

Comparative Study on Assessing Employee Performance Management System in the Provincial Ministry of Local Government: Northern and North Western Provinces in Sri Lanka

(1) Department of Accountancy, Advanced Technological Institute,
665/2, Beach Road, Jaffna, Sri Lanka.

Abstract: The effective management of human resources depends on the mechanism that an organizations has. In this range Employee Performance Management (EPM) System has turned into popular. Most of the government organizations in Sri Lanka continue traditional method of performance appraisal system. In this view, the researcher selected the Ministry of Local Government of Northern Province and North Western Province to do the comparative study on EPM systems. The analysis revealed that both Provinces are adopting EPM practices at moderate level.

Keywords: Employee Performance Management (EPM), Performance Appraisal, Employee Performance Management process and EPM system.

Introduction

In the present knowledge economy with dynamic resolution of technological changes, the global has experienced in creating new thinks of every movement. In view of this many management disciplines and practices are being implemented according to the requirement of changes. Human resource is a vital resource to any organization. In order to manage these resources effectively, the organizations need to have a mechanism to evaluate their performance.

In this series Employee Performance Management System has become popular.

Most of the public sector organization in the country is continuing traditional method of performance appraisal system. They have been practicing performance appraisal system based on bureaucratic styles. Even if they have started some practices like public sector reforms, their effort on EPM practices is not sufficient/ relevant to the aims of real performance management.

In this view, the researcher has selected the Ministry of Local Government and its Departments of Northern Province in order to assess the existing EPM system and compare this system with EPM practices of Chief Ministry and its different Departments (Vayamba Province) and find out the gap between the existing EPM systems of those Ministries.

Research Problem

The some research survey emphasized that the effort on EPM practices is not sufficient in public sector organizations in Sri Lanka (Bandaranayake 2001). If they need to encourage staff to achieve their goals as well as organizational goals, they must assess their level of performance and adopt the new aspects of EPM practices too. In view of this the researcher has selected Ministry of Local Government of Northern Province and North Western Province to do the comparative study on assessing efficiency level of EPM system. By conducting pilot survey in two provinces, the researcher indentified that the following is a problem in the above organizations in connection with EPM system and attempted the research study to explore the findings based on the problem.

Problem Statement

There is a gap between Employee Performance Management system in the Ministry of Local Government of North Western Province (Wayamba) and Northern Province.

Research Questions

Researcher could derive the following research questions based on the above problem statement.

1. Is the Local Government Ministry of Northern Province having a gap in efficiency level of EPM system compared to the system in North Western Province?
2. What type of relationship is remaining between Structure, Process and efficiency level of EPM system of both Provinces?
3. How do Performance Review and Feedback process influence on the efficiency level of EPM system in the selected Ministries of both Provinces?
4. How could the commitment and competences play major role in EPM system of the two Provinces?
5. In what extent are the two Provinces practicing the applications of EPM system?

Objectives

This research focused on the following objectives in relation to EPM system in both provincial councils and their bodies (Local government Ministry and its Departments).

The primary objective of this research is

To assess the efficiency level of Employee Performance Management System in the Ministry of Local Government of Northern Province and North Western Province.

Specific Objectives are

1. To identify the relationship between Structure and Process with efficiency level of EPM system in two Provinces.
2. To predict the impact of sub variables of people (Commitment and Competences)

and Process (Review and Feedback) on EPM system of both Provinces

3. To find out the level and adequacy of applications of EPM system in the Ministries of two Provinces.
4. To make necessary recommendations to incorporate into the EPM system in order to adopt the new/ required EPM practices in Local Government Ministries of Northern and Northern Western Provinces.

Summary of Literature survey

The review of literatures and pre research findings related to EPM system are discussed briefly.

The key terms

EPM : it is a process for establishing a shared understanding about what is to be achieved at an organisation level.

Performance Appraisal: It is the formal assessment on the appraisee's performance for the appraisal period. It properly describes a process of judging past performance and not measuring that performance against clear and agreed objectives.

The different views of EPM Concept.

