CHAPTER FIVE: FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter presents the detailed findings from the content analysis and an overview about the performance management systems at public and private sector enterprises. The performance management is a system that identifies organizational goals and objectives, reinforces individual accountability for meeting those goals, tracks and evaluates individuals and organizational performance results. It is a clearly defined process for managing people’s performance that will result in success for both the individual and the organization.

5.2 FINDINGS

The following paragraphs present the findings of this study, conducted to find out the difference between performance management practices at public and private sector enterprises on the basis of seven identified components of PMS, i.e., corporate objectives, performance planning, performance review, implementation, feedback, rewards and recognition and performance improvement. Difference in each component has been measured between all government and all private sector organisations put together. Also sector wise comparison has been done, e.g., Banks, IT Industry, Manufacturing Industry and Telecom Industry.

5.2.1 CORPORATE OBJECTIVES

Bevan and Thompson in IMS Report (1992) defined performance management as a management system whereby the organizations objectives are set and met by means of process of objective setting for individual employee.
Public v/s Private sector Organizations: It has been found from the analysis of variance that the value of F (1,398) is 15.517 with p less than 0.05, which states that there exists a significant difference between the corporate objectives of public and private sector enterprises.

It was also observed during the study that in public sector enterprises, 50% of employees strongly agree that they clearly understand company’s mission and vision, about 75% of employees agree that their individual objectives are aligned with the mission of the department; almost 50% of employees agree that the current PMS is valid to carry out organizational goals and makes employees accountable for their result while about 56% of employees agree that the introduction of PMS help company to meet its organizational objectives.

Whereas in private sector enterprises, about 61% of employees strongly agree that they clearly understand company’s mission and vision; about 75% of employees agree that their individual objectives are aligned with the mission of department; around 41% of employees believe that the current PMS is valid to carry out organizational objectives; about 75% of employees feel that current PMS makes employee more accountable for results and about 40% agree that the introduction of PMS helped the company to meet its corporate objectives.

Banks: In public and private sector banks, the results of analysis of variance that the value of F (1, 98) is 0.561 and the value of p is 0.456, i.e., p>0.05, which states that there exists no significant difference between the corporate objectives of public and private sector banks.

IT Industries: In case of public and private sector IT firms, the result of analysis of variance found that the value of F (1,98) equals 4.91 and the value of p= 0.029, i.e., p<0.05, so there exists a significant difference between the corporate objectives of public and private sector IT Organizations.

Manufacturing Industries: While comparing the corporate objectives of public and private sector manufacturing units, the result of analysis of variance explains that the value of F (1, 98) is 9.676 with the value of p as 0.002, i.e., p is less than 0.05, so, there exists a significant difference between the corporate objectives of public and private sector manufacturing organizations.
**Telecom Industries:** In case of public and private sector telecommunication firms, the result of analysis of variance shows that the value of $F (1, 98)$ is 3.974 with $p=0.049$, that states there exists a significant difference between the corporate objectives of public and private sector telecommunication organizations.

Hence it has been found that the corporate objectives of public and private sector enterprises are different. The study was conducted in four different industries. When these industries were compared it was found that there is no significant difference in corporate objectives of public and private sector banks while in case of manufacturing, software and telecommunications public and private sector enterprises; the corporate objectives are different in public and private sector enterprises.

### 5.2.2 PERFORMANCE PLANNING

It has been acknowledged widely that in order to deliver high organizational performance, Performance management practices have to be aligned with corporate strategy. So, while setting targets and goals for individuals and teams, overall business objectives should be kept in mind. The goals must be mutually decided and periodically reviewed and updated as and when required. (Nel et al., 2004).

**Public v/s Private sector Organisations:** The present study finds through the results of ANOVA to identify the difference between performance planning between public and private sector enterprise. The value of $F (1, 398)$ is 10.555 with $p= 0.001$, i.e., $p<0.05$ which states that there exists a significant difference between the performance planning of public and private sector enterprises.

In case of public sector enterprises, it was found that about 64% employees agreed that performance goals are mutually framed and have specific time frame while others disagree with this fact. Around 55.5 % of the employees consider the performance standards attainable while others face difficulties while achieving their performance standard. 58.5% employees agree that relevant performance expectations are set between supervisor and subordinate. Only 38% of
employees feel involved during the development of performance management system, i.e., a majority of employees feel that they have no role in developing PMS for an organization. About 50% of employees are clear about how their performance is to be measured. Only 31% employees agree that they had been provided training on how to set objectives and track their performance; around 50% of employees feel that the purpose of PMS is clearly communicated to them.

In case of private sector enterprises, 51.5% employees agrees that their performance goals are mutually developed and have specific time frames; about 49% consider that their performance goals are attainable; 47% of employees agree that relevant performance expectations are set between supervisor and subordinate; about 42% of employees agree that they are clear about how their performance is to be measured. Only 34% of the employees feel involved during the development of performance management system while most of them feel uninvolved. Majority of employees, i.e., 57.5% understands how their performance standards relate to the business need of the organization. Only 31% employees agree that they have been provided training on how to set objectives and track their performance while about 48% of employees agree that the purpose of performance management system is clearly communicated to the employees.

