PERFORMANCE MANAGEMENT SYSTEM IN UK RETAIL INDUSTRY: A CASE STUDY

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ABSTRACT
The main objective of this study is to investigate the impact of employee performance management system on business process improvement and to find out the importance of employee development through performance management system in order to achieve the superior business goal. This case study reviews the employee performance management system of the retail industry in the UK market through in-depth interview conducted from both managerial and non-managerial employees of the retail shops.

Findings show that the case study organization is very powerful in employee performance management, as they are concerned for both poor and high performer with corrective action and reward respectively. But their implementation of performance management system is different than what it is supposed to be. The top level management acknowledges that they are not good in implementing their employee performance management system and most of their line managers are not trained enough to conduct the employee performance review. There is no performance management committee and no formal procedures for performance appraisal.

This paper reviews performance management system as HRM activity of UK based largest retail company on the basis of qualitative research evidence. It also identifies the actual problem on implementing performance management system in the retail industry which is labor intensive. As this case study has been conducted on retail industry and used a single organization, it is not possible to generalize the findings. Further research could be done through empirical study in order to compare with other organizations both in the UK and the global markets.

Keywords: Performance Management System, Retail Industry, Human Resource Management, the UK.

Paper Type: Research Paper
INTRODUCTION

Many business organizations in this era of global competition are trying to create a high performance work culture which is incorporated of both business and corporate strategies in order to develop individual’s contribution to the overall success of the organisation (Armstrong, 2007; Boxal and Purcell, 2008; Fletcher and Williams, 1996). In this process of work, employees of the organisations are the key role players and this process is named as performance management (Boxal and Purcell, 2008; IPM, 1992; Grant, 1999). According to Armstrong (2006), employee performance management is the system of developing individuals with competence and commitment, working towards the achievement of shared meaningful objectives within an organization which supports and encourages the achievement of overall business goal. According to Hackman and Oldham (1976), performance of the organisation will maximize when both managers and employees have mutual understanding. Then the contribution of the workers will meet the written objectives and goals of the organization (Leopold et al, 2005, p. 184). Therefore, it is very essential to develop a performance management system in the organisation to ensure better productivity of the firm.

In addition, performance management system is introduced to improve both the quality and quantity of work done and to bring all activity in line with an organization’s objectives (Leopold et al, 2005, p. 184). As retail business always faces high competition and deals with large numbers of employees, it is essential to have performance management system in order to achieve business goal and sustain for long run in the market (Jones, et. al, 2005). The main objective of this study is to investigate the impact of employee performance management system on business process improvement and to find out the importance of employee development for better organizational performance.

THE CASE STUDY ORGANIZATION FROM THE UK RETAIL INDUSTRY

Retail industry in the UK is a very large, dynamic and diverge sector for the economoy (Jones et al, 2005). The biggest numbers of employment is offered by the large food retailers in the UK, Tesco employs 326,000 people, with the corresponding figures for J. Sainsbury’s, ASDA and Somerfield being, 147,500, 128,000 and 54,000 respectively (Jones et al, 2005). These food retailers are also committed in recruiting and retaining a culturally and socially diverse workforce (Jones et al, 2005; Sainsbury’s website, 2009). For this research study data have been collected from J. Sainsbury’s, the second largest retail company in the UK. Sainsbury’s is playing a significant role in retail sector by holding a 14.7% market share while operating in 785 stores (Sainsbury’s website, 2009).

Brignall and Ballantine (1996) state Sainsbury’s adapted a centralized one business strategy for their operational control. But after the appointment of present CEO Justin King in 2004, the management has been transformed vibrantly with a slogan of ‘making Sainsbury’s great again’. In relation to that they are trying to reshape their management culture and strategies to ensure efficiency at every level of the organization. For this research purpose data has been collected from this organisation through personal interview. One of the important tools of management control is performance management system. On the other hand, Fletcher (2001) states, cultural
differences and impact of new technology are changing the present context of performance management and it is becoming more complicated in a team where members have widely different viewpoints (cited in Hartog et al., 2004, p. 566).

PERFORMANCE MANAGEMENT SYSTEM AND ITS IMPORTANCE

Fletcher and Williams (1996) state, in recent years, many organizations are trying to create a ‘performance culture’, which is incorporated of several strategies in order to develop individuals’ contribution to the overall success of the organization. According to IPM (1992), the name given to this process is performance management (cited in Fletcher and Williams, 1996). In relation to that Locket (1992) define the system as ‘the development of individuals with competence and commitment, working towards the achievement of shared meaningful objectives within an organization which supports and encourages their achievement’ (cited in Armstrong, 2006).

