

Analysing the change towards a new performance management system at a multinational staffing firm

A research on whether the new performance management system of the Italian branch of a multinational staffing firm meet the wishes of the employees

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Preface

As one of the lucky four students, I had the chance to participate in the European Human Resource Management project of 2018. During this project I stayed in Riga, Gent and Bamberg and had the unique chance to do a two-month project in Milan. During the project I not only did the work that was meant for completing this internship, but I also collected data for my own master thesis. It made the EHRM project hard work, but the experience and the fun that was connected to it made it an amazing experience.

Upon returning from the EHRM project, the writing part for my master's thesis began. This has been an intensive year, where my path has not always been easy. Therefore, I would like to thank Roel Schouteten first of all for his skilful supervision, his belief in me and tremendous knowledge about the subject. I would have not been able to succeed without his help. His comments and guidance helped me improve my work up to this point. I genuinely enjoyed his personal supervision.

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Lastly, I would like to thank my parents and boyfriend, Martijn for the continuous support and love throughout the struggles of my thesis. They advised me when I was lost and were helpful conversation partners when I wanted to discuss my thesis. They were a great encouragement and motivation to finish.

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Abstract

There has been an increasing interest into the subject of performance management. However, the results show inconsistencies regarding its effectiveness (Biron et al, 2011). The execution of performance management systems does not always run smoothly (Harzing & Pinnington, 2015). Which means that performance management systems do not always reach their goals. The Italian branch of a multinational staffing firm also has a performance management system in place. However, it is not perceived as a strong performance management system and does not run smoothly. Almost half of the organization do not use the performance management system at all. The current system is not integrated with other HR activities and consist only of a performance appraisal interview. The directors of this company felt the need to change the performance management system in order to get real talent identified and rewarded. The Human Resource department thus remodelled their current performance management system.

Qualitative research was done to investigate whether the newly designed performance management system meets the wishes of the employees. A total of eleven interviews were conducted with twelve employees within the company.

The company named the new performance management system ITACA; the integrated talent and career approach. These facets are important for the company's new performance management system. Therefore, integration, talent and career are used as sensitizing concepts to give the researcher some guidelines in analysing the data.

The research concludes that the organization improved four out of five points that employees wished the organization would improve. The organization mainly focused on retaining great people, giving employees the tools and/or technology they need to do their job well, rewarding and recognizing strong performance and giving the employees a clear plan to achieve their career goals. By following the human resource management model (Boselie, 2014), all employees are included in the new performance management system. Upon reaching their goal the performance management system has a clear consequence. The employees either get promoted, get a merit increase or get a talent development package which will helps them to get promoted next year. On top of that, all employees will be evaluated in the same manner, because the managers will receive a training on how to evaluate their employees. The organization did not per se focused on attracting great people to work here.

Keywords: performance management system, integration, talent, career

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1. Introduction

1.1 Research motivation

The literature about performance management is very widely diverse and sometimes confusing (Brewster et al, 2016). The literature is also dominantly US-based (Brewster et al, 2016). There has been an increasing interest into the subject of performance management. However, the results show inconsistencies regarding its effectiveness (Biron et al, 2011). A relevant reason for the inconsistencies is that the terms performance management and performance appraisal are used interchangeably (Bach, 2000). Performance management is one of the most important areas of HRM policy and practice, which links corporate goals with rewards, improvement of performance and employee development (Sparrow and Hiltrop, 1994). Research in the U.S. has shown that organizations who have a strong performance management system in place are 51 percent more likely to outperform their competitors on financial measures and 41 percent more likely to outperform their competitors on non-financial measures (Briscoe & Claus, 2008). Non-financial measures can include employee retention, quality of products or service, or customer satisfaction (Bernthal, Rogers and Smith, 2003).

The execution of performance management systems does not always run smoothly (Harzing & Pinnington, 2015). Which means that performance management systems do not always reach their goals, resulting in discontent employees and their supervisors who use the system. Deming (1982) even argued that performance appraisals often have the opposite of their intended effect. If a performance management system is not used accordingly, evaluations of employees can cause anger, frustration and reduced levels of motivation instead of motivating employees to perform better (Harzing & Pinnington, 2015).

The Italian branch of a multinational staffing firm also has a performance management system in place. However, it is not perceived as a strong performance management system and does not run smoothly. Almost half of the organization do not use the performance management system at all. The current system is not integrated with other HR activities and consist only of a performance appraisal interview. The current performance appraisal consists of a singular form, which must be filled in by a manager during the performance appraisal interview. These interviews take place once a year and the interview should last about an hour. The performance appraisal form consists of three sections: targets, competences and feedback and development. Surprisingly, the current performance management system has no direct consequences for the employees. The managers should do these interviews, but there is no repercussion when they don't do these interviews. Also, there are separate systems in place for bonuses, incentives and promotions.

The company holds an annual people survey under their employees which aims at giving the company insight in what they are doing and where they need to improve. The annual people survey of 2017 has a participation rate of 90%. Of 1482 employees, 1340 employees filled in the survey. The worst ten items of the survey show the areas of improvement for the company. These areas of improvement are retention and attraction, tools and technology and career planning. Of these worst ten items, the Human Resource Department of the organization decided to focus on the five items below when designing the new performance management system.

- We retain great people
- I have the tools and/or technology I need to do my job well
- Strong performance is rewarded and recognized
- I have a clear plan to achieve my career goals
- We attract great people to work here

According to the company the most important opportunity for the organization based on the annual people survey is the following:

“The lack of confidence in the organization’s ability to retain best talents and the lack of a clear talent management are strictly connected; fixing talent management will help retain best talents.”

The directors of this company felt the need to change the performance management system in order to get real talent identified and rewarded. Employees should feel that the company is interested in them and therefore invests into their career development. The company needs diversified development paths that enhance different skills and that are aligned to the demand. The survey also showed that there is an interest of employees to continue working at the company. Many employees rank development and learning as top priorities which are desired to be changed. The company feels the need to focus on the development of the employees and their career in order to meet employees’ needs and retain them.

The HR department of this company reacted to the results of this survey by remodelling their current performance management system. The new performance management system was named ITACA; the integrated talent and career approach. The name of the performance management system already reveals the goal of the system. It will be designed in a way so that performance management is integrated with talent and career. The HR department of the organization emphasized the importance of these facets of the new performance management system multiple times. Therefore, integration, talent and career are used as sensitizing concepts throughout the entire research. Sensitizing concepts are guiding concept in other words. Thus, these concepts will provide the researcher with guidance and make sure that these concepts are questioned, researched and analysed.

Since the new performance management system was designed by the Human Resources Department, they do not know if this new system will meet the wishes of the employees. As follows, the question arrived within the company whether their newly designed performance management system meets the wishes of the employees.

1.2 Research objective

The research motivation of this thesis leads to the following research question:

“To what extent does the new performance management system of the Italian branch of a multinational staffing firm meet the wishes of the employees?”

1.3 Contribution

This study contributes to the scientific field of management science, which will be described first. Second, the practical contribution of this study will be illustrated.

1.3.1 Theoretical contribution

Firstly, the present thesis aims to contribute to the debate on HRM and performance management by assessing whether the new performance management system of the Italian branch of a multinational staffing firm meets the wishes of the employees. To do so, an explorative approach is used by conducting qualitative interviews with different employees of the organization about their wishes regarding a new performance management system. Although a lot of research has been done on performance management, performance appraisal and its link with organizational performance, no attention is focused on the importance of employee participation in the design of a performance management system. In addition, the study adds to the dominantly US-based literature (Brewster et al, 2016) about performance management since the research was done in Europe, Italy.

Before 1990, performance management was highly focused on the system and the content. The direct supervisor was the evaluator (Guest and Conway, 1998). Performance management was also mainly top-down before 1990, performance management was owned by the HR department and was associated with performance-related pay. However, after 1990, performance management changed. The attention shifted towards the underlying process, a cooperative evaluation by the employee and supervisor, performance management was owned by line management, 360-degree feedback instead of top-down evaluation and ultimately a substantial focus on employee development instead of performance-related pay (Guest and Conway, 1998). Although the performance management system of the researched

company is designed by the HR department, the wishes of the employees are investigated in order to incorporate them in the performance management system. As follows, the present thesis fills a gap by focusing on the participation of the employees when designing a performance management system.

1.3.2 Practical contribution

The present thesis will contribute to the company by giving them insight in the needs and wants of the employees. The Human Resource department of the company designed the performance management system without endorsement of the employees in the company. Doing individual interviews with several employees within the company will help the company gain more practical insight in what the employees experience to be valuable for a new performance management system. Also, the employees might be more honest and open towards an independent researcher than towards their management. The company will be able to incorporate the wishes of the employees in their newly designed performance management system.

1.4 Structure of the thesis

The thesis is structured as followed. The second chapter will describe the theoretical framework. This chapter is focused on defining the different important concepts of this research. Chapter three will describe the methods used during the study. Chapter four will elaborate the results found in the study. Finally, in chapter five, a conclusion will be given. The practical implications of the study and the limitations will also be presented.

2. Theoretical framework

This chapter starts with defining the concepts performance management and performance appraisal. Performance management and performance appraisal will be described separately, so that the terms will not be used interchangeably throughout the research. This part is concluded with a definition of both concepts to reduce inconsistencies in this research. Following this, integration with other HR activities and talent and career will be described shortly, because these facets are used as sensitizing concepts in the research. A description of the sensitizing concepts is helpful for the researcher in the continuation of the research. Some background information about the sensitizing concepts is favourable so that no time is wasted during the interviews in trying to understand these concepts. In order for the theoretical framework of this research to maintain a feasible scope for the theoretical framework of this research, the sensitizing concepts talent and career will be combined.

2.1 Performance management and performance appraisal

In this part performance management and performance appraisal will be described separately. Multiple articles are analysed in order to define both concepts.

2.1.1 Performance management

Performance management systems are mainly put in place to help organizations get the most out of their employees, by enabling them to operate at their best levels (Harzing & Pinnington, 2015). Simons (2000) defined performance management systems the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities.