**Banks:** However when the public and private sector banks are compared, the results of analysis of variance shows that the value of $F(1, 98)$ is 2.558 and the value of $p$ is 0.113, i.e., $p>0.05$, which shows that there exists no significant difference between the performance planning of public and private sector banks.

**IT Industries:** In case of public and private sector IT firms, it was found from the result of analysis of variance that the value of $F(1,98) = 5.884$ and the value of $p= 0.017$, i.e., $p<0.05$, so there exists a significant difference between the performance planning of public and private sector IT Organizations.

**Manufacturing Industries:** While comparing the performance planning of public and private sector manufacturing units, the result of ANOVA shows that for the hypothesis the value of $F(1,98) = 18.214$ with $p= 0$, i.e., $p<0.05$, hence it was found that there exists a significant
difference between the performance planning of public and private sector manufacturing organizations.

**Telecom Industries:** In case of public and private sector telecommunication firms, the result of analysis of variance shows that for the hypothesis the value of $F(1,98) = 6.705$ with $p=0.011$ that explains there exists a significant difference between the performance planning of public and private sector telecommunication organizations.

Hence it is found that the performance planning in public sector enterprises are different from private sector enterprises. However if the difference is compared in different industries, it was found that there is no significant difference in performance planning of public and private sector banks; while observed other industries, there exists a difference between the performance planning of public and private sectors Software firms, manufacturing firms and telecommunication firms.

### 5.2.3 PERFORMANCE REVIEW

According to Shuetz (2006) performance measurement is vital in an organization and serves as the means by which individual and team contributes to the organization. It was considered as a basis of management control and financial measures, such as profitability and return on assets; however the emphasis now extends beyond financial metrics so that it can be capable of measuring a wide range of business outcomes.

**Public v/s Private sector Organizations:** The results of the analysis of variance for identifying the difference between performance review between public and private sector enterprise shows that the value of $F(1,398) = 23.729$ with $p=0$, i.e., $p<0.05$ hence it was found that there exists a significant difference between the performance review of public and private sector enterprises.

In public sector enterprises, it has been found that about 64% employees agree that sufficient information is available for appraising their performance; only 40% agree that descriptive assessments are used in the organization while most of them feel that numeric ratings systems are
used more; about 46% of employees feel that it is difficult for them to achieve the performance goals within the allotted time scale, around 50% employees have trust in their rating manager and believed that performance assessment is unbiased and fair. About 49.5% of employees agree that the senior management take performance review seriously. 50% employees agree that their performance is measured against previously decided factors. About 54.5% employees believe that the performance review helps in assessing an employees’ weakness.

While in case of private sector enterprises about 48% of employees agree that sufficient information is available for appraising their performance; only 44% agree that descriptive assessments are used in the organization while most of them feel that numeric ratings systems are used more; more than 50% of employees feel that it is difficult for them to achieve the performance goals within the allotted time scale, around 45% employees have trust in their rating manager and believed that performance assessment is unbiased and fair. About 47% of employees agree that the senior management take performance review seriously. About 48% employees believe that the performance review helps in assessing an employees’ weakness.

**Banks:** However when the public and private sector banks are compared, in the results of ANOVA, the value of $F (1, 98)$ is 0.842 and the value of $p$ is 0.361, i.e., $p>0.05$, which shows that there exists no significant difference between the performance review of public and private sector banks.

**IT Industries:** In case of public and private sector IT firms, the result of analysis of variance shows that the value of $F (1, 98) = 12.715$ and the value of $p = 0.001$, i.e., $p<0.05$, so it is clear that there exists a significant difference between the performance review of public and private sector IT Organizations.

**Manufacturing Industries:** When the performance review of public and private sector manufacturing units is compared, it was found from the result of ANOVA that the value of $F (1, 98) = 30.193$ with $p= 0$, i.e., $p<0.05$, shows that there exists a significant difference between the performance review of public and private sector manufacturing organizations.
**Telecom Industries:** For the public and private sector telecommunication firms, the result of analysis of variance shows that the value of $F (1,98)$ is $7.59$ with $p= 0.007$, i.e., $p<0.05$, that states there exists a significant difference between the performance review of public and private sector telecommunication organizations.

Therefore it is identified that the performance review in public sector enterprises is different from private sector enterprises. However if difference is identified on the basis of different industries it was found that there is no significant difference in performance review of public and private sector banks; while if other industries are observed there exists a difference between the performance review of public and private sectors manufacturing units, software organizations and telecommunication firms.

It is known that Performance review provides a picture of past performance and enable to make plans for future, these reviews not only consider that what has happened in past performance year but also emphasize on why it happened, which make future planning more effective. This also helps to design further development and improvement plans for employees (Armstrong, 2003).

**5.2.4 IMPLEMENTATION**

Winstanley and Stuart-Smith (1996) stated that Traditional procedures to performance management fail because there exists a flaw in implementation, which demotivates staff. Performance management can be criticized because there is no conclusive evidence that it leads to improved performance; insufficient time is given to the process.