According to Hackman and Oldham (1976), managers believe when employees understand the contribution that their work makes to meeting the written objectives and goals of the organization (cited in Leopold et al., 2005, p. 184). In addition, Walters (1995) states, performance management system is introduced to improve the quality and quantity of work done and to bring all activity in line with an organization’s objectives (cited in Leopold et al., 2005, p. 184).

Armstrong (2006) assert, the aim of performance management is to establish a high performance culture in which individuals and team takes responsibility for the continuous improvement of business process and for their own skills and contributions within a framework provided effective leadership. On the other hand, Stebler et al. (2001) studied performance management system in a number of different organizations and discovered that many of their performance management system had multiple objectives and multiple contents (cited in Leopold et al., 2005, p. 179).

According to the authors, the system might be linked to business objectives and to developing employees’ skills and competences. At the same time, the system could include planning, training and development and succession planning, setting and reviewing objectives and competencies as well. Conversely, in order to make the system effective, a large number of tools have to be introduced in such an integrated system. For example, Stebler et al. (2001) claim, performance related pay, 360° appraisal, learning resources and knowledge management systems, team bonuses, quarterly appraisal interviews, personal development plans need to be employed in an effective performance management system (cited in Leopold et al., 2005, p. 180).

Consequently, Armstrong and Baron (1998) claim, performance management has the capacity to match the organization’s overall strategy and if it is not the case, performance management will not reach its full potential (cited in Millmore, 2007, p. 317).

The term ‘performance’ is often defined simply in output terms but performance is a matter not only of what people achieve but how they achieve it (Armstrong, 2006; Brown and Armstrong, 1999; Grant, 1999; Hartog, et. al.2004). Brumbach (1988) states, ‘performance means both behaviours and results. Behaviours emanate from the performer and transform performance from
abstraction to action. Not just the instruments for results, behaviours are also outcomes in their own right – the product of mental and physical effort applied to tasks – and can be judged apart from results’ (cited in Armstrong, 2006, p. 7). In relation to that Armstrong (2006) asserts, when managing performance both input (behaviour) and outputs (results) need to be considered. On the other hand, measurement is an important concept in performance management (Armstrong, 2006). It is commonly believed that ‘if you can’t measure it, you can’t manage it’ and ‘what gets measured gets done’ (Armstrong, 2006). Walters (1995) assert, if we set measures that are inappropriate to organizational needs or objectives, we will encourage inappropriate behaviour and if we set unclear or confused measures, employees will be de-motivated. He also states, when inconsistent measures are set in different parts of the organization, it will weaken organizational effectiveness.

However, measuring performance is relatively easy for those who are responsible achieving quantified targets (sales) rather than in the case of knowledge workers (scientists) (Armstrong, 2006; Brown and Armstrong, 1999). According to Armstrong (2006), this difficulty can be removed if we can make a distinction between the two forms of results – output and outcomes. An output is a result that can be measured quantifiably, while an outcome is visible effect that is the result of effort but cannot necessarily be measured in quantified terms.

Stivers and Joyce (2000) emphasis, managers need a performance management systems that provide guidance in moving their companies in the direction of future success. They refer Kaplan and Norton’s Balanced Scorecard and suggest that the key is to translate the organization’s strategy into the right integrated set of measures. Kaplan and Norton (1996) claim that balanced scorecard is more than an ad hoc collection of financial and non financial measures where both measures are part of the information system for employees at all levels of the organization (cited in Stivers and Joyce, 2000, p. 23). According to their concept of balanced scorecard managers are required to view the business from four related perspectives – customer, internal, innovation and learning and financial perspectives (Armstrong, 2006; Lebas, 1995; McCausland,et.al.2005). Boxall and Purcell (2003) point out, Kaplan and Norton challenge the short-termism found in many western traditional budgeting processes and as with the Ernst & Young study, they imply a central role for HRM in the strategic management of the firm and importantly, suggest practical ways for bringing it about (cited in Beardwell et al, 2004, p. 65). The Kaplan and Norton scorecard is thus better balanced than typical financial reports that only report history and which do not identify underpinning sources of success but it also recognises outcomes that matter to the other stakeholders (particularly customers and employees) besides stockholders (Boxall and Purcell, 2008; Perkins and White, 2008; Pettijohn,et.al.2001).