Performance management can be seen as a high-performance work practice that can be used to inform, mentor, monitor and evaluate employees in order to accomplish organizational goals. Bundling of work practices is critical in high-performance work systems (MacDuffie, 1995). Performance management thus guides employees and inspires employee motivation (Boselie, 2014). Performance management could be seen as an intervention that can positively affect HR outcomes (Boselie, 2014). Especially employee motivation, organizational citizenship behaviour and organizational commitment can be positively affected by performance management. Briscoe & Claus (2008, p.15) defined performance management as “the system through which organizations set work goals, determine performance standards, assign and evaluate work, provide performance feedback, determine training and development need, and distribute rewards.” Performance management has been defined in other articles as a range of Human Resource Management activities through organisations wish to assess and develop their total competence, improve organisational performance and allocate rewards (Armstrong and Baron, 1998; DeNisi, 2000; Fletcher, 2001). Performance management can connect corporate strategy

and concrete employee interventions in the process of goal achievement (Boselie, 2014). Den Hartog et al. (2004, p. 556) explained that performance management 'deals with the challenge organizations face in defining, measuring, and stimulating employee performance with the ultimate goal of improving organizational performance'. Concluding, performance management can be explained as a wide range of activities that unites managing employee performance and enhancing overall organization performance (Boselie, 2014).

2.1.2 Performance appraisal

Performance appraisal is the fundamental process of a line manager who completes an annual report on the performance of one of his subordinates and reviews this with the employee in an appraisal interview (Erdogan, 2002; Fletcher, 2001). Performance appraisal is a subset (Briscoe & Claus, 2008) and key element (Festing & Knappert, 2015) of performance management. In summary, performance management is seen as the larger and integrated approach in comparison with performance appraisal (Brewster et al, 2016). Although performance appraisals form the important and larger part of performance management systems, performance management systems consist of various other activities. These activities include setting goals/objectives, providing feedback and motivating employees (Harzing & Pinnington, 2015).

The earliest approaches to performance appraisal were used during the First World War and focused on abilities of officers (Brewster et al, 2013). From the 1990s and into the 2000s, behavioural competencies and multisource feedback were incorporated into performance appraisal systems (Brewster et al, 2016). As a result, a broad range of different techniques and methods now exist for performance appraisal (Brewster et al, 2016).

There has been extensive research into performance appraisal. The execution of performance appraisal can vary greatly, especially when one adds different cultures, countries and background. The performance appraisal interview and process can have long-term effects on job satisfaction (Blau, 1999) and commitment (Cawley, Keeping & Levy, 1998). Performance appraisal is viewed as the key of performance management in western countries (Bai and Bennington, 2005). Purposes of performance appraisal vary per organization, but they commonly include compensation, individual development, legal risk management, promotion and two-way communication (Nakane, 1972; Ouchi, 1982; Staw, 1980). Performance appraisal systems are more easily accepted by employees if they are objective, based on job analysis, and based on behaviours that link with a specific function. Also, the results of the appraisal should be communicated to the employee (Malow, 1998). Secondly, the performance appraisal should be perceived as fair by the employees (Catano et al., 2007). Procedural fairness can be improved by letting employees participate in all elements of the process, when the process is consistent, when there is a formal channel to argue against the results of their evaluation, and when the process is

free of bias by the supervisor (Gilliland & Langdon, 1998). Reducing bias in the performance appraisal can enhance the effectiveness of the performance management system and also makes sure that everyone accepts the process (Briscoe & Claus, 2008). Participation by employees in the appraisal process is related to satisfaction with the appraisal process, desire to improve job performance, a bigger organizational commitment and the value that employees have for the appraisal (Cawley et al., 1998).

Briscoe & Claus (2008) state that there are several moderators which influence performance appraisal. These moderators are motivation, self-efficacy, affective regard and raters and ratees. The motivation of the manager on the one hand and the employee on the other hand is a crucial motivator (Briscoe & Claus, 2008). Next to that, the capability of a person being able to estimate his or her ability to perform a task is a second important moderator (Briscoe & Claus, 2008). Furthermore, how much a manager likes his employee can also have an effect on the performance appraisal outcome (Briscoe & Claus, 2008). Lastly, who is rating the employee can present rater biases (Briscoe & Claus, 2008). A person's nationality can already bias the rating (Ji & Karakowsky, 2001).

2.1.3 Defining performance management and performance appraisal

Performance management and performance appraisal are often used interchangeably (Bach, 2000). In order to reduce inconsistencies, a clear definition for both performance management and performance appraisal are sought-after. In conclusion, performance appraisal is a subset of performance management. The process of a line manager who completes and reviews an annual report on the performance of one of his subordinates is performance appraisal (Erdogan, 2002; Fletcher, 2001). Although performance appraisal is a large and important subset of performance management. Performance management consists of various other HR activities. Performance management can be seen as “a broad range of activities that create a bridge between managing employee performance and enhancing overall organization performance” (Boselie, 2014, p.173).

2.2 Integration with other HR activities

After the performance appraisal interview has been done, the outcome or the rating of the performance appraisal can be used for other HRM practices, especially reward and talent identification (Brewster et al, 2016). Employees will probably take the performance appraisal more serious when it is linked to rewards. Whether these are intrinsic or extrinsic rewards should depend on the employees' preference (Briscoe & Claus, 2008). In many organizations, the outcome of the performance appraisal is linked with salary or bonuses of the employee. Those organizations see the link between reward and performance appraisal as inevitable (Brewster et al, 2016). However, serious problems can arise when the outcome of the two are inconsistent (Brewster et al, 2016). An employee can be underperforming on the base of managing their subordinates, but still could have brought in significant large new business

for the organization. This could result in a poor performance appraisal, but he will still receive a bonus for the business this employee brought in.

It's possible to not only integrate performance management with reward and talent management, but also with other HR practices. Performance management is one of the five key high-performance work practices according to the analysis of 104 studies by Boselie, Dietz and Boon (2005). The key practices have to do with (1) selective recruitment and selection; (2) compensation and performance-related pay; (3) appraisal and performance management; (4) training and development; and (5) employee involvement. Posthuma et al. (2013) developed a taxonomy of high-performance work practices. According to the analysis of 181 articles by Posthuma et al. high-performance work systems integrates 61 distinct individual HR practices which were grouped in nine categories: (1) compensation and benefits; (2) job and work design; (3) training and development; (4) recruiting and selection; (5) employee relations; (6) communication; (7) performance management and appraisal; (8) promotions; and (9) turnover, retention and exit management. Pfeffer (1998) constructed a list of best practices in HRM. This list overlaps notably with the list of possible HR practices that can create a high-performance work system (Boselie, 2014). This list consists of (1) selective recruitment and selection; (2) extensive training; (3) performance-related pay; (4) teamworking; (5) information sharing and communication; (6) reduction of status differences; and (7) employment security. The different lists on which HR practices a high-performance work system should consist of does not vary greatly and have considerable overlap.

High-performance work systems can be built with well-integrated high-performance work practices. High-performance work systems generate high performance through synergistic effects on organizational success. This means that individual HR practices are “bundled” in order to create HR systems. These bundles of HR practices can together generate synergistic effects which in turn lead to higher performance. According to Boselie (2014) an optimal performance management system is a sort of mini high-performance work system, which is focused on goal setting, monitoring, developing, appraising and rewarding employees with the ultimate goal of increasing employee performance and achieving organizational goals. By aligning the previously mentioned individual practices, the ability to achieve individual employee goals and the overall business goals are strengthened. Individual goals and overall business goals are the guidelines for employee behaviour.

Pfeffer (1998) argues that when the seven best practices in HRM, which are outlined above, are applied, organizational performance will increase. The HPWSs' thesis builds on this by stating that individual practices can have a positive effect on organizational performance, but bundled, linked or integrated with each other these practices can have an even stronger effect (Kepes and Delery, 2007).

The AMO model argues that an HR system that pays attention to employees' interest will best serve organizational interests. According to the AMO model, people perform well when they are able to do so, they have the motivation to do so and their work environment provides the necessary support and avenues for expression (Boxall and Purcell, 2003:20). Thus, HR practices can be bundled to strengthen ability, motivation and opportunity (Boselie, 2014).

2.3 Talent and career

Next to performance management is talent management one of the most debated subjects in Human Resources Management theory and practice. Talent management is one of the fundamental topics in multinational companies (Paauwe, 2007). The word talent management suggests that talent is manageable, but what is talent? Thunnissen et al. (2013) made a distinction between talent as people and talent as characteristics of people. These are called the subject approach and the object approach. In the subject approach one concentrates more on valuable, scarce, inimitable and difficult to replace individual employees. In the object approach one concentrates more on the characteristics of the employee and not on the person itself. An additional distinction can be made between and exclusive and inclusive approach. The exclusive approach builds on the distinction between talent and non-talents. The inclusive approach builds on the belief that all employees possess talent in some way (Stahl et al., 2012). With these two distinctions of the subject and object approach and the exclusive and inclusive approach, four general talent management models can be made. These four general talent management models are found in figure 1.

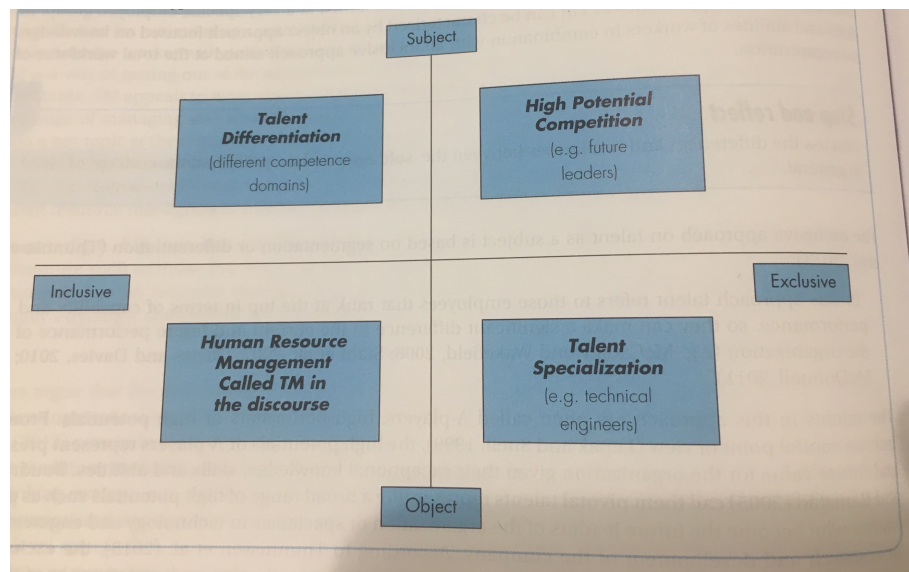


Figure 1 Talent Management models

As said before, the word talent management suggests that talent is manageable. Talent management is focused on the selection, recruitment, development, socialization, appraising and rewarding of talents (Boselie, 2014). Davies and Davies (2010) define talent management as “the systematic attraction, identification, development, engagement/retention and deployment of those individuals with high potential who are of particular value to an organization”. Colling and Mellahi (2009, p.304) define talent management as “activities and processes that involve the systematic identification of key positions which differentially contribute to the organization’s sustainable competitive advantage, the development of a talent pool of high potential and high performing incumbents to fill these roles, and the development

of a differentiated human resource architecture to facilitate filling these positions with competent incumbents and to ensure their continued commitment to the organization”.