**Public v/s Private sector Organizations:** In the present study, it was found that when implementation of performance management system in public and private sector enterprises are compared, the results of the analysis of variance shows that the value of $F (1,398)$ is $8.925$ with $p=0.003$, i.e., $p<0.05$, which states that there exists a significant difference between the implementation of PMS of public and private sector enterprises.
If consider the case of public enterprise it was found that 62% employees agree that senior management is committed to the successful implementation of PMS in the organization; 59% employees agree that line managers are held accountable for the successful completion of each step; about 54.4% employees agree that all employees are committed to the successful implementation of PMS; most of the employees (about 60%) feel that the implementation of PMS require more time and effort than required; 64% employees agree that their current organizational structure supports the implementation of PMS; 57% employees agree that the organization possess sufficient resources and capacity for the implementation of PMS; while only 26% employees agree that PMS is regularly updated and maintained after implementation, i.e., Most of the employees feel that PMS is not regularly updated after implementation.

While in private sector organizations 50% employees agree that senior management is committed to the successful implementation of PMS in the organization; 52% employees agree that line managers are held accountable for the successful completion of each step; about 52.5% employees agree that all employees are committed to the successful implementation of PMS; 45% employees feel that the implementation of PMS require more time and effort than required; 57% employees agree that their current organizational structure supports the implementation of PMS; 46.5% employees agree that the organization possess sufficient resources and capacity for the implementation of PMS; while only 33% employees agree that PMS is regularly updated and maintained after implementation, i.e., most of the employees feel that PMS is not regularly updated after implementation.

**Banks:** However when the public and private sector banks are compared, the results of analysis of variance, the value of $F (1, 98)$ is 0.053 and the value of $p$ is 0.818, i.e., $p > 0.05$, which shows that there exists no significant difference between the implementation of performance management system of public and private sector banks.

**IT Industries:** In case of public and private sector IT firms, it was found from the result of analysis of variance that the value of $F (1, 98) = 4.768$ and the value of $p = 0.031$, i.e., $p < 0.05$, so it is clear that there exists a significant difference between the implementation of performance management system of public and private sector software organizations.
Manufacturing Industries: While comparing the public and private sector manufacturing units, the result of analysis of variance shows that for the hypothesis the value of $F(1, 98) = 9.624$ with $p = 0.003$, i.e., $p < 0.05$, so it was found that there exists a significant difference between the implementation of performance management system of public and private sector manufacturing organizations.

Telecom Industries: In case of public and private sector telecommunication firms, the result of analysis of variance explains that for the hypothesis the value of $F(1, 98)$ is 1.74 and $p$ is 0.19 hence there exists no significant difference between the implementation of performance management system of public and private sector telecommunication organizations.

Therefore it is found that the implementation practices of performance management system in public sector enterprises are different from private sector enterprises. However if difference is identified on the basis of different industries it was found that there is no significant difference in performance review of public and private sector banks and telecommunication organizations; while for other industries there exists a difference between the PMS implementation of public and private sectors manufacturing units and software organizations.

5.2.5 FEEDBACK

Feedback itself gives a clear picture of the organization being flexible, and adaptive as per the need of the people in the organization. After the evaluation is over the feedback is shared with the worker by the manager giving them a clear picture and even hinting at their growth by giving developmental sessions. Feedback is utilized for two purposes, i.e., assessment and development.

Public v/s Private sector Organisations: In the present study the results of the ANOVA on the difference between performance feedback between public and private sector enterprise shows that the value of $F (1, 398)$ is 18.832 with $p = 0$, i.e., $p < 0.05$ hence it is found that there exists a significant difference between the performance feedback of public and private sector enterprises.
It was found in case of public sector organizations, majority of employees, i.e., 66.5% agree that feedback is given on those aspects of performance which could be improved. Employees have mixed opinion about manager’s honesty during feedback, i.e., 40% employees agree that managers are honest in giving performance feedback; about 38.55 employees agree that feedback is given on periodic basis, i.e., it is not an annual practice rather mid annual reviews are also done; only 31% employees agree that feedback is obtained from more than one source.

While in case of private sector organizations, 58% employees agree that feedback is given on those aspects of performance which could be improved. 43% employees agree that managers are honest in giving performance feedback; about 44.5% employees agree that feedback is given on periodic basis, i.e., it is not an annual practice rather mid annual reviews are also done; only 30.5% employees agree that feedback is obtained from more than one source.

**Banks:** However when the public and private sector banks are compared, the results of analysis of variance, the value of F (1, 98) is 0.042 and the value of p is 0.838, i.e., p>0.05, which shows that there exists no significant difference between the performance feedback given to the employees of public and private sector banks.

**IT Industries:** In case of public and private sector software firms, the result of analysis of variance (Table 4.28) explains that the value of F (1,98) = 3.693 and the value of p= 0.058, i.e., p> 05, so there exists no significant difference between the performance feedback given to the employees of public and private sector software organizations.