Performance management system is also immensely influenced by performance appraisal. Though it has got huge criticisms but the significance of this process is still valid in present organization. Porter et al. (2008) referencing (IRS, 2001) argue, performance appraisal is being criticized due to the way it is often carried out but it is used as a key element of performance management by 80 per cent of organizations. It is often believed that performance appraisal is the same thing as performance management but there are significant differences between them (Armstrong, 2006). According to Armstrong (2006), the basic distinction between them is that in performance appraisal, managers usually assess and rate individuals’ performances in an annual review meeting whereas performance management is more comprehensive and continuous process of management where managers clarify the mutual expectations and act as coaches.
rather than judges and focuses on the future. Lawson (1995) also views the performance appraisal process as a key sub-process of wider performance management system and suggest that in order to be effective performance appraisal process must contain several important elements (cited in Walters, 1995, p. 67). This process should link individual goals and objectives to the overall strategic direction of the organization and individuals’ performance should be in line with the organization’s preferred values and culture. However, Longenecker and Gioia (1988) claim, ‘less than 20 percent of performance appraisals are done effectively’ (cited in Wilson, 2002, p. 621). The common reason of the failure of this process is that the appraiser needs to be both a disciplinary judge and a helpful counsellor which is quite difficult in most cases (Wilson, 2002). On the other hand, sometimes line managers lack the required technical skills and people management skills to conduct an effective appraisal (Beardwell et al., 2004; Stredwick, 2000; Taylor, 2007). Moreover, a lack of time and resources may deter line managers in providing comprehensive and effective performance reviews objective-setting. As a result, they make out the appraisal process as a bureaucratic nuisance and form filling exercise. Porter et al (2008) also assert that a large proportion of time in the appraisal spent talking about the things that have gone wrong whereas positive aspects of performance should be emphasized.

Because of the different drawbacks of performance appraisal, 360-degree performance reviews have been growing in popularity (Marchington and Wilkinson, 2006). The Institute of Personnel and Development (1998) survey found that only 11 percent of the organizations covered used it but the e-reward survey (2005) established that 30 percent did (Armstrong, 2006). Ward (1997) defined 360-degree appraisal as a systematic collection and feedback of performance data on an individual or group derived from a number of the stakeholders on their performance (cited in Armstrong, 2006, p. 157). Porter et al (2008) suggest that it is more useful in flatter organizational structure where it is able to provide a balanced picture of individual’s strengths and development needs. However, there are several difficulties in the implementation of 360-degree appraisal process. Sometimes, the questionnaires are too large and cumbersome since their designers are too anxious to obtain feedback on every aspect of managerial performance (Leopold et al, 2005, p. 197). Managers also question whether the staffs have the capability to judge their competency in parts of their job that the staffs do not witness (Leopold et al, 2005, p. 197). As a result, managers acknowledge its use for development purposes but are less willing to see it used as a basis for judgements concerning pay, performance and promotion (Leopold et al, 2005, p. 197).

**RESEARCH METHODOLOGY**

This research work is based on qualitative study where analysis was done based on data collected from case study organisation compared with literatures. This research project is an ‘Evaluative Research’ which helps in the process of assessment of the success and failure of the management plans and policies (Bryman and Bell, 2007; Malterud, 2001; Saunders, et.al., 2003; Veal, 2006). This was achieved by the adoption of both primary and secondary research techniques.

Primary research techniques include interviews; whereas the secondary research includes the literature review, industry reports and explorative case studies. In primary research techniques, data has been collected through 25 in-depth interviews both from managers and employees of the case study retail company from the UK between August 2010 and January 2011. The respondents include both managerial and non-managerial employees from different retail show rooms of the
case study retail company around greater London area. As a large number of data has been collected through interview, data are also analyzed on a deductive manner based upon the importance and significance of achieving the research objectives.

At the end, some recommendations and suggestions are given for further improvement of performance management system in the retail company.

**FINDINGS AND ANALYSIS:**

In depth interviews have been conducted to identify the performance management system in case study organisation. In order to understand the findings properly, this part of the research work is divided into six sections. Recommendations are given at the end.

**Objectives of the performance management system**

According to the performance review guideline of Sainsbury’s, Performance Management System (PMS) of Sainsbury’s has been redesigned in 2008 with a view to support the employees, and to achieve the aim of ‘managing in the round’ for high performance. Five managers interviewed during the research project agreed that the most important aim of their PMS is to develop the employees along with identifying the poor performers. A deputy store manager says, ‘we believe, our performance management system is introduced to drive our business where it should be (business goal). It drives the correct behaviours and drives the poor performances out and gives the opportunity people who want to progress and move forward’.