Talent management is of strategic relevance for organizations. However, contextual differences between different organizations should be recognized (Stahl et al., 2012). Thunissen et al. (2013) expressed that in talent management there is no one-size-fits-all. Talent management is furthermore strategically relevant when linked to other domains of Human Resource Management, such as performance management.

Lepak and Snell (2007) made a distinction between peripheral employees and core employees. Core employees are of (financial) relevance for the organization and determine the success of an organization. Peripheral employees are employees that are of somewhat low (economic) value to the organization. These kinds of differentiations can have crucial negative effects on people. Peripheral employees can for example perceive injustice when core employees get facilities, trainings and other development opportunities when they don't. An excessive focus on HR investments for a selective group of employees could also have considerable negative effects on the organization as a whole. Employers have a moral obligation to develop all employees from a social legitimacy perspective.

3. Research methodology

This chapter will describe the research methodology of this thesis. First, a short background of the company is outlined. Secondly the research approach is explained. A qualitative research approach is used with interviews as research method. Thirdly, the data analysis is described. Finally, the research ethics concerning this research are expressed.

3.1 Company background

The organization researched for this study operates as a staffing firm. It offers temporary staffing service, permanent placement, workforce programs and workforce insight and innovation. It's a multinational corporation which operates in over 80 countries with more than 28.000 employees worldwide. The headquarter of this multinational corporation is based in the US.

The vision of the organization is to lead in the creation and delivery of innovative workforce solutions and services that enable our clients to win in the changing world of work.

The researched company operates in Italy and has over 1600 employees working at 230 different offices throughout Italy. The headquarter of the Italian branch is based in Milan, which is also where the research was conducted. The research was conducted internally from May until July 2018.

3.2 Research approach

To find whether the new performance management system meets the wishes of the employees of this organization, a qualitative research approach is used. Qualitative research aims to collect and interpret linguistic material in order to make statements about a social phenomenon (Bleijenberg, 2015). The collection of linguistic material is essential in this research, because the goal is to learn the wishes of the employees. The newly designed performance management system is not known to the employees yet. Thus, this research allows to study the employees' wishes before they are exposed to the new performance management system. Qualitative research gives more extensive and rich data, which is why statements about a social phenomenon can be made using less observations than with quantitative research. Moreover, respondents answer in their own words which makes it possible to learn the interpretation and meaning of the social phenomenon (Bleijenberg, 2015). This research allows for analysing experiences, opinions and wishes of the employees. No knowledge about what the employees think about the performance management system is known to the researcher beforehand. By doing qualitative research, the research strategy can be adapted during the research. This allowed the researcher to adapt to the findings during the research. As follows, an explorative approach is used when

doing this research. New information about the wishes of the employees regarding a new performance management system is explored. The interviews are analysed inductively.

The company named the new performance management system ITACA; the integrated talent and career approach. These facets are important for the company's new performance management system. Integration, talent and career are used as sensitizing concepts to give the researcher some guidelines in analysing the data. Sensitizing concepts are used to offer some guidance and make sure that the researcher will pay attention to these matters during the observation and the analysis of the data (Bleijenberg, 2015). These concepts were shortly described in chapter 2 to give the researcher some background knowledge about these concepts.

3.2.1 Respondents and procedure

A total of eleven interviews were conducted with twelve employees within the company. In one interview, two employees were interviewed at the same time. These twelve employees were selected by the Human Resource department of the company. They were chosen on the basis whether they were willing to do an interview of an hour with an intern in the organization and their ability to conduct this interview in English. All interviews were planned by the HR department of the company. The interviews took place in June and July of 2018. The interviews were also used for another project that took place inside the company from May until July 2018. The characteristics of the interviewees are found in the table below. The company divided all their employees in six job families: employee, professional, area manager, manager, principal and director. This division in job families was made with the making of the new performance management system in order to compare to other countries in terms of size and organization. They also divided all employees in three groups: staff, delivery and sales. The different job families and groups are explained in detail in chapter 4, results.

Open, semi-structured interviews are chosen in the execution of the interviews. Interviewees don't have to use the answers which are formulated by the researcher, which allows them to formulate personal answers (Boeije, 2005). Open interviews hence have the advantage to explore individual experiences of the interviewees. This is beneficial for this research, considering that the goal is to explore the personal wishes of the employees regarding a new performance management system. Semi-structured interviews are used, which mean that the questions were formulated before the interviews took place, but there is room for follow-up questions. The advantage is that the researcher steers the interview in a certain direction (Bleijenberg, 2015). The interview guides are found in appendix A. The operationalization of the interview guides will be elaborated in the next paragraph. The interviews were conducted in English. Voice recording were made during the interviews. The interviews lasted around 60 minutes on average and were transcribed afterwards. The interview transcripts are found in appendix B. In the interview transcripts, the company's name is censored. To research the wishes of the employees regarding a new

performance management system, the data from the interviews were analysed in an inductive way. The process of the data analysis is described in 3.3 Data analysis.

Name	Job title	Job family	Group	Date interview
Interviewee 1	Employee for prevention and protection	Professional	Staff	July 18, 2018
Interviewee 2	Operational Project Manager	Professional	Delivery	June 18, 2018
Interviewee 3	Recruitment consultant	Professional	Sales	June 20, 2018
Interviewee 4	Talent Expert	Professional	Staff	June 19, 2018
Interviewee 5	Training Manager	Area manager	Staff	June 19, 2018
Interviewee 6	Life Sciences Team Manager Experis Milano	Area manager	Sales	June 20, 2018
Interviewee 7	Corporate Account Manager Senior	Manager	Sales	June 28, 2018
Interviewee 8	Recruitment Development Manager	Manager	Sales	June 18, 2018
Interviewee 9	Head of Region Nord Ovest	Principal	Sales	June 18, 2018
Interviewee 10	Head of Corporate Accounts	Principal	Sales	June 27, 2018
Interviewee 11	HR & Legal Director	Director	Staff	June 27, 2018
Interviewee 12	Head of learnability & development Europe	Director	Staff	June 27, 2018

Table 1 characteristics interviewees

3.2.2 Operationalization interview guide

As found in Appendix A; Interview guides, four different interview guides were used during the execution of the interviews. The interview guide for employees was used for interviewees belonging to the job family employee or professional. The interview guide for managers was used for

interviewees belonging to the job family area manager, manager or principal. The interview guide for HR manager was used during one interview with the HR department. The interview guide for HR director was used for the interviewees belonging to the job family director. The interview guides ensure that all interviewees within the same job family are given the same set of questions. This increases the reliability of the data collection.

The choice was made to create four different interview guides to unmask the differences between the intended HR practices and actual HR practices and whether these matches the wishes of the employees. Although the predominant part of the interview guides were similar, the interview guides of the HR manager and HR director were more focused on the reasons why the organization changed the performance management system and the interview guides of the employees and managers were more focused on what facets they would like to see in the new performance management system and where their frustrations were regarding the old performance management system. The interview guides were made with the help of the sensitizing concepts. The themes that were questioned during the interviews in relation to the three sensitizing concepts are outlined in the next three paragraphs.

Regarding integration, the interviewees were questioned about what the organization did with the outcome of the old performance management system. The interviewees were questioned whether the outcome was used in other HR systems. Also, the interviewees were questioned regarding ability, motivation and opportunity practices. The interviewees were questioned which trainings they attended and how they could develop themselves after the performance appraisal. They were questioned whether the performance appraisal had some outcome for them in terms of payment. And lastly, they were asked what they wanted to include in the new performance management system to make them feel included.

Regarding talent, the interviewees were questioned about what competencies the managers evaluated them on. In addition, the interviewees were asked how they could develop after the performance appraisal. Also, they were questioned whether they saw value in putting more emphasis on soft skills in the evaluation of employees.

Regarding career, the interviewees were questioned about what the consequences of the performance appraisal were for their job and what they hoped will be different in outcome with a new performance appraisal. They were also questioned about how managers handled good or bad results.

3.3 Data analysis

In the process of qualitative data analysis, the data are interpreted and given meaning by the researcher by labelling fragments with codes. The process of the data analysis is explained hereafter.

The transcribed interviews of all interviews are coded using an inductive coding method. Little was known about the possible answers for the research question beforehand, so exploratory research was conducted. It has the advantage that no misconceptions are made before analysing the data. The researcher has no theoretical expectations beforehand (Bleijenberg, 2015). To give some guidelines, sensitizing concepts were used in analysing the data. Integration, talent and career are the three sensitizing concepts. All text concerning either of these three sensitizing concepts is certainly coded.

The starting point of inductive coding is that you start coding relatively close to the data (Boeije, 2005). The inductive coding process consist of three steps: open coding, axial coding and selective coding. In the first step, open coding, the interview transcripts are read through several times and are given labels with concepts that are used in the text itself. Each fragment can get several labels assigned to. An explorative approach was used during this research. Open coding helped the researcher in articulating thoughts into labels that were relevant for this research. The next step is axial coding. During the process of axial coding the codes within the same labels are compared with each other. During this step it is possible to change or adjust the codes that are labelled during the first step. It is an iterative process, meaning that the codes are constantly adjusted, added and deleted. During the process of axial coding connections between the open codes are examined and categorized to themes (Bleijenberg, 2015). The process of axial coding helped the researcher with reducing the enormous amount of literal data and discover the essential data for answering the research question. During the last step of selective coding fragments with the same themes are compared internally. This allows the researcher to find patterns in the social phenomenon (Bleijenberg, 2015). Selective coding helped the researcher to identify connections and relationships. Finally, the extremes of the data are closely analysed and identified whether they are reason to question the found results. The process of coding was done by using different marking colours in Microsoft Word.