**Manufacturing Industries:** While comparing public and private sector manufacturing units, the result of ANOVA the value of F (1, 98) is 26.031 with p= 0, i.e., p<0.05, which shows that there exists a significant difference between the performance feedback given to the employees of public and private sector manufacturing organizations.

**Telecom Industries:** In case of public and private sector telecommunication firms, the result of analysis of variance shows that for the hypothesis the value of F(1,98) is 3.021 with p= 0.085,
i.e., p>0.05, which states that there exists no significant difference between the performance feedback given to the employees of public and private sector telecommunication organizations.

Hence it is found that the performance feedback system in public sector enterprises is different from private sector enterprises. However, at the same time it was found that there is no significant difference between the performance feedback given to the employees of public and private sector banks, IT firms and telecommunication firms; but there is a difference between the performance feedback given to the employees of public and private sectors manufacturing firms.

5.2.6 REWARDS AND RECOGNITION

Many organizations have looked to improve performance by linking it to pay; performance related pay and the type of reward and how it is linked to performance management varies by organization. Reward is not just about pay, many organizations are recognizing that non-financial rewards are as powerful and motivating as money (Armstrong 2002). Non-financial rewards can include awards (employee of the month for instance), advanced career opportunities, autonomy, flexibility of working hours, as well as training and development opportunities (Williams 2002).

Public v/s Private sector Organisations: The results of the analysis of variance on the difference between rewards and recognitions given to the employees of public and private sector enterprise shows that the value of F (1,398) is 26.041 with p= 0, i.e., p<0.05 which states that there exists a significant difference between the rewards and recognitions given to the employees of public and private sector enterprises.

In public sector organizations it was found that 46% employees agree that their pay decisions are linked to the performance achievements, i.e., their pay is determined by the way they achieve their targets; about 45.5% employees feel that the reward system motivates the desired level of performance of employees and thereby facilitates implementation of strategy; 50% employees feels that the reward system helps in attracting and retaining the right kind of people in the organization; most of the employees (53%) agree that manager consider PMS as an administrative tool rather than a developmental tool.
In private sector organizations 59.5% employees agree that their pay decisions are linked to the performance achievements, i.e., their pay is determined by the way they achieve their targets; about 40% employees feel that the reward system motivates the desired level of performance of employees and thereby facilitates implementation of strategy; 50% employees feels that the reward system helps in attracting and retaining the right kind of people in the organization; 50% employees agree that manager consider PMS as an administrative tool rather than a developmental tool; 47.5% employees.

**Banks:** However when the public and private sector banks are compared, It was found from the results of ANOVA, the value of F(1, 98) is 0.232 and the value of p is 0.631, i.e., p>0.05, hence there exists no significant difference between the rewards and recognitions given to the employees of public and private sector banks.

**IT Industries:** In case of public and private sector IT firms, the result of analysis of variance shows that the value of F(1, 98) = 5.224 and the value of p= 0.024, i.e., p<0.05, so there exists a significant difference between the rewards and recognitions given to the employees of public and private sector IT Organizations.

**Manufacturing Industries:** When the rewards and recognitions given to the employees of public and private sector manufacturing units is compared, the result of ANOVA shows that the value of F (1, 98) = 24.522 with p= 0, i.e., p<0.05, shows that there exists a significant difference between the rewards and recognitions given to the employees of public and private sector manufacturing organizations.

**Telecom Industries:** While comparing the public and private sector telecommunication firms, the result of analysis of variance shows that the value of F(1,98) is 5.235 with p= 0.024, i.e., p<0.05, that states there exists a significant difference between the rewards and recognitions given to the employees of public and private sector telecommunication organizations. Therefore it is identified that the rewards and recognitions given to the employees of public sector enterprises is different from private sector enterprises. However if difference is identified in different industries it was found that there is no significant difference in rewards and recognitions.
given to the employees of public and private sector banks; while observing other sectors there exists a difference between the rewards and recognitions given to the employees of public and private sectors manufacturing units, IT firms and telecommunication firms.

Total reward systems incorporate both financial and non-financial rewards and can be instrumental in encouraging job satisfaction and commitment to the business (Armstrong and Baron 2005). It is important however, to establish what type of reward will be valued by the employees, not to implement a system based on senior management experiences of what they themselves value as well as recognizing that different people are motivated by different things. [Torrington et al., (2005)].

5.2.7 PERFORMANCE IMPROVEMENT

It was stated by the authors that performance improvement is dependent upon sound HR practices, fair appraisal practices, effective performance management, and an awareness of an organization’s overall strategic goals. It is proposed that systems are more likely to be effective if they are perceived as fair, both in terms of how outcomes are actually distributed, and in terms of the rules used by the organization to distribute those outcomes. In conclusion, it is emphasized that performance improvement is a function of many factors other than the nature of the appraisal system itself.

Public v/s Private sector Organizations: In the present study the results of the ANOVA on the difference between performance improvement between public and private sector enterprise shows that the value of F (1,398) is 7.701 with p= 0.006, i.e., p<0.05 which states that there exists no significant difference between the performance improvement of public and private sector enterprises.