On the other hand, another department managers says about the PMS, ‘it is not only based on sales scale but on your personality, on your way of communication with other members of staffs and it is also based on your overall performance in your role’.

Apart from these two managers, other three managers also specify that their PMS is introduced to develop the employees in order to move them toward achieving the business goal. They believe, if the employee’s performance and behaviour are consistent with the organization’s strategy then it would be easier for them to achieve the desired business goal. Consequently, to make the colleagues’ overall performance consistent, they have set up this performance management system.

**Understanding the colleague values**

According to Hackman and Oldham (1976), when employees understand the goals and values of the company, they are better engaged and motivated (cited in Leopold et al, 2005, p. 184). Sainsbury’s has also introduced some colleague values which are derived from the business goal. Whenever new employees join in Sainsbury’s, they are told about the core colleague values in a two day induction program. For example, ‘great service drives sales or respect for the individual’ are two of the six values which colleagues are supposed to believe in. But question can be asked how important to understand these values and whether all the colleagues understand them? All of the five managers emphasise on the colleague values but they could barely assure that all the colleagues understand them for whom the values have been established. One department manager addresses this issue as,
‘I definitely believe everyone is aware of it. Obviously you can’t work for a company where you don’t know the values and goals of the company but on the other hand if they understand it?....I am not too sure...I hope they do’.

This question was also asked to the employees of Sainsbury’s. Surprisingly, this vagueness of understanding values is highly available at colleague level. None of the seven colleagues interviewed could mention the values. One of them says, ‘it’s true that we were told in induction about the six values but I can hardly remember now’.

It is unexpected that colleagues do not understand the values and managers are not serious about this issue. Understanding of these values is really important. Because the level of understanding motivates them to perform their job efficiently. Most importantly, all the values are related to the performance measure which is described in next section.

Defining performance and measures of performance

The concept of the term ‘performance’ has been discussed in the literature review. It can be summarized that organizations should emphasize on both performance and behaviour in order to gain desired outcome. This issue was raised and asked the managers to express their notion about the term ‘performance’. This is also defined in the performance review guideline of Sainsbury’s.

However, all the five managers rightly stress to include both behaviour and performance when evaluating colleagues’ performance. One of the deputy store managers defines performance as, ‘it would be in terms of productivity, in terms of behaviours and relationships with customers and colleagues and how you treat individuals. It’s not about coming to work, doing the tasks and going home’.

According to colleague performance review (CPR) form (which is included in appendix), Sainsbury’s has established a balanced scorecard that includes business key indicators like Sales, MCM (Mystery Customer Measure), MAC (Mystery Availability Check), Absence, Talkback, Turnover, Waste, Shrinkage, Labour Cost etc. All the six values are integrated with each of these measures. They have divided their business performance in four perspectives – customer, colleague, operations and performance. Both the values and measures are illustrated in terms of these four perspectives in the following table*.

<table>
<thead>
<tr>
<th>Values</th>
<th>Scorecard Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer</td>
<td>MCM, MAC, Sales</td>
</tr>
<tr>
<td>Colleague</td>
<td>Absence, Talkback, Turnover,</td>
</tr>
<tr>
<td></td>
<td>Foundation Training</td>
</tr>
<tr>
<td>Operations</td>
<td>License to trade, Inventory Accuracy,</td>
</tr>
<tr>
<td></td>
<td>Scheduling Efficiency</td>
</tr>
<tr>
<td>Performance</td>
<td>Waste, Shrinkage, Labour Cost,</td>
</tr>
<tr>
<td></td>
<td>Retail Controlled expense</td>
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</tbody>
</table>

*this table is generated from the Sainsbury’s colleague performance review (CPR) which is collected from the personnel manager during the interview.

The idea of splitting business performance in different key areas and evaluating them from different perspectives was first developed by Kaplan and Norton (1996) where they introduced
the notion that financial outcomes are important to stakeholders but they are ‘lagging’ and short-term indicators (Boxall and Purcell, 2008). According to them, to improve a business, management needs to look at desirable long-term outcomes and improve the ‘leading indicators’ or ‘performance drivers’ that generate them. However, Sainsbury’s has tried to adopt this concept but how far the main motive of encouraging innovation and continuous improvement is being achieved will be discussed later in this chapter.