In chapter 4, results, the three steps of inductive coding are described in detail. The themes are presented, and the code tree is formed. Before that, the research ethics concerning this research are expressed hereafter.

3.4 Research ethics

The researcher worked internally in the company for the period of two months in May until July 2018. For this thesis, interviews were conducted under employees of the company. The employees were selected by the Human Resource department of the company. The interviews were also planned by the Human Resource department of the company according to the agenda of the interviewees. The interviewees were informed by the Human Resource department about the goal and duration of the interview. Before the start of an interview, the interviewees were asked whether they consented in the fact that the interview was recorded. Anonymity and confidentiality were guaranteed before conducting the interviews. The researcher also gave a more extensive explanation about the goal of the interview and made the interviewees feel comfortable to be able to share everything without them being afraid that their thoughts will be shared with the Human Resource department with their names.

4. Results

In this chapter the results of the study will be described. The main goal of the study was to investigate to which extent the new performance management system of the Italian branch of a multinational staffing firm meets the wishes of the employees.

The research was done using an inductive approach. During the process of coding the codes were formed. Integration, talent and career were used as sensitizing concepts during the process of coding, because the designed performance management system by the company was named ITACA; the integrated talent and career approach. The three sensitizing concepts give a possible guiding theme for the research, since the course of the study was not known beforehand. The sensitizing concepts help in the process of coding. Fragments that are related to these three sensitizing concepts are surely coded.

The first step in coding was that all text was highlighted which was distinctive for the contents of that fragment. All fragments were marked with a label that appears in the text itself. The research question was always kept in mind during the process of coding. Only text from the interviews that seemed relevant for answering the research question were used.

The next step in coding is that these labels were compared, and connections were found between these labels. Several themes were distinguished from these labels. Appendix C shows the development of the themes. The first set of themes were identified, because they seemed relevant for answering the research question or they contained one of the three sensitizing concepts. In the second set of themes, the labels competencies, coaching and training are combined, because they contained too little information in itself. Also, a new theme emerged from analysing the data again.

The last step in the coding process is that the codes belonging from the same theme were compared with each other in order to recognize patterns in the social phenomenon. During the last step, some of the themes were combined to reduce the material and put more focus on answering the research question. The final themes that were found are career expectations, defined by corporate, link with other HR systems, interpretation and role of the manager, talent management, feedback, motivation & engagement and frequency and length and impact HR activities. However, since the last theme contained too little information, all text that was coded under this theme was recoded to another subject that also fit the fragments. This resulted in the final codes found in appendix C.

To answer the research question thoroughly, the results are presented in two parts. In the first part, the old and the new performance management system are described. In the second part the wishes of the

employees concerning a performance management system will be described. Consequently, the research question can be answered with the collected data.

4.1 The changes in the performance management system

To show the changes in the performance management system, both the old and the new performance management system are described. First, the old performance management system is described in detail. Secondly, the new performance management system is described. The second part is supported by quotes from the interviews. All codes are used in this section, but the codes defined by corporate & old system and frequency and length were solely used in the description of the new performance management system, because these codes only give information about the old system and not about wishes of the employees.

4.1.1 The old performance management system

Before the new performance management system will be described, it is essential to describe the old performance management system. As was described in chapter 2, theoretical framework, performance management can be viewed as a vast range of activities that connects managing employee performance and enhancing overall organization performance (Den Hartog et al, 2004). Performance management is seen as the larger and integrated approach in comparison with performance appraisal (Brewster et al, 2016). However, the researched organization only worked with a performance appraisal. The performance management system consisted of a form which needs to be filled in by a manager for all their direct reports. There are five different forms for five different types of employees: operational, professional, branch manager, manager and executive. Apart from the competences mentioned in the form that this type of employee is evaluated on, the rest of the form is exactly the same for every type of employee.

The form consists of three sections: targets, competences and feedback and development. In the first section the operational targets for the evaluated employee with their deadlines will be written down. After each target, the manager can indicate a rating from 1 to 4. The definitions of the ratings for the entire form can be found in the table below.

Rating	Definition
4 = outstanding	The performance is exceptional / clearly exceeds expectations
3 = proficient	The performance fully meets the expectations / is a solid performance
2 = developing	Performance is partially in line with expectations
1 = unsatisfactory	Performance is clearly below what is expected

Table 2 definitions ratings

In the second section, a set of 10 competences will be rated. The competences that are rated per employee type are listed below. The order of the competences is changed so that clear overlap is exposed. Each competence is given a rating from 1 to 4. There is some open space to describe top performance and missed opportunities.

Competences					
Type of employee →	Operational	Professional	Branch manager	Manager	Executive
	Accuracy	Authoritative	Authoritative	Leadership	Leadership
	Initiative / pro-activity	Involvement	Involvement & HR Management	Organizational integration	Thought leadership
	Client focus	Client focus	Client focus	Client focus	Market & client focus
	Effective communication	Effective communication	Effective communication	Effective communication	Effective communication
	Flexibility	Change management	Change management	Change management	Change management
	Collaboration / teamwork	Overview	Collaboration / teamwork	Overview	Systemic vision
	Analysis and resolution of problems	Problem solving	Problem solving	Problem solving	
	Internal / external customer orientation	Organizational integration & customer orientation	Internal / external customer orientation	Customer orientation	
	Results oriented	Results oriented	Results oriented	Results oriented	Results oriented
	Disciplined execution	Disciplined execution	Disciplined execution	Disciplined execution	Disciplined execution
				Resilience	Resilience
				Talent development / retention	Talent development / retention

Table 3 competences per employee type

The third section is dedicated for feedback and development. The first sections show the overall ratings and the following section makes room for the personal development plan of the employee. Areas of improvement are written down first. Next, the development activities which are required by the appraiser are written down. Future professional aspirations are written down next. It also gives the employee the option whether they are willing to move in order to grow professionally.

The last three pages of the performance appraisal form contains a detailed explanation of the different sections and how to fill in the form for the appraiser. The old performance appraisal form for operational employees is found in Appendix E. Only the performance appraisal form for this type of employee is added, because the performance appraisal forms for the other types of employees are exactly the same with the exception of which competences are written on the form. The form is added original, thus in Italian and the company's name is censored.

4.1.2 The new performance management system

HR indicated that the company is moving towards the new performance management system for two important reasons. One reason is because the company has to follow some rules imposed by the headquarters of the company. The other reason is to create more engagement of the employees to their job. This is described in the following quote.

“We are moving to the new performance appraisal for two kind of reason in my opinion. One reason is company reason, the reason Francesca explained to you, because at every, in every country we need to update the way to evaluate people, because there are different mindset to be effective of the market. But, specifically in Italy, if I think Italy, there are other reasons, additional reasons. And the most important of this is to recreate, I would say, a real engagement in our people, to their job.” (Appendix B, interviewee 5)

The reason why the company wanted to focus on engaging their people more is because this was one of the outcomes of the annual people survey. The company gives the employees a chance to deliver their feedback anonymously in the form of an online survey. This survey is sent out every year and has a very high response rate. In 2017 this survey had a response rate of 90%. The results of the survey give the company a clear indication which topics needs some attention within the company.

The ten worst items from the survey showed the company that they need to focus on retention and attraction, tools and technology and career planning. The results of the survey are found in appendix D. Here, the name of the company is censored. The company has decided to focus on five items from the worst ten items when designing a new performance management system. These items are mentioned in chapter 1.

The organization invented a new performance management system to improve the above five items. The new performance management system was named ITACA; the integrated talent and career approach. The Italian branch is part of a multinational company. The company is in the middle of a transition towards more standardization in the company. The following quote indicated the transition to standardization in the company.

“So, what I’m trying to do is to leverage and to develop common approach to go to standardization. Even though sometimes standard means not very nice, it’s not a nice word. But for me, standardizing means having the common approach, being sure that we are dealing, and we are giving people the same tools, we are giving the same knowledge, the same opportunities, so when we go to cross countries opportunities, we are all comparing more or less the same thing.” (Appendix B, interviewee 12)

The basis for the performance management system is a competency framework model, the leadership success model. The leadership success model represents the values and strategy of the organization. The leadership success model was invented by the headquarters of the organization. Global headquarters made the leadership success model mandatory to use for every subsidiary in every country to align their global strategy. It consists of 8 competencies namely: Client, Thought Leadership, People Leadership, Results, Solution Mindset, Disciplined Execution, Collaborate to Win and Unleash Human Potential. The meaning of the eight competencies are listed in the table below.

Client	The competency ‘Client’ trains on evaluating the conversation with clients and ensures that the organization delivers innovative workforce solutions that help their clients win in the Human Age ¹ . The package supports the collaboration to build a strong, differentiated, and connected brand to diversify the business and increase revenue and profit. It leads and inspires people to consistently deliver the organization’s experience to differentiate them with clients and candidates.
Thought leadership	‘Thought Leadership’ promotes to engage in speaking opportunities that demonstrate the deep knowledge of the world of work, builds peoples brand and increases their share of voice. It ensures people have the capability to translate thought leadership into relevant insights and sales wins with clients. It trains on the collaboration with key stakeholders and governments to influence employment systems to align with current and future world of work needs.

¹ The company calls the current economy where human talent the distinguishing factor is the Human Age.