It was found that in public sector organizations, 38% employees agree that mechanisms exist to continuously improve performance in their organizations; 58% employees agree that their contribution makes a great difference in the achievement of performance goals; 48% employees agree that training and development are regularly provided to the employees to improve their
performance; about 40% employees agree that their supervisors design opportunities for them to develop and grow.

While in private sector organizations, 46.5% employees agree that mechanisms exist to continuously improve performance in their organizations; 53% employees agree that their contribution makes a great difference in the achievement of performance goals; 43% employees agree that training and development are regularly provided to the employees to improve their performance; about 50% employees agree that their supervisors design opportunities for them to develop and grow.

**Banks:** However when the public and private sector banks are compared, the results of analysis of variance, the value of $F(1, 98)$ is 0.703 and the value of $p$ is 0.404, i.e., $p>0.05$, which shows that there exists no significant difference between the performance improvement of public and private sector banks.

**IT Industries:** In case of public and private sector software firms, the result of analysis of variance shows that the value of $F(1,98) = 2.497$ and the value of $p= 0.117$, i.e., $p>0.05$, so there exists no significant difference between the performance improvement of public and private sector IT Organizations.

**Manufacturing Industries:** While comparing the public and private sector manufacturing units, the result of ANOVA shows that for the hypothesis the value of $F(1,98) = 24.522$ with $p= 0$, i.e., $p<0.05$, hence there exists a significant difference between the performance improvement of public and private sector manufacturing organizations.

**Telecom Industries:** In case of public and private sector telecommunication firms, the result of analysis of variance shows that the value of $F(1,98)$ is 1.304 with $p= 0.256$, i.e., $p>0.05$, that states there exists no significant difference between the performance improvement of public and private sector telecommunication organizations.
Hence it is found that the performance improvement in public sector enterprises is different from private sector enterprises. However, when difference is compared in various industries it was found that there is no significant difference in performance improvement of public and private sector banks, software firms and telecommunication firms; while observing other sectors there exists a difference between the performance improvement of public and private sectors manufacturing firms

Thus, as Fletcher (1996) stated that the main building blocks of a performance Management System includes: development of the organization’s objectives and strategies, improving communication within the organization so that the employees are not only aware of the company’s objectives and the business plans and strategies, but also can contribute to their formulation, clarifying individual duties, responsibilities and accountabilities, defining and reviewing individual performance, implementing appropriate reward strategies and developing staff to improve performance and their career progression. It is clear from the study that comparing the components of performance management systems, there is a difference in the performance management systems of public and private sector enterprises.

5.3 CONCLUSION

Performance management can be thus better understood as assessing the individual's performance in a planned and systematic way. Performance management has attracted the attention of many firms and it is expected that in the near future its importance will still grow as this process is integrated with other HR processes like performance related pay, career management and talent management etc.

As per the present study majority of employees are aware about the Performance Management system of the company whether public or private. The employees have an idea about the various aspects of performance management in the company except those aspects which are kept confidential. Employees hold an opinion that their evaluation should be done by seniors as well as by self. Employees in the organization are not happy with the non-transparency of the
Performance Management System. Employees have a common thinking that the ratings given should be revealed to the respective employee.

Performance Management System is the vital key in Human Resource Management (HRM). In other words, PMS is considered as a crucial business driver that helps to achieve business result. An efficient PMS can boost the firms to maximize the employee performance. An effective system should be such that it can encourage an organizational climate of trust, autonomy, authenticity, experimentation, proactivity, confrontation, collaboration, communication and teamwork etc. It is important that an organization should implement such system that not only identify and recognize the top performers rather should be able to help the employees and organization to achieve their objectives. However according to the present study most of the organizations have identified this need and are spending a huge amount of money to develop and implement an effective Performance Management System still a huge amount of variation can still be noticed in the employees’ performance. PMS is the key factor which helps in determining whether an organization can manage its human resources effectively or not. The PMS also provides crucial information on whether the work-integrated learning skills of employees are compatible with the objectives of their organizations or not. Evidently, a PMS is critical to assess the success of any organization’s human resources. A poorly implemented PMS will therefore fail to motivate an organization’s employees, and unavoidably their lack of job satisfaction will ultimately have negative impact on their self-esteem.

A dynamic performance management system needs to be introduced in all organizations and at different levels. The alignment of individual performance with those of organizational goals is also of tremendous significance by introducing a suitable set of performance indicators. Assessing performance is useful only when it is translated into practice. Performance management tools and techniques do not create constant high performance on its own rather it requires to build up such an environment which is favorable for effective and efficient performance along with a system of rewards and punishment, besides building capacity to get results.
Various studies revealed that when employees’ expectations are not met, inappropriate job behavior and performance can disrupt the accomplishment of an organization’s goals. It is important that employees should receive necessary training to do their work effectively. When implemented efficiently, a good PMS would provide significant information that would let an organization to make sound decisions regarding their human resources. Certainly, high-quality PMS can be an influential mean to drive organizational effectiveness and change.

