E-Performance Systems: A Method of Measuring Performance

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ABSTRACT

Organizations are looking for solutions to manage and maximize the performance of their workforce. They recognize that there has been a shift in the business environment from a tangible asset economy to an intangible asset economy. The value of a company is comprised of employee knowledge, brand, and intellectual capital rather than inventories, goods, and machinery. As a result of this, organizations are relying on the technological solutions to monitor and improve employee performance and productivity. Several technological solutions such as Electronics Performance Management Systems (e-PMS) are being used by many organisations to monitor the performance. This paper attempts to assess the impact of e-PMS in the organisational change. A model is proposed based on empirical results.

Keywords: Electronic Performance Management Systems, Measurement System, Organisational Change, Performance, Performance Appraisal

INTRODUCTION

It has been observed that most organizations focused their performance reviews on “what” goals and “how” goals. The “what” goals focus on specific objectives that the individual should accomplish, for example increase sales by 10 percent. The “how” goals outline the means by which an employee will achieve the “what” goals, which often are expressed in terms of competencies and behaviours (Kwok et al., 2003).

Human resource management (HRM) is being viewed as a continuous process of determining mission-related objectives and aligning personnel policies and practices with those objectives. The personnel department plays a strategic role to the extent that its policies and practices support accomplishment of the organization’s objectives (Panina & Aiello, 2005). Key components include analyzing the organisations internal and external environments, identifying organisations strategic objectives. As a result of this organisations have been struggling to assess and improve the performance of their employees to achieve organisational objectives. Since many years several techniques have been used and deployed by the organisations. However, still the room for improvement is there. Thus, organisations have also attempt to try for the technological solutions as well. E-Performance is an easy-to-Use, web-based, self-service solu-
tion built as a self-service application for the managers and employees.

The E-Performance systems identify major components that have a dramatic impact on the efficiency and effectiveness of organizational operations. E-Performance system is a competency-based system that measures people not only on goal attainment but on the very competencies that are required for their role. To ensure success, one can choose to support all employee goals with competencies and competency ratings that will help achieve success (Rettab et al., 2009). One can quickly see if a candidate has the right qualities for the job, and can give them the training and development they need in order to succeed. The competency library and ratings are stored in the core system so that other processes such as learning, talent searches, and succession planning can leverage these information and data (Ramlall, 2003).

This research seeks to overcome the gap that has been identified during the literature review process. Thus, the purpose of this research is to focus and critically examine how the E-PMS will help to improve the effectiveness of the output of the employees of the federal government organizations. The research will also seek to focus and assess the overall views of the user’s perception of the employee E-PMS, that organisations can use a source to understand the effects E-PMS satisfaction.

**The Method of Measuring Performance**

Organizations rely on performance appraisals for making many organizational decisions. Organizations use appraisal information to make decisions about employee development, motivation, promotions and terminations (Mckenna et al., 2002). Hence, the information gained through the performance appraisal process has critical implications for both the individual and the organization (Employment Review, 2003). Because there is great importance placed on appraisal information, it is important to be cognizant that performance measurement typically relies on subjective measures, and therefore is subject to distortion.

Johnson and Scholes (2001) explain that one important purpose for appraisal is a basis for employers to take disciplinary action such as denying a pay increase or justification of employee termination. Performance appraisals also serve the determination of transfers and assignments, personnel planning, assisting in goal identification, reinforcing the authority structure, and identifying widespread organizational developmental needs (Brudney & Brown, 1990). Fryer and Ogden (2009) define performance appraisal as any personnel decision that affects the status of employees regarding retention, termination, promotion, demotion, transfer, salary increases or decreases, or admission into a training program. Jarrar and Schiuma (2007) suggest that the purpose of the performance appraisal affects the observation and the recall of behaviour, as well as the evaluation of performance. It is suggested by Jarrar and Schiuma (2007) that the purpose of appraisal is the most important contextual factor for understanding performance appraisal processes and outcomes.

The attributes of effective performance measures and measurement systems include the need for measures to relate directly to the organization’s mission and objectives, to reflect the company’s external competitive environment, customer requirements, and internal objectives (Norhayati & Siti-Nabiha, 2009). Objective performance measures have the benefit of being easily quantified, objective measures relative to job performance. They may include production data (how many units were produced, how many errors were committed, the total dollar value of sales) and employment data (tardiness, absences, accidents). Frayne and Geringer (2005) explain that although these measures appear to be desirable, they do not focus on the behaviour of the employee and are often impractical and unsuitable for appraisal purposes.

Subjective measures attempt to directly measure a worker’s behaviour. However, since they depend on human judgments, they are vulnerable to a whole host of biases. Johnson & Scholes (2001) explains the subjective measures include relative and absolute ranking systems,
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