People leadership	The competency 'People Leadership' builds a collaborative organization and culture that enables fast and efficient client delivery. The talent development package supports to inspire and lead a purpose-driven organization where its people are engaged and committed to deliver above market results. It aims to attract and develop diverse talent with the right capabilities to deliver the solutions the clients need.
Results	The competency 'Results' ensures that everyone executes in a way that is aligned to the organization's vision, strategies and values. It drives accountability to execute annual plans to deliver above-market performance, improve efficiency and higher profit margins. It prepares to identify and seize opportunities that sustainably accelerate the organization's growth and/or efficiency.
Solution Mindset	'Solution Mindset' aims to take an outside-in view, understands the external market forces and world of work trends to deliver innovative solutions and improve efficiency. Also, it trains on using a consultative approach and prepares to ask questions to gain insight and understanding before collaborating on a solution. Furthermore, it expands the thinking to consider new opportunities, examining a variety of alternatives to achieve a goal or provide a solution. Lastly, it embraces and manages risks associated with solutions, engages others that have the expertise to create informed judgments, so that the right outcomes are achieved.
Disciplined Execution	This competency translates strategy into plans and specific actions, it creates systems to monitor progress and adjusts actions as needed to deliver results. It aims to communicate clear priorities and expectations to the organization, including clear decision-making frameworks. This package prepares to set performance standards aligned to the organization's overall goals, measures progress, provides coaching and feedback, while holding people accountable for their results. It trains on setting and meeting deadlines, delivering on commitments, and also it reinforces those behaviours in others.
Collaborate to Win	The competency 'Collaborate to Win' trains to create dialogue in order to ensure a common understanding and alignment to goals and keep people focused on the targeted outcomes. One learns to effectively listen to seek different perspectives, openly share ideas and consider all perspectives before developing solutions. It prepares to embrace conflict, respectfully share concerns and strive to find agreeable outcomes. It aims for a global

		collaboration to leverage expertise, best practices, frameworks and processes from across brands, geographies and functions to drive efficiency or speed of delivery to the clients. Also, it encourages and teaches others to collaborate and build a strong culture of collaboration.
Unleash potential	human	The talent development package ‘Unleash Human Potential’ develops on sharing one’s passion for what he/she does, leveraging storytelling and engaging in rich dialogue to inspire the commitment to the people of the organization to their vision and credo. It elevates people’s behaviours, motives and capabilities, and coaches them to higher performance. The package provides people with challenging work and development opportunities that build skills and engage people. It trains in sharing insight, collaborating with people and ensuring others know how to be successful. Furthermore, it ensures behaviours, choices and decisions consistently to support the organization’s values, brand attributes and ethical standards.

Table 4 definitions competencies

The leadership success model will be used in the new performance management system of the Italian branch. By using the leadership success model in their performance management system, the company is trying to align with other countries. In the following quotes, two employees talk about applying the leadership success model.

“The leadership success model yes is designed by the US, when thinking about the performance. Now with the new CIO, leadership success model needs to be, is mandatory for every country. Our new CIO wants that every country works in the same way with the same mindset.” (Appendix B, interviewee 5)

“Global decided to apply the LSM at the global level, not only for the top tiers of the organization, but also for every level of the organization. So, somehow this was a... now it is compulsory.” (Appendix B, interviewee 11).

The first step in structuring the company was to create job families which cluster all the different job titles used at the organization under six job families: employee, professional, area manager, manager, principal and director. The meaning of the six job families are listed in the table below.

Employee	Carries out specific tasks with limited or no operational autonomy
Professional	Carries out specific tasks with operational autonomy Reports to an Area Manager and/or a Manager

Area manager	Manages the staff of simple structures or part of the staff of complex structures
Manager	Executes strategies with a high level of autonomy, manages or coordinates other employees in a hierarchic or functional report
Principal	Executes strategies and reports to a Director and is responsible for complex structures; or reports to the Country Manager and is responsible of structures with significant strategic impact on the business
Director	Defines company strategies for the Business Line (Business Line Director) or complex staff structures (Staff Director), reporting directly to the Country Manager

Table 5 definitions job families

All employees are also clustered under three groups: staff, delivery or sales. Each employee thus belongs to one job family and one group at the same time and the combination can differ. The meaning of the three groups are listed in the table below.

Sales	Sales is mainly working externally. These are the employees that do the negotiations with the clients and attract new clients.
Delivery	Delivery is the service within Manpower. People operating there are selecting the candidates for the clients. Besides that, they do the contracting and basically work for sales.
Staff	Staff is the support of the core business that works in the headquarters of the organization.

Table 6 definitions groups

Creating job families and groups is done so that they can compare to other countries in terms of size and organization. There were more than 200 job titles within the organization, mostly in Italian, which made it difficult to compare. The following quote explains the reason for creating job families and groups.

“We are working on having a common job mapping, so that we can compare each other in terms of size and organization.” (Appendix B, interviewee 12)

The eight competencies of the leadership success model are transformed into talent development packages. Within these talent development packages there are three types of learning for the employees: digital learning, traditional in-classroom learning and behavioural development. The company wishes to change the performance cycle to six months instead of one year. On top of that they will change the beginning of the cycles to January and July, because these are also the months in which the promotions are given in the organization. After a half year the employee will get an appraisal interview with their

manager. When the employee completed the digital courses and the in-classroom courses with success and their manager evaluates the employee good enough, the employee will move to the next level. The performance management system will give each employee a level (beginner, intermediate or advanced). Within this level, the appropriate trainings will be made available for employees. One goal of this performance management system is to identify successors in the organization and prepare them accordingly.

“... and you see the impact on career, there is a clear declaration that careers will be driven by the performance appraisal” (Appendix B, interviewee 11)

One of the most difficult challenges for HR was to design the performance management system in a way that behaviour of employees became measurable. Making the expected behaviours measurable makes sure that performance appraisals of employees will be comparable and objective. The eight competencies that are already described are too vague to evaluate and thus the company needs to express these in measurable expected behaviour. In the following quote that difficulty is expressed.

“The third challenge in designing the performance management system was to translate competency into a behaviour or into an expected behaviour, so that the description of the behaviour could itself become measurable and guide the performance appraisal.” (Appendix B, interviewee 11)

In the old performance management system, there was too much freedom left to the knowledge of the manager. The organization wishes to align the performance management system more in order to treat and evaluate everyone the same. In trying to deal with the difficulty to make the outcomes of the performance appraisals more aligned, the organization will give a training to the managers to explain the new performance management system and recap management skills. During this training it will be made clear on how to evaluate employees and what the scores (one through five) mean exactly and how the employee should behave in order to reach a certain score.

“We are trying to, I would say, respond to some objections in the old performance, which talks about some personalization in performance, because the performance is where too much left to the knowledge of the manager, okay? And obviously if my manager says to me a goal, but this goal is not the same of another employee in my job family, obviously there is something that is not comparable. So, at the same time, this new performance appraisal wants to give people more help to be analysed in the proper way and to be treated in the same way throughout Italy.” (Appendix, interviewee 5).

The new performance management system will also be explained to all offices in person. They will visit the regions and explain to the managers why this system was made in this way and why it is important

to use. Also, the managers are explained how the scores work. There needs to be a clear understanding what each score means and how an employee can get this score. This will result in comparable results.

“The important thing is to have a clear understanding that rate 4, and rate 5 and rate 1.” (Appendix B, interviewee 11)

The employee is evaluated after the performance cycle of six months. It is possible to skip a level when an employee is doing an outstanding job. After the employee passes the advanced level with good results, they will move to a higher job family. Thus, an employee will move to a professional. They will get a promotion.

A clear improvement in the new performance management system is that employees will have to define their ambitions for the upcoming years.

“... so, you have to define clearly what would be your next step. What would you like to do next year, in two years, in five years?” (Appendix B, interviewee 9)

Top management of the organization realizes that they will have to give their employees international opportunities in order to grow and retain talents.

“So, it means that we are going into a more centralized model where even small countries have their opportunities. To foster that I need to share talents across the regions. If I retain them in my organization, I don’t need them just to grow, I lose, a risk to lose them, because they have no international opportunity and I think for your generation.” (Appendix B, interviewee 11)

“According to the outcomes of the programs themselves. The higher you go in the organization, the bigger opportunity you have in terms of cross-countries and international exposure as well, because it will be useful for people.” (Appendix B, interviewee 12)

The main goal is to link the performance management system with talent and career in the organization. The HR department wants the performance management system to be the key to everything. In the new performance management system, the organization would like to show that the system has a consequence. These consequences in the new situation can be: you get promoted, you get a merit increase, or you get a talent development package which will help you to get promoted next year. The employees will know better in which competencies they will have to develop in order to grow in the organization.

“We want to anticipate, because what we want that our people perceive is okay even if I don’t receive, or I haven’t yet received an extra amount of salary or even if I haven’t moved to another position.” (Appendix B, interviewee 5)

“. . . and show that the performance management system finally has a consequence. And the consequence is: you get promoted, you get a merit increase, you don’t get promoted, but you get a talent development package that can support you to get promoted next year.” (Appendix B, interviewee 11).

Furthermore, the company indicates that they would like to create a feedback culture within the company and highlights following up with their employees. The following quote shows this.

“Performance appraisal is something that shall engage people, in good and bad. . . . But to do that you have to train people; you have to create a feedback culture uhhh and you have to follow up with people and show that the performance management system finally has a consequence.” (Appendix B, interviewee 11)

Be that as it may that creating a feedback culture is hard within this company. The managers and employees are closely related to each other and speak about their private life almost every day. This makes giving objective feedback harder. The following quote indicates this difficulty.

“But it makes a feedback more complicated, because you have to give an objective feedback to people with whom you are subjectively involved in.” (Appendix B, interviewee 11).

HR indicated that the company culture needed to change in order to engage people to work with the new performance management system. The most important reason is because they want to create a big group of people working together in the company and not a separate group of managers and a group of employees who feel disconnected. It is essential to re-motivate and re-engage the people working in the company for using the new performance management system.

4.3 Wishes of the employees

The final codes that are used for the wishes of the employees are integration with other HR systems, talent management, career development, interpretation and role of the manager, feedback and motivation and engagement. These codes contained the most relevant information about the wishes of the employees. The results are also presented in this order, because the first three codes have commonalities with the three sensitizing concepts integration, talent and career.

The codes defined by corporate & “old” system and frequency and length were only relevant for analysing the old performance management system and which matters were required by the corporate headquarters of the organization. These two codes are therefore not used in describing the wishes of the employees.

4.3.1 Integration with other HR systems

Employees are frustrated because of the fact that if they had a good performance evaluation, there is no consequence. They receive no extra benefits after good results.

“So, I try to explain more. If someone told me, so this is your evaluation and then if it’s good, you will have this in your life, another thing or you have more money at the end of the month, or you have some benefits. And they don’t give me back anything, I could be frustrating, okay?” (Appendix B, interviewee 1)

However, managers who do want to give some employees extra benefits like an increase in salary or assigning that employee to an important project, they could always be denied by the HR or Finance department of the company. This was partly because the managers were not aware of the available budget that was assigned for increases or projects.