As various similarities have been identified during the present research on the performance management system of public and private sector enterprises, so as certain differences have been also observed while collecting data for the given study in the performance management system of both public and private sector enterprises. These differences arise because of the difference in the structure and operations of both types of sectors.

Both public and private sector enterprises have performance management system as a multidimensional approach but the difference between the two is that the priority of motive is different. The private sector organizations focus more on financial issues, i.e., their primary motive is to serve the interest of shareholders and to generate profit for the organization. On the contrary performance management system of public sector organizations is designed to fulfill the societal goals first.

Since the policy goals and objectives of public sector organizations are ambiguous, these organizations put less emphasis in the design of their performance management system as compared to that of private sector organizations.

In public sector enterprises, performance related pay and reward systems are not strongly developed whereas private sector enterprises easily associate monetary rewards to the outstanding performers as per the requirement of the organization.

Public sector enterprises are implementing performance management system to create accountability among employees rather than just controlling them while private sector enterprises use their performance management system mainly for control purposes.
Performance management systems in public sector enterprises are not very demanding and exhaustive as it is implemented for symbolic reasons due to poor incentives and low interest of stakeholders. On the contrary private sector enterprises use their performance management system rigorously and intensively due to the market pressure and the pressure of shareholders. However the trend is changing as in current times of excessive competition, public sector enterprises are also competing to the private sector in all areas and developing their HR practices to fulfill the needs and requirements of the employees as well as organization.

Many of the reasons organizations report disappointing results from their PMS can be attributed to either implementation or execution, resulting in line managers and employees not taking ownership of the process and treating the PMS as a compliance activity rather than an opportunity to improve performance. When these issues are addressed, and the organization commits resources to the process. The primary purpose of PMS is to facilitate discussion between the employee and their manager. The organization benefits by the day-today activities of employees aligned with and promoting the organizational goals. The employee will benefit by having continual feedback regarding performance and opportunities to improve. The organization should not consider its Performance Management System as a liability, but should take it as an asset for the development of organizations future. When the organization commits to making the necessary investment, the benefits that organizations can realize are ample. The association of individual performance with organizational goal is also of extreme importance by introducing an appropriate set of performance indicators. Analyzing performance is beneficial only when it is translated into actions. It is essential to create a favorable and healthy environment for maintaining effective and efficient performance with a system to build capacity at all levels of government in order to get results.

In general, both public and private sector organizations believe that performance management process is an approach which is about what the organization should achieve and how to achieve it. Performance management focus on the weaknesses of individuals and groups and leads to the organization’s success in achieving strategic goals. It also helps to increase the effectiveness of business processes by continuous improvement. So it is necessary that the balance between long-term and short-term goals should be maintained. In addition to evaluation and ranking the employees; development of individual and organizational is also essential.
The data for the current study has been collected from four different nature of industries, i.e., Manufacturing, Banking, Telecommunication and IT. Various characteristics of PMS in the respective industries have also been identified and analyzed while collecting primary data and while reviewing literature (secondary data) on the performance management system of the given industries.

Singhal, N. et al. (2012) explores corporate concern for sustainable development from economic perspective considering different industries such as banking and finance, IT industry, manufacturing sector, power sector, shipping industry, real estate sector, and insurance sector.

Studies on various practices of performance management system in the manufacturing sectors depicts that no single system is successful in improving the performance of a firm. The acceptable match between the organization and performance management system is necessary for its accomplishment. The review also represents certain concern about the implementation of performance management system in the manufacturing units such as costs, lack of strategic feedback system and incentive schemes which destabilize the efficiency of a performance management system. Improvement in performance is a continuous process and the organization needs to attempt to reach to an optimal level, so as to develop the potential business. Hence, the process of measuring the manufacturing performance management system requires regular assessment and evaluation to struggle and survive in an increasingly competitive globalized business environment.

It can be concluded from the present study that there exists no significant difference in the performance management practices of selected public and private sector banks. However organizations whether public or private have been repetitively searching for an effective performance management system. Banking services is one sector where a great extent of consideration is being paid to manage performance of employees and organization. It is identified that a number of the public sector banks (PSBs) have altered their Performance Management Systems are in the process of making changes in them. In general, it reveals that a good Performance Management System is the foundation to steer an organization successfully in
today’s globalized scenario of uncertainty and steady changes. Therefore, they have developed and employed such system which can provide maximum benefits. But, like many areas of organizational development, the public sector banks are contending with private sector banks in this concern as well. The Performance Appraisal System as an important element of Performance Management System has been made operational. But developing and implementing a performance management system seems to be a big challenge to all.

