implementing RBM system, political regulation and legislation, political interference, poor attitude towards change, proper monitoring are the major challenges confronted in the adoption and implementation of RBM. While adopting RBM in the public sector a directive style of management is being adopted by the leaders in public surveys disregarding employee's participation in management and dis-empowered by the

management from the organisation. It can be well understood that for better performance of public sector adoption of RBM is the 21<sup>st</sup> century practices for successful performance of projects in public sector.

**Research Methodology**

The study has been based on secondary literature survey. Based on literature study and understanding the Broad Domains essentially considered in the paper. This would be considered as an independent variable under notion of performance management for sustainable management as dependent variable. Thus the scale designed is an attempt in this paper which revolves around the identification of rather the independent variable (broad domains) which effect the dependent variable i.e where the  $Y = (x)$  and to what extent if  $Y =$  performance management and  $x$  implies the broad domains drafted in the scale.

**Findings and discussion**

The literature explicated in the paper the with five broad domains and the items are outlined as

**Table 2**

Domain	Sub Domain / Items
Domain A Boosting Performance Measurement Practices	A.1 Public management portfolio measures performance standards
	A.2 Factors affecting performance measures promote performance standards
	A.3 Generic Performance measures and specific performance measures are performance indicators
	A.4 Economy-Efficiency-Effective are the three E's for boosting capital measurement
Domain B Building Foundation of Performance Targets	B.1 Accountability and transparency promote the enhances the performance targets
	B.2 Assessment and designing of performance targets indicate accelerated performance
	B.3 Decision making, monitoring investment patters and value are the core foundations of performance standards
	B.4 The role of the importance central leaders inducing effective performance targets standards
Domain C Drafting Risk focused Performance Management System	C.1 Risk exposure and alternately influences performance management system
	C.2 Risk focuses performance management planning framework supports successful performance outcomes
	C.3 Effective monitoring mechanism effective monitoring and appropriate design framework inducing effective performance standards
	C.4 Integration between performance manage and risk planning promotes performance management review and implementation
Domain D Establishing Evaluation Mechanism of Performance Management System	D.1 Improved valuation mechanism of performance management system creates avenues for achieving desired level of performance system
	D.2 Relative performance information and play for performance plans promotes evaluation of performance system
	D.3 Employee participation, goal commitment and participative goal setting enhances performance mechanism
	D.4 Comparative analysis of relative performance evaluation and mandated pay for performance plans guides better performance evaluation
Domain E Launching Result Based Performance Management System	D.1 Result based performance management system focuses organizational goals and objectives
	D.2 Result based management system is characterized by client relationship progression and analysis for overall organizational performance
	D.3 Result based performance system is characterised by directive state of management
	D.4 Success implementation of result based per mana fosters effective performance results

**Summary & Conclusion**

Sustainability is an emerging phenomenon in HR practices and research. Organisations are increasingly connecting equations between sustainability and its impact on the organisations. HR departments of present organisations has extended their significant role and potential in driving their organization in sustainability agenda. 21<sup>st</sup> century business houses step forward in fulfilling the potential implication for the competitiveness of individual organisations and their performance management system. The organisations on the public sector need to reorient themselves towards a progressive drive in improving the qualitative and quantitative standards of performance with effective ness and efficiency at large. The paper therefore humbly unleashes the

proposal of a scale in the process of making it in order to measure employee performance and sustainability vis-a-vis five identified domains. The essentiality of the study is in the fact that employee performance and measurements are a pathways towards business sustainability in the long run over time.

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