“I can manage the excellence by a promise of job advancement, or a salary increase or committing him/her to a specific important strategic project. In any case, I was not sure of the effective possibility to do it. Even if I had the power to do it. But I could be denied by other department, like HR, like Finance, like other directions. And so, in this case, the manager needs its credibility and reliability.” (Appendix B, interviewee 2)

Whenever employees wanted to apply for an internal job opportunity, the managers had to fill out another evaluation form about this employee for the HR department. This evaluation form was similar to the performance appraisal form. The managers see this as double work and unnecessary, since the right information is already available in the performance appraisal forms. There is also a separate incentive and bonus system in place for employees.

“The appraisal report can be used by the human resources department to fill the talent inventor model. But the line manager must fill out other evaluation forms again to describe his employees to the HR department. We must fill another model, the talent inventor, with the same information.” (Appendix B, interviewee 2)

The performance management system ended with an evaluation. The output of the performance management system was a piece of paper which was to no use for the employees. The employee could be the best of all employees and receive a very good evaluation, but this was no guarantee that the employee will receive something from their manager. No tools were given to the employees to develop themselves in any way. There was no link with the talent development program in the company.

“And, at the same time there aren’t any linked with the talent development program. It means new, the old performance appraisal finished only in evaluation. And this, that was the result.” (Appendix B, interviewee 5)

“Once performance demonstrates very good performance of an employee, it was used by the manager to leverage his request for an action in, for the employee. But there weren’t an automatism, I would say, you could be obviously the best performance, okay, the best performer, but this wasn’t the assurance for receiving some action from your manager.” (Appendix B, interviewee 5)

The managers in their turn also missed the tools or rewards to use to recognize and reward talent. They missed the last step in the performance management system.

“But at the end the manager has not a tool to recognize, to demonstrate that the person is developing or is doing a great job. I think there is not last, it misses the last step.” (Appendix B, interviewee 8)

The employees hope that the performance management system will be linked with other HR systems. This doesn’t necessarily mean in terms of salary or promotion but could be training or development as well.

“Okay, once again, the important thing is that the appraisal has to open a book, not to close one. So, this is how I see it. So, the appraisal is something that has to trigger something else. And it has to trigger something that can be training, but it can be as well something else.” (Appendix B, interviewee 9)

In brief, the biggest frustration of the employees on the area of integration is that the old performance management system had no clear consequence. The employees have a performance appraisal once a year, but the performance appraisal had no outcome. In other words, the performance management system consisted of a mandatory performance appraisal, which had no consequence when it was done and was often not even done at all.

Another frustration of the employees of integration that they talk about their ambitions within the company in a performance appraisal, but whenever they certainly wanted to apply for an internal job

opportunity, the manager had to fill out another form about the employee for the HR department. This resulted in duplicate work, because the needed information was already discussed during the performance appraisal.

The organization works with a separate talent development program, a separate incentive and bonus system and a separate system when applying for internal job opportunities. Each system has different ways of working and they are not integrated. This results in a performance management system with no consequence, which is one of the biggest frustrations of the employees.

When comparing the wishes of the employees on the area of integration with other HR systems to the changes in the performance management system, the organization not entirely meets the wishes of the employees. The willingness of the organization to integrate with other HR systems is present, because the company changed the performance management cycle from from March to January and from September to July. Owing to this, the months when promotions are given, and the evaluations are done are aligned. Furthermore, the organization aligned the talent development program and the performance management system. The employees now receive specific talent development packages based on their evaluation in the performance management system. However, the organization still works with a different incentive and bonus system and a separate system when applying for internal job opportunities.

4.3.2 Talent management

The annual people survey asked their employees what they found a top priority for change in the organization. Of 1430 respondents, 830 answered this open question. The top five comments with number of times this was said are listed below. The outcome of the annual people survey of the company shows that the employees find (when combined) learning and development a top priority for change. Reward is also considered a top priority for change. This outcome shows that employees value learning and development to a high degree.

Item	Number of times cited
Reward	101
Processes	92
Development	89
Tech & tools	83
Learning	80

Table 7 Top comments on top priorities for a change

Employees find the performance appraisal a valuable moment to analyse where they should improve their skills and possibly also propose specific trainings. It is a moment where the managers have the

room to assess which skills of the employees could be improved and how. They can evaluate the strengths and weaknesses of the employee and which could be improved in order to obtain better results on the job. The managers can think together with the employees and consider whether for example changing roles or job in the company would be more suited for the employee. The following quote is a good example of the value employees see in a performance appraisal with regard to talent management.

“The performance appraisal represents a great opportunity to analyse your improving areas and to propose training courses to improve your skills. For me, for me manager, is an important time to give a feedback and to train my coaching capabilities.” (Appendix B, interviewee 2)

The difficult part about the performance appraisal is that there is no list of options for the managers to give to the employees that matches the need of their development. There are no tools or trainings available at the moment. In the following quote, an employee describes this difficulty.

“We decide to work on a competence, on a specific skill and we decide to something together, or something in, on ummm their own to try to develop this competence. The most difficult thing is to have to have a tool, to have a list of choices to match the need. So, often we decide to do something with our fantasy, with our... On the job. There is not a training or....” (Appendix B, interviewee 8)

However, one manager also indicates that he/she would value training on managerial skills. A lot of employees within the company grow into the role of a manager without a real background of managing. Managing people is considered one of the most difficult skills. The following quote represents this desire.

“It would be useful to have some support, like training. ... This is something that could be useful for us. Because sometimes you just step into a role, a new role and you don't really know how to do it.” (Appendix B, interviewee 6)

Another manager emphasizes the significance of evaluating the right characteristics of employees that are needed in the company. These characteristics, skills and values should harmonize with the company values. Those are the skills that will make an employee perform well within this company. The employees should be given specific paths in order to develop the skills that they are lacking, improve their strengths and minimize their weaknesses. These specific paths should provide for employees who are able to take on the next role in the organization. The following quote represents his desire for a specific path.

“And, then you need to give people specific paths in order to develop the skills that they are lacking or to improve the strengths and minimize the weaknesses in order to make them capable of taking my role in 2,3,4,5 years.” (Appendix B, interviewee 9)

The value of reskilling employees and being flexible is also mentioned.

“Uhm, there is a big distance from the headquarters and so training is the way to stay very close to people and to make people understand that they are important.” (Appendix B, interviewee 7)

To conclude, the employees highly value the performance appraisal with their manager. It is not only a moment where the employees can talk about their ambitions, but also evaluate their competences and discuss which competences they need to improve and how.

Although the employees want to talk about which competences they need to improve with their managers, there are no tools or trainings available at the moment. When employees decide to work on a specific competence, they will need to create a way to do this with the help of their manager. There are no standard trainings or tools available to strengthen competences that are requested by the organization.

When comparing the wishes of the employees on the area of talent management to the changes in the performance management system, the organization meets the wishes of the employees. The organization defined eight competences which are required by the organization which harmonize with the company values. All employees will receive talent development packages corresponding to their level in which specific online trainings will be assigned to the employees in order to strengthen their competences.

4.3.3 Career development

The employees see the performance appraisal as a good opportunity to talk about their ambitions and talk about what they are willing to do for their career. Employees see the value for using a performance management system and having that career conversation with employees. It's an important moment to listen to a person and their ambitions and problems and a good moment to develop them.

“It is the time to have a career conversation, and to explain to your boss your next ambitions and to show availability.” (Appendix B, interviewee 2)

Employees who have higher functions in the organization also see the value of a career conversation. However, it is said that they talk about this subject with their employees more outside of the performance management system than within.

“I’m spending a lot of time in defining career process I would say for the people, so I spend a lot of time outside of the performance appraisal. . . . And just give me the opportunity to talk about performance and career expectations or development, very often, more often than the performance review system.”
(Appendix B, interviewee 10)

The employees see no direct consequence of the performance management system. They are having an appraisal interview with their managers, but don’t see something happening after.

“There is no correlation between what I’m writing uhm, writing on the form and what happens then, what happens later.” (Appendix B, interviewee 1)

This lack of consequence leaves a lot of frustration for employees using this system.

“When I suppose that the evaluation report isn’t useful to define a career path, I’m frustrated.”
(Appendix B, interviewee 2)

There was no support from the company available to improve their competencies. Aligning the performance management system with skills employees wish to develop is also mentioned in the interviews.

“Usually we don’t receive a lot support to reach new uhm, uhm to develop.” (Appendix B, interviewee 7)

Employees wish that the new performance management system stimulates people to improve themselves. An example what they mention is that the outcome of the performance appraisal can show which competencies the employees are lacking. Subsequently, corresponding training courses can be proposed by either their manager or the Human Resources department. Also, they hope that there will be more job opportunities in other brands of the company or in other countries where the company operates. It’s about putting the right people on the right spot. At this moment, they feel like the performance management system is just measuring how productive they are but does not offer logical next steps in their career.

“So, what I hope from my company that the performance management will develop, will get more on the person and that this interviews that we do twice a year will actually guide us on how to develop myself. So, I would not be the fish that climbed the mountain, but I would like to be a fish that swims into the sea.” (Appendix B, interviewee 3)

The employees emphasize the need to be very clear about what they can do with the outcome of the performance management system. They want a more clearly defined path for their career. They want more information on which steps they will have to take to climb the ladder in the organization.

“... the organization have to communicate very clearly the career paths to the employee. ... As I said, it's very important for new generation. They can't wait. Then, if you are [...] then you will be, you will become a manager, but when and why and how can I reach that position?” (Appendix B, interviewee 7)

In short, the employees see great value in having a performance appraisal with their managers. They see it as a good opportunity to express their wishes and ambitions within the company. However, the employees see no direct consequence of the performance management system. This leaves the employees with a lot of frustrations regarding the performance appraisal. There are a lot of managers who don't even do a performance appraisal with their direct reports.

Another important wish that the employees have for the new performance management system is that they wish that it will help them in deciding the next step in their career. They would like to have more information on which steps they would have to take to grow in the organization.

When comparing the wishes of the employees on the area of career development to the changes in the performance management system, the organization meets the wishes of the employees. The organization has designed a performance management system where there is more clarity on which steps the employees will have to take in order to grow in the organization. Next to that, one of the most important changes of the performance management system is that it will have a clear consequence for the employee. Namely; the employee will receive a new talent development package, a promotion or a merit increase.

4.3.4 Feedback

All employees indicated that they felt like they could express their feedback to the management of the company. Multiple employees stated that this was because they had a good relationship with their manager. One employee stated that they could, but more support from their management was desired. During one interview, an employee indicated that he/she was not feeling comfortable with giving his/her feedback to the management of the company. The following quote was the answer on the question whether he/she felt like he/she could express his/her feedback to the management of the company.