It is essential for the performance management system of the software industry to concern about the developmental aspects of their employees as it is concluded that the work environment of software industry is knowledge driven, dynamic and team based. Various teams working from physically dispersed and culturally different locations are involved in the common projects. Multiple projects run in a firm at a same point of time. Employees’ performance is the primary advantage for any knowledge based industry like software services, hence if performance management system is designed and implemented well, it has the potential to result in desired outcomes such as: role clarity; enhanced performance, improved superior subordinate relationship, greater employee commitment and increased productivity and profitability. Technology changes at a rapid rate which makes it difficult for the performance management system of software firms to concentrate on long term developments but they have to confront this challenge and try to focus on long term development

Moreover proper training needs to be provided to HR specialists and line managers which can improve their understanding about the design and implementation of performance management system. As the business nature of software firms is dynamic, so keeping in mind the future trends, 360 degree feedback is important for such organizations because frequent and timely feedback could help an employee to focus on his performance and attain team goals with desired outcomes. Moreover it also minimizes the chances of biasedness during performance evaluation. Hence it can be concluded in the given study that in software firms performance planning, performance review, feedback, rewards and recognitions play an important role in successful implementation of performance management system. Although the system is designed according to the best practices but if not implemented properly by the line managers it can be ineffective.
Research on the performance management systems in telecom sector revealed that telecom industry try to provide excellent quality service to its clients so it expects high performance from its employees. Employees require proper rewards and recognition which stimulates them to work better in future. The output also depends on the timely feedback provided to the employees. The employees want positive feedback for all the good performance they show. The study also identifies that the line managers are not well versed with HR related issues such as coaching, counseling, employee motivation; hence HR functionaries should help them in this aspect. PMS related trainings and workshops helps in increasing system effectiveness. There were some employees who perceive that the evaluator provides an unfair representation of employees’ performance, i.e., the ratings are unfair and biased, so they take performance management only because the system needs it. They have no faith on the importance of performance management system. However the study concludes that performance management yields measurable benefits on the performance of the employees by improving morale, quality of work and productivity.

According to the present research study it is identified that in both public and private sector enterprises, the employees at all levels understood the performance management system and perceived it as being valuable. However, there were apprehension that the if the performance management system was not regularly managed properly it could become an annual procedure rather than an ongoing process. Moreover, the change process in an organization seemed to become highly developed while the corresponding changes in appraisal and reward and recognition systems are not so developed. Thus, if the corporate objectives were not clearly aligned with motivational factors within the organization, the performance of the employees can decline. So there is a need for increased awareness in relation to developing suitable performance management approaches which stimulates the employees to give better results and attain desired outcomes.

The comparative view on Performance Management is, however, probably even more important for the practice of PM in the two sectors because it helps in mutual learning for both the sectors. The advantage of comparative studies is that one sector can track the development of other sectors. In the present study public sector can learn how to effectively design performance management system from private sector which can have a positive impact on the employee’s
performance. Public sector can also learn to associate rewards and recognition with performance from private sector, while private sector can learn how to address multiple stakeholders by providing right performance information and how to fulfill multiple goals.

In conclusion, the study can summarize that the performance management becomes not only a tool of identifying whether the employees’ behavior is aligned with the general strategic focus of organization, but also an important organizational tool to link employee activities and the goals of both public and private sector organization. It must be stressed that an effective Performance Management System makes sure that both the managers and employees understand each other expectation. Performance management is a holistic approach and process that is used to ensure efficient management of employees and team to achieve organizational goals and objectives. The implementation of a performance management system provides a space for intervention on poor performance and for rewarding good performance. It is also influenced by the organizational culture, management style, behaviour of employees, and other variables. There are also factors that serve as constraints to the successful implementation of a performance management system, and they include some of the following: the need for more time than allocated by organizations, insufficient resources and capacity, unstable phase in an organization, lack of management commitment, lack of proper training to the managers and lack of clear goals. The performance management process includes performance planning, performance review, performance measurement and evaluation, and performance feedback and outcomes, and it uses the outcome of the performance management system to intervene on poor performance by implementing proper developmental programmes and to reward good performance.

5.4 RECOMMENDATIONS

Organizations whether public or private require an effective performance management system. According to Kellen (2003) measuring uses by the organization include monitoring and controlling activities, driving organizational improvement, maximizing the effectiveness of the improvement effort, achieving alignment with organizational goal and objectives, rewarding and disciplining. Here is some of the recommendation to get an effective performance management in order to successfully achieve the company goals.
Employee commitment is an important concern as it will improve the employee performance. It also helps to build up morality among employees and will help employee became self motivated to do their job. Proper recognition of good performance is essential. The employees should be aware of the performance management system implemented in the organization which would help them to discover their potential. Employees should have good interpersonal relationships with their managers which will help improve their performance review.

The study has reviewed established similarities and differences between performance management systems in public and private sector enterprises in order to bring together instructions for future changes. However few modifications can be implemented in both public and private sector’s performance management systems to make it more effective. The suggestions can be as follows:

- It appears that respondents in both public and private sectors had different and various understandings of performance management. It is, therefore, recommended that the management must initiate adequate training regarding performance management and ensure that it is provided to all employees in all levels within the organization. This training will definitely improve the current level of understanding regarding performance management amongst employees. Such training is vital for the system to be understood in this context.
- Organizations should increase focus on improvement of defining duties and responsibilities as key result areas and skill requirements which provides the basis for strong Performance Management System. Lack of attention in defining roles can causes role conflict of the employees as well as overlapping of responsibility. So to reduce overlapping of responsibility, and to ensure the proper placement of right people on right place, clear role definition is essential.
- The gap between management and employees needs to be bridged, so that employees can view their management from a different perspective than they currently do. Their attitude towards management needs to be changed. It is also the management responsibility to
ensure that they assist employees to remove their negative perceptions and attitude towards them and the organization.