MCM (Mystery Customer Measure): MCM plays an important role in the performance management system of Sainsbury’s. In every month, one mystery customer comes to the store and assesses the standard of customer service delivered by the colleagues. As one duty manager says about MCM,

‘MCM is a big behavioural step for colleagues. How they would treat an individual and how they would like to treat themselves. Mystery customers rate the colleagues on a scale of 1 to 100 and finally a cumulative point is given to the whole store where the pass mark is 80%. End of the year, we need to have 80% average marks in the thirteen periods to get the colleague bonus. Beside the colleague performance reviews, it helps us to identify the good performers and weak performers’.

This is a usual performance measurement system in every retail companies but management of Sainsbury’s emphasizes on this system specifically to identify the poor performers. Whenever a colleague fails on MCM, he is immediately forwarded for training. However, one of the colleagues, who had this experience, criticises this system and believes it needs some kind of modification.

‘we serve hundreds customers in a day and it is really difficult to provide the standard service every time. Simultaneously, you don’t know when mystery customers are coming and rating your performance’.

Apart from the MCM, Sainsbury’s has also introduced another formal performance appraisal which they call colleague performance review (CPR).

**Steps in performance management system**

This section elaborates the steps of implementation of their performance management system. Basically, they implement the whole system in three steps. In the first step, managers set the target for next period where in the second step they underline the ways to achieve them and in the third step; they evaluate the performances of the colleagues and rate them according to set guidelines.

**Step – 1: Objective Setting**

At the beginning of the performance year, managers sit down with their colleagues and set the target. One manager says about the target setting in Sainsbury’s,

‘we set them business targets; what the business is achieving and what we think they should achieve as an individual and as a store’.
They break the whole store’s target into department’s level first and then they also bring them down into individual’s level. The notion is that if everyone can achieve their targets then obviously the store will achieve its business target. But what are the characteristics of the targets they set for colleagues? One manager says,

‘we set target which is achievable, obviously which is not something you cannot achieve and they are also measurable and altogether we call them SMART target setting which means targets should be specific, measurable, achievable, time bounded and rounded’.

This concept of target setting is an example of Locke’s (1968) goal setting theory where he suggests managers to set specific targets to achieve without any difficulty (cited in Wright, 2004, p. 125). The only difference between these two concepts is that instead of ‘realistic’ target of Locke’s goal setting theory, managers of Sainsbury’s is supposed to give ‘rounded’ feedback which means they provide feedback throughout the year. However, Wright (2004) believes this definition of setting target is very pertinent in sales environment. But question can be raised how far this type of target setting helps managers to develop their employees along with financial progress? According to the managers, along with business targets they also set the individual development targets because they believe until and unless colleagues are not given the opportunity to progress, it would not be possible for the business to move forward.

Step – 2: Reviewing What and How

After setting the target for colleagues, managers keep observing whether colleagues are doing what they are supposed to do and give them the feedback in a daily or weekly meeting. One department manager says,

‘we do the formal performance review after every six months but we will obviously follow up in between to make sure they are going on the right direction’.

According to this manager, they want the colleagues to have understanding of their targets through daily or weekly review. On the other hand, another manager also emphasises on daily meeting as not only to give feedback but it also facilitates to keep a good relationship with colleagues. Through this kind of meeting, colleagues also get the opportunity to talk about their problems and obstacles.

Step – 3: Overall Performance Rating

Finally end of the six months, managers do the Colleague Performance Reviews (CPR) where they rate the colleagues according to the set categories. There are four categories have been used to assess the colleagues’ performance – Top, Strong, Achieved and Under-achieved. These rating definitions are attached in the appendix. However, mystery customers’ reviews are also being used to assess along with managers’ review. At the same time, according to the managers, only fulfilling the targets is not enough to get high rating such as top performer, as one manager says,

‘if the target elements of objectives have been achieved but the colleague failed to show leadership behaviours then the colleague will be rated as Under-achieved’.

However, a mixed reaction is received from the colleague level. Some of them are satisfied with their managers’ way of giving feedback but most of them are completely disappointed. One of
them says,

‘it is very rare they sit with me and discuss my performance review. Most of the times they come and ask me to sign the CPR form and just inform me that I got under-achieved rating’. When this issue was raised while talking to managers, none of them did admit this allegation. All of them said that they carry out the CPR accurately and timely.

Dealing with the Under Performer

‘You have to accept that some people do learn some stuffs slower than other people do. You have to have bit of passion to actually make the person come to the level where you want him to be’.