“I'd like, but I don't know if it is possible. Probably with the new system that is improving, probably, could be possible in the future, I don't know. But at the moment, at the moment no.” (Appendix B, interviewee 1)

The performance appraisal is seen by one employee as an exceedingly important time to analyse the year, reinforce best practices and praise good performance. The following quote shows this importance.

“Immediately time for get a feedback, it’s very important, it’s a very important time. To stop and think what is important to do and how. It’s a very important time, for me and for my team.” (Appendix B, interviewee 2)

The performance appraisal is also seen as a good opportunity to give structured feedback based on objective results and give top-down feedback to the manager. It is seen as a two-way conversation.

During one interview, the interviewee expressed that the company has to put more attention on personal skills. It is found important to look at what the employee wants to do in the future and to improve the skills where the employee is good at. The following quote expresses this wish.

“. . . as Albert Einstein said if you evaluate a fish on how they climb mountains, you never have the right potential.” (Appendix B, interviewee 3)

The performance appraisal within the performance management system should be a moment where two-sided feedback is possible and wanted. Giving and receiving feedback is an interaction. However, not all managers take the time to do this. In the following quote this is described.

“And when you give feedback, you are actually also receiving feedback. Because it’s an interaction. You know, there are always two people giving feedback, two people receiving feedback. Uhm, and sometimes managers are not so, do not feel comfortable to take time, out from the routine activities, and think at the entire year and say, and give a feedback, a structured feedback to them, to the person. So, the frustration was the usage of the performance system.” (Appendix B, interviewee 12)

Another interviewee pointed out that for this interviewee it will be important that the new performance management system includes a big focus on giving feedback. Not only in the direction of the employee whose performance is evaluated, but also in the direction of the management and about the organization as a whole. One interviewee indicated that he/she would like to see not only top-down feedback, but also bottom-up feedback included in the new performance management system.

To conclude, most employees felt like they can express their feedback to the management of the organization. Most interviewees indicated this was because they had a good relationship with their manager. However, these good relations can perhaps put the manager in a difficult position. It might be

difficult for the manager to give negative feedback to their employees whom they are personally related to.

The employees also indicated that they would like that the new performance management system includes a substantial focus on two-way feedback. Not only feedback in the direction of the evaluated employee, but also in the direction of the manager who is performing the evaluation and about the entire organization.

When comparing the wishes of the employees on the area of feedback the company does not meet the wishes of the employee. The organization self indicates that they would like to create a feedback culture within the company, but no measures are taken to create a feedback culture. The new performance management system also has no focus on two-way feedback. The feedback moments in the performance management system are related to the evaluated employee and not devoted for the manager.

4.3.5 Interpretation and role of the manager

During one interview, one employee indicated that he did not know the performance management system at all. He had never filled in the performance appraisal form with his manager, while he did have an evaluation with his manager.

“I’m honest to say that I don’t know very well this, this form and this system, because probably managers don’t follow this form and because the company don’t follow the results of workers, I think. So, no one give me nothing and no one say me nothing about my results or my outcomes that I reached.” (Appendix B, interviewee 1)

Employees wish that there will be good and clear communication about the new performance management system. There are different channels of communication that can be used: the intranet, or via the HR department, or through managers.

“I think that it should be clearer, it should be important that people understand what happens and there should a good communication about that. And then after this communication, the action follows the words.” (Appendix B, interviewee 1)

For the managers it is unclear what they are allowed to give, promise and do for their employees. They feel like they miss credibility and reliability.

“In this case the manager misses credibility and reliability. It’s a problem misunderstanding about uhm what you can promise and what you can do.” (Appendix B, interviewee 2)

Managers should turn in their performance appraisal form to the HR department. However, the HR department only received less than half of all the performance appraisal forms during the last year. The managers who do their performance appraisals with their employees find this conversation a very important moment. However, the outcome of the performance appraisal is thus highly dependent on the boss you have. Bosses who find this very important will maybe be able to get extra training for example, because they are extremely capable to explain to the Finance or HR department why they should get this. On the other hand, there exists managers within the company who don't even bother do the performance appraisal with their employees.

The interpretation of the performance appraisal can also be very diverse. Therefore, the role of the manager is highly important in the performance management system. Nowadays, everyone is always connected. Therefore, it is important for managers to walk the talk. They should be able to motivate, guide, influence and lead their team. Managers will have to be able to use the right words, the right voice level and give feedback in the right moment.

“So, this part has to be clear. If you write this correctly there will be no doubt that anybody reading it will understand, so this is quite important, and this is both on the evaluated side and the evaluation side. Because it needs to have a common understanding, and this is different between the two of us. I'm giving maybe interpretation, the less is the interpretation, the better it is.” (Appendix B, interviewee 9)

What will be difficult is to get the managers using the new performance management system. They will have to understand how to score the employees in the same way. They will have to understand what each score means. The organization now misses the culture of finding performance management important.

“The step before, before we need to educate more the managers. On the specific importance of PMS, or uhm, or, yes, you could, as the tool, you can have the best tool, but if you don't have the culture, it doesn't work very well.” (Appendix B, interviewee 10)

To conclude, the execution of the performance appraisal differs enormously from one manager to another. The HR department only received less than half of all performance appraisal during 2017. This reveals that more than half of the managers didn't even do a performance appraisal with their direct reports in 2017. The interpretation of the performance appraisal from the managers who did do a performance appraisal with their direct reports in 2017 was dissimilar. The managers are unsure about what the scores mean and what they can give, promise and do for their employees. The employees therefore wish for more clarity about the performance management system as a whole. Employees would

like to be treated equal despite which manager will evaluate them and managers wishes to know better what they are allowed to give or promise to their employees.

The execution also differs because the scores that need to be given in the performance appraisal are not understood perfectly by the managers. The organization would want the managers to understand how to score employees in the same way so that comparison will be possible among different performance appraisals.

When comparing the wishes of the employees in the area of interpretation and role of the manager to the changes in the performance management system, the organization not entirely meets the wishes of the employees. The organization is planning to give all the managers a training to explain the new performance management system. The scores will be explained to all managers in great detail to minimize differences between evaluations of different managers. However, the organization does not take precautionary measures to make sure that all managers will start using the performance management system. It is therefore possible that there will remain differences between managers in usage.

4.3.6 Motivation and engagement

During one interview, an area manager indicated that he/she sometimes does not have the time to evaluate the performance of their employees. There is no clear structure to do so. The area manager indicates that it should be done in a more structured and organized manner. When managers don't have the time to evaluate their employees, it is either not done at all or done in a really fast manner. There is not much attention paid to the performance management system, because it is not in the system of the employees. The following quote represent this.

"I mean we are so involved with our job, with our job and our activities. And sometimes it's ... It should be taken more into consideration, the performance of people, because sometimes it's... We don't have the time to do it and sometimes we do it really not so structured, not so organised, not so..." (Appendix B, interviewee 6)

There were two interviewees who felt included in the change to a new performance management system as a result of the interviews that were being conducted with the employees of the company by the researcher.

In short, the greatest differences in the usage of the old performance management system is that some managers didn't use the system at all. There was no consequence for the managers who didn't use the

performance management system. Some managers did not pay much attention to the usage of the performance management system, because they simply didn't have the time for it.

When comparing the wishes of the employees in the area of motivation and engagement to the changes in the performance management system, the organization does not entirely meet the wishes of the employees. The employees indicated that they simply don't always have the time to evaluate all of their employees. No changes are made in the schedules or daily structure of the employees.

5. Conclusion and discussion

In this part the research question is answered first. Subsequently there will be discussed in what way the made conclusion contributes to the literature. Finally, the limitations of the research and recommendations for future research will be given.

5.1 Conclusion

The purpose of this study was to examine whether the new performance management system meets the wishes of the employees. The performance management system of the organization consisted of only a performance appraisal before the change. Although performance appraisal a key element is of performance management (Festing & Knappert, 2015), performance management is a larger approach than just the performance appraisal. The organization realized that they had to change the entire performance management system. The starting point of the change for the organization was the outcome of the annual people survey. The survey shows the opinion of the employees about the organization. The performance management system will be evaluated hereafter on each of the five worst items of the annual people survey, described in chapter 1.

We retain great people

The new performance management system is not explicitly linked with the desire of the employees to retain great people inside the company. However, one can argue that the implementation of a new performance management system of this size accompanied with all the different talent development packages is a HR practice that will retain employees in itself. The performance management system is an inclusive approach on talent within this organization (Stahl et al., 2012). Also, the performance management system focuses on developing specific characteristics that are important for the organization, thus the system follows an object approach (Thunissen et al., 2013). All employees should feel included with the usage of the new performance management system. Thus, the employees might be more willing to stay inside the company due to the fact that the organization develops all of their employees.

I have the tools and/or technology I need to do my job well

The new performance management system helps the employees to do their job well, because the system is linked with the development of employees within the organization. Talent management and performance management are clearly bundled, because employees are required to complete online and in-classroom trainings before their performance appraisal with their manager.

Strong performance is rewarded and recognized

The execution of the old performance management system differed greatly, because of the interpretation of the manager who performed the evaluation. In addition, some managers didn't even use the performance management system, because they simply didn't have the time for doing so.

The managers will receive a training on how to evaluate their employees and how the new performance management system works exactly. The scores that can be given to employees will be explained in detail to all managers to minimize differences between evaluations of different managers. As a result, strong performance is recognized and rewarded by all managers in the same manner. By making the performance management system a fairer system, procedural justice (Niehoff and Moorman, 1993) is strengthened.

The perceived procedural justice could have been strengthened by the organization by honouring the wish of the employees to create a system where two-way feedback is important. However, the new performance management system is again focused solely on the evaluated employee and not on the manager who is performing the evaluation.

However, the organization still has a separate bonus and incentive in place. Thus, they failed to integrate the performance management system with financial rewards.

I have a clear plan to achieve my career goals

The organization designed a clear career path for all employees to achieve their career goals. To meet this wish of the employees the organization designed a comprehensive performance management system which consist of different job families, groups and levels. Each combination receives a talent development package which was designed specifically for this type of employee. The organization made the existing performance management system into a larger, more complicated system.