- Employees should be engaged in all decisions with reference to performance management. According to Nelson and Quick (2008), this will make people express themselves physically, cognitively and emotionally as they perform their jobs and their work roles and also creates a sense of belongingness among the employees towards the organization.

- Many organizations’ performance management system focus more on measurement rather than development. Emphasizing more on evaluation and expectation rather than individual development demotivates employees to put them actively in the process.

- Line Managers have to monitor and revise their mission as well as statement of objectives on regular basis to compare their goals with strategic goals of the organization.

- Managers should recognize that feedback has a great impact on the performance of employees, particularly negative feedback, generates negative effects. Many people feel that negative feedback motivates employees and encourage individuals to set development goals but it is not so in every case. there may be a innumerable reactions to negative feedback for which facilitators or coaches should plan.

- One performance appraisal program should not be designed to serve a numerous of purposes because it may be vague and results into failure. The solution is to separate assessment program should be designed according to the requirement for development of employees.

- The organizations need to carefully consider implementing change management because this will most probably address most challenges faced while implementing PMS in an organization. Implementation of the new PMS is major organizational intervention and change strategy, which requires some adjustment in other activities and practices within the organization. In order to ensure effective implementation of the organization’s Performance Management System, change management needs to be done. The organizations thus, require to design and execute change management interventions which includes management development programmes for line managers specially that focusing on Performance Management System. Compensation strategies for the Performance Management System should be designed after systematic discussion with
other key stakeholders in order to avoid resistance and negative perceptions. The organizations should endeavor to utilize resources at hand in designing and implementing the Performance Management System and aim to minimize the use of external consultants as this leads to lack of continuity, sustainability, ownership and consistency, and exacerbates resistance amongst employees.

- In order to implement performance management system effectively, a flexible PMS should be designed which can accommodate all employees at all levels. It further recommends that in order to improve effectiveness of performance management system amongst employees; well defined job descriptions needs to be aligned with corporate strategic plans
- Managers should develop a culture of appreciating the employees on their good performance, as praise is the thing that motivates people the most, takes so little time and costs nothing. No recognition or reward leads to the experience of injustice, and intervention is essential. The employees’ suggestions should always be considered.
- From the job description, planning is done and continuous observation done for continuous personal development and continuous performance improvement. After every three months, feedback, review and coaching should be done to enhance personal development and performance improvement. After a year, assessment should be done to reward performance and further personal development and encourage performance improvement.
- Suggestions for improvement include providing an opportunity to provide inputs and paying attention to differentiated pay as well as to recognize achievers and to differentiate appropriately between the different sections and their contribution to performance and to apply performance management consistently.
- There is a need for the involvement of managers, team leaders and their representatives to be fully involved while designing and implementation of the PMS to ensure that they meet the requirements and resolves in case any doubt arises. Performance Management System also requires skills that need to be developed among managers and individuals to be implemented in an effective manner.
- In order to maintain better performance, the organization should conduct some training programs to improve the Emotional Intelligence of the employees which in turn helps in
enhancing the performance of employees. It is supported by the study conducted by Satpathy, I. et al. (2011) who identified the relationship of emotional intelligence and work performance of executives. It was found that the performance appraisal process of banks itself need evaluation. High EQ is necessary for better performance in the banking sector. But, high EQ cannot be the only requirement for good performance in the job. However, will definitely reflect in dealing with the customers in day to day life.

It has also been identified from the present study that the majority of the respondents were in doubt about the need of the Performance Management System, which creates an inexhaustible search for the factors behind their uncertainty. It further focused on the critical role should be played by line managers, as it became obvious that the poor relationships between supervisor and subordinates originates from lack of trust which is a major issue to deal with. The Performance Management System is designed and implemented to excel the performance of the individual as well as the organization as a whole. The present system can be further explored to study the challenging issues and as a result some developmental measures that should be taken to change and develop the system. Future research needs to be done in order to identify the extent to which the PMS is implemented in all public and private sector enterprises in India and the challenges faced by different organizations to maintain effectiveness through the PMS. Furthermore, future research could explore about the skills required by the line managers that can improve the implementation of PMS and its overall impact.

In the present study public and private sector enterprises of bank, manufacturing, software and telecommunication industry are compared, however further studies can be conducted on other industries like power sector, oil and natural gas, railways, iron and steel etc. Since Performance measures are now extensively utilized within public sector enterprises, but there is a lack of facts concerning their worth. Hence it is still not clear to what extent performance measures help agencies to achieve the goals. So the study also recommends the future research to be conducted on the how and to what extent performance planning, performance review, feedback; rewards and recognition and performance improvement differ in public and private sector enterprises.