This was the comment about the underperformers of one of the department managers. According to the managers, they observe and work along with weak colleagues more frequently than other colleagues. Apart from this, instead of two time performance reviews, managers review their performance four times in a year. But managers were asked about how do they feel when they give negative feedback to their colleagues?

‘Giving negative feedback is really difficult and it’s a bit harsh sometime. Some people do not like when they are criticized. But at the end of the day, if I don’t manage their performance properly then what I would say when my performance will be managed?’

However, another manager advises to highlight the positive sides first to overcome this kind of situation carefully. It can be assumed that there is a pressure on line managers to conduct the CPR properly but the way they are conducting it can be questioned.

5.6. Rewarding the High Performer:

According to the performance review guideline, mystery customer measure (MCM) helps managers to identify the top performers and in return they get shining star award which includes £10 shopping voucher. But four out of five managers interviewed believe, colleague performance review is the major tool to assess the overall performance of the colleague and reward them. On the other hand, how do they review top performers? The personnel manager of the store says about the top performers...

‘good performers are not only seen in papers but they are also seen in achieving what you set them out to be. It’s not only about achieving targets, it’s about thinking outside the box. You can see something different on them to go ahead’.

According to the managers, when they identify the top performers, they talk to them to go further and give more responsibilities and notify the personnel department to provide advanced training.

However, different types of views were received from the colleagues of that store of Sainsbury’s. Many of them hardly could mention the four categories of performance ratings. Moreover, they could not tell properly how many times their performance reviewed by the department managers in a year. But the team leaders and supervisors were able to respond adequately since they receive advanced training on overall business performance. One of the colleagues says about the colleague performance review (CPR),
'sometimes it is excellent and sometimes it is really bad. Because when they (managers) see how we are doing, they give the feedback straight away. But sometimes what managers do...they tick you on all the boxes and criteria but they never discuss what those criteria mean and even never tell the way to improve things on’.

Now, it obviously raises the issue of how the employees get motivated and informed properly about their performances in such kind of situations? On the other hand, managers and team leaders are well known about the system and their performances are being reviewed quite deliberately. As a result, it looks Sainsbury’s emphasize more on their managers and team leaders rather than general colleagues who work in front and deal with customers. Though all the business objectives are brought down into colleague level but it is unusual that management of that store hardly emphasize on colleague performance. The personnel manager addressed the issue in this way,

‘it depends on manager to manager but they all are advised to carry out the colleague performance review timely and appropriately. However, jobs in retail sectors are very systematic and feedbacks are provided in almost every day. As a result, some managers are unwilling to conduct CPR regularly but personnel department always tries to make sure managers do it adequately’.

**DISCUSSION AND CONCLUSION**

Undoubtedly, Sainsbury’s has got a very powerful performance management system but the implementation of this system is different rather than what it is supposed to be. Most of the managers use daily meeting as the main method to provide feedback rather than sitting one to one or adapting a formal way to appraise the colleagues’ performance. They have adopted an informal approach to conduct performance reviews. But question can be raised how the organization is doing excellent with this informal implementation of performance management system at the bottom level of organization? Is it the type of organization that enables the management to achieve their business objectives without implementing the performance management system thoroughly? If it is the case then the objectives of top level management to introduce performance management system could not be achieved. As all the managers emphasize on developing their colleagues through the performance management system but they are carrying out the system in a different way.

Apparently, it can be argued that their approach of conducting PMS is working as the company is financially successful. According to Leopold and Harris (2009), as most of the organizations give priority to measuring financial performance, this suggets that performance measurement systems distort managerial effort by privileging the achievement of financial targets. But the top level management of Sainsbury’s acknowledges this drawback and tried to adopt the ‘balanced scorecard’ method. But the way the line managers are conducting PMS may result negatively in long term in terms of development of their employees. In that case what could be done to make the line managers compelled to follow the set guidelines? Kaplan and Norton (1992) argue, people in organizations will work to achieve those things for which they have been set targets and will ignore other things even though they may be equally important (cited in Leopold and Harris, 2009, p. 200).
In this case of Sainsbury’s, the top management should establish set targets for conducting performance reviews in the appraisal form for line managers along with other performance targets. At the same time, line managers need to be trained properly to conduct the colleague performance review. They also need to understand the importance of reviewing colleague performance on long term perspective. They should be given the adequate motivation to carry out these HR activities as well as make them aware about the consequences of not following the set guideline, which can be ensured by evaluating their performances on all the managerial activities especially on HRM.

References