The new performance management system has a clear consequence for the employees. When an employee completes their talent development package with success, three consequences are possible. The first possibility is that the employee will move to the next level (from beginner to intermediate for example) and will receive a new talent development package with the corresponding trainings. The second possibility is that the employee will move to the next level in a higher job family (from advanced employee to beginner professional for example) and will receive a promotion besides a new talent development package. The third possibility is that the employee will move to the next level in a higher job family (from advanced employee to beginner professional for example) and will receive a promotion, a merit increase and a new talent development package. This is also made possible by changing the cycle of the performance management system. The cycle is changed from March to January

and from September to July. This change ensures that the new performance management system runs parallel with the months in which the promotions are given. Whenever the employee will not receive a promotion or merit increase, they will nevertheless receive trainings to improve their skills and competences in order to advance to a higher level in the future. The new performance management system will present the employees with a clear career path. With the help of the talent development packages and corresponding trainings the employees will have a better understanding which steps they will have to take in order to grow in the organization. The new performance management system also requires employees to define their (international) ambitions for the coming years within the company. The organization wishes to identify the successors and prepare them accordingly.

The company clearly meets this wish, because a clear career path is made for all employees. Every employee gets a level assigned to. All levels have distinctive talent development packages, which consist of digital learning, traditional in-classroom learning and behavioural development.

We attract great people to work here

The performance management system is not explicitly linked with the attraction of new, great people to work at the organization. The performance management system is not used during the attraction, selection or recruitment of new employees. Selective recruitment and selection is one of five key high-performance work practices (Boselie, Dietz and Boon, 2005). This high-performance work practice can be bundled with the high-performance work practice performance management to create synergistic effects in the future.

To sum up and give a clear answer on the research question *“To what extent does the new performance management system of the Italian branch of a multinational staffing firm meet the wishes of the employees?”*, the organization improved four out of five points that employees wished the organization would improve. The organization mainly focused on retaining great people, giving employees the tools and/or technology they need to do their job well, rewarding and recognizing strong performance and giving the employees a clear plan to achieve their career goals. By following the human resource management model (Boselie, 2014), all employees are included in the new performance management system. All employees will have an explicit result when using the performance management system. Upon reaching their goal the performance management system has a clear consequence. The employees either get promoted, get a merit increase or get a talent development package which will help them to get promoted next year. The employees will create specific goals for themselves in the new performance management system, which help make their career path transparent and clear. On top of that, all employees will be evaluated in the same manner, because the managers will receive a training on how to evaluate their employees.

The organization did not per se focused on attracting great people to work here. The performance management system is not used in the selection and recruitment process of the organization, thus new employees do not know the performance management system before they start working at the organization.

5.2 Discussion

The research found that there was an explicit wish of employees to give the new performance management system a clear consequence. Many employees were confused or frustrated by the old system, because when they had done a good job, there was no reward in any form. The outcome of the research is easily linked with goal-setting theory. Goal-setting theory (Locke and Latham, 1990) is a theory of motivation to explain human action in distinct work situations. A goal is ‘what an individual is trying to accomplish; it is the object or aim of an action’ (Locke et al., 1981, p. 126). Performance goals have an impact on the motivation in organizations (Kreitner et al., 2002). Goals motivate the individual employee (Locke and Latham, 1990) by: regulating one’s effort, increasing one’s persistence, directing one’s attention and encouraging the development of goal-attainment strategies or action plans. Effort regulation, persistence, attention direction and goal-attainment strategies and action plans have a positive influence on the task performance of an individual employee. Goal-setting theory strengthens the development and the ultimate design of a performance management system in an organization. Kinicki (1992, in Kreitner et al., 2002) offers a practical use of the goal-setting theory. This is called SMART. SMART is an acronym for specific, measurable, attainable, results-oriented and time-bound. Goals should be specifically described and be measurable. Goals should be realistic and attainable in the perception of the one achieving the goal. Goals should keep the ultimate goal in mind and should have deadlines.

In the new performance management system, all employees have a clear goal they work for. All employees get a level assigned and will get a talent development package, exclusively designed for this type of employee on this level. The employee knows exactly which trainings he needs to complete in order to reach the next step. This can increase motivation of employees in the organization. The SMART goals can be used when defining their personal goals in order to improve required competences.

The causal chain model can shed some light on the process of HRM practices influencing organizational performance. The HRM – performance link spans multiple levels of analysis, with relevant variance occurring at each of those levels (Wright & Nishii, 2013). The causal chain model is found in figure 2. The first box in figure 2 is the intended HR practices. These are the HR practices that are developed by the HR department of an organization that are believed to have a positive effect on employees. The second box is labelled actual HRM practices. Actual HRM practices can differ from the intended

practices. The next box is perceived HRM practices. The actual HRM practices that are implemented in an organization must be perceived and interpreted subjectively by all employees individually. Employees will react in a certain way based on their perception and interpretation of the HRM practices. The next box in the model is labelled employee reactions. The ultimate goal of designing and implementing HRM practices is to do so in a way that leads to positive reactions from employees and organizational performance ultimately increases. It remains a question whether intended HRM practices work as intended (Wright & Nishii, 2013). The current research is focused mainly on the intended and actual HRM practices. The performance management system was designed by the HR department of this organization, based on five of the worst ten items from the annual people survey. The organization intended to improve these five points, which are described in the conclusion. However, the actual HRM practices differed from the initial intention with the new performance management system. The perception of employees about the new performance management system and their reaction is not examined, since the performance management system was not implemented at the time of the research. These can also provide some variances in the outcome of the intended HRM practice. Gaining more insight into the process and variables that play a role in the process of performance management is of academic and practical interest (Den Hartog et al., 2004).

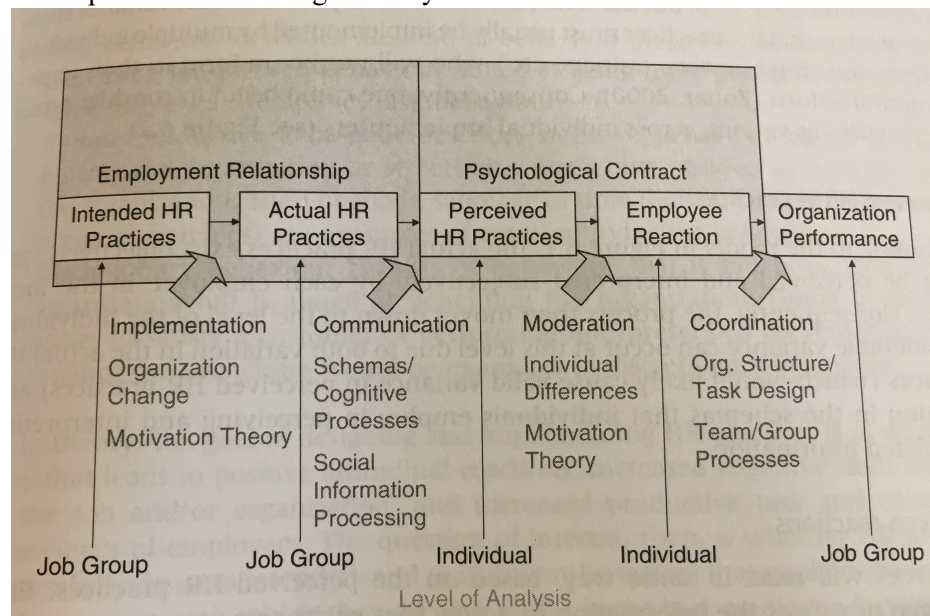


Figure 2 Causal chain model (Wright & Nishii, 2013)

5.3 Limitations and future research

Some limitations of this research should be considered upon interpreting the findings. First of all, since the researcher had limited time in the organization, the actual research was done before an extensive literature review about the subject was done. Although it is an explorative research, which allows for letting the data steer the researcher in the right direction, better knowledge about the subject before the start of the interviews could have been helpful. The literature could have helped the researcher with constructing an unambiguous interview guide.

Secondly, the interviewees were chosen by the Human Resources department. The researcher was bound by whether the interviewees were willing to do an interview and more importantly whether they were able to conduct an interview in English. Therefore, the sample consisted of mainly highly-educated

employees who were in a managing role in the organization. The sample might not entirely be representative for the entire organization. Also, it could have been possible that only employees who were positive about the performance management system were chosen by the Human Resource department. Employees who disliked the performance management system might not be willing to participate in an interview at all. Another possible limitation of interviewees chosen by the Human Resource department is that they will give socially desirable answers. The employees could be afraid that the Human Resource department will validate their answers, therefore maybe hiding their true opinion.

Thirdly, the research has been done concurrently with an internship in the organization. Thus, the interview guides contained some questions which were not usable for this research. This resulted in an enormous amount of qualitative data, which made the data difficult to overview and the analysing a puzzling process. It is therefore possible that some relevant data might be overlooked.

The research suggests several recommendations for future research. First of all, the new performance management system in this organization has not been implemented at the time of the study. Human resource management practices in organizations can be observed through three different lenses (Nishii & Wright, 2008). This research focused mainly on the first lens: how the practices are intended by the Human Resource department. The second lens is how these practices are executed in the workplace. The third lens is how employees experience these practice (Farndale & Kelliher, 2013). This is the distinction between intended, enacted and experienced Human Resource Management. It is recommended to research how the employees experience the changes in the performance management system and whether they feel that the organization met their wishes. Next to that, it is also possible to study the employees' opinion about the new performance management system and where they feel the system can improve even more.

Second, the effective implementation of the new performance management system can be researched. The skill of organizations to effectively implement strategy can be a source of competitive advantage (Barney, 2001). The attention for the implementation shifts the focus from the activities of the Human Resources to the line managers who execute these activities (Guest, 2011). Performance appraisal is an HRM practice that is usually reassigned to line managers (Maxwell & Watson, 2006). Line managers play a crucial role in implementing HRM practices at the micro level (Purcell & Hutchinson, 2007; Truss et al., 2002) and especially with performance appraisal (Maxwell & Watson, 2006). Line managers have taken on more and more HRM responsibilities, but they are frequently implemented in an unstructured and unclear way (Hope et al., 2005; Purcell et al., 2003; Maxwell & Watson, 2007). The organization is going to give all managers a training on how to use the new performance

management system. Thus, the organization wishes to minimize differences between execution and implement the new performance management system in the same structured and clear way.

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Appendices