Performance management and Appraisal: Murphy and Cleveland (1995) state that an ideal performance appraisal form has five key components that covers

- 1.) Organizational competencies
- 2.) Job competencies
- 3.) Key responsibilities
- 4.) Goals and major objectives
- 5.) Individual achievements and accomplishments.

EPM Process: The employee performance management system is a process which consists of three main processes. Such processes are Performance planning, implementing & measuring stage and performance reviewing. (Armstrong, M 2006)

EPM practice in Sri Lankan Public Sector

When comparing EPM practices in public sector with private sector in Sri Lanka and Most of the Asian countries, they are still below in adopting new performance management practices due to some reasons (Bandaranayake, D 2001).

Towards a Performance Culture of Excellence in Sri Lanka by Performance Appraisal

Being a developing country Sri Lanka is in serious need of a performance culture of excellence in every organization as her socio-economic development heavily depends on success and progress of success of organizations a sine qua non of which is Performance Appraisal (PA) that is concerned with identifying, measuring, influencing and developing job performance of employees. (Opatha,P 2010)

International EPM practices

Performance Management System - Office Performance Evaluation

It is a new way of managing performance in the civil service in Australia that serves as an evaluation strategy for assessing office performance or the collective performance of individuals within the smallest operating unit of an organization.

Finally the literature review has been finished with previous research findings in relation to the survey. It is illustrated in the following table.

Research Methods

Population and Sampling

There are more than 2305 employees working in selected ministries of both Provinces. For the purpose of this study around 15% of the staff was taken as sample based on Proportionate Stratified random sampling method. The sample size of the study is 357.

Conceptual model

The conceptual model of the research has been designed based on the main process and determinants of an EPM system. The related variables were derived from various sources of literatures. In this study people, structure and Process were mainly selected as

independent variables and efficiency level of EPM system was dependent variable. People variable consists of adequacy of people, competences and commitment. Structure includes Position and powers, rules and guide lines and relationship. The process contains the main process of EPM namely performance planning, measuring and Reviewing.

**Table 1:
Over view of dimensions in Research on EPM System**

Name of the Author	Title	Concepts/ variables
Bandaranagake, D 2001	"Assessing Performance Management of human resources for health sector in South East Asian countries"	Structure Process and People
Faizal, M 2005	"Institutionalization of Performance Appraisal system: A Case study of the Maldivian Public service"	Competences, commitment, motivation, leadership and structure
Opatha, P 2003	Employee Performance Evaluation Systems: An Evaluative Study of Selected Public Quoted Manufacturing Firms in Sri Lanka	EPE policies, EPE criteria and standards, EPE methods, feedback interviews, evaluator training, implementation and review and renewal
Hussain Ali, M & Opatha, P 2008	Performance Appraisal System and Business Performance: An Empirical Study in Sri Lankan Apparel Industry	Link between Performance appraisal system and business performance
Levensaler, L 2004	The Essential Guide to Employee Performance Management Practices:	Organizational characteristics – such as business maturity, management culture, industry, company size, and global reach
Nankervis, A 2004	Performance Management Research in Australia	Employee development, Effective management, work systems and team contributions

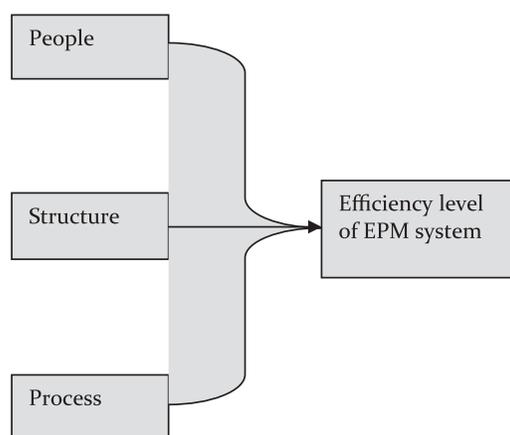


Figure 1: Conceptual model

Data collection method

The data was collected in the following ways

I) Primary data

1. Questionnaire method was employed to collect data. Five likert scale questions were used to answer the questions based on the variables and indicators.
2. Staff were interviewed those who are able to clarify the data more.

II) Secondary data

1. Ministries and its departments' administration report, performance manual & regulation guide and other relevant documents were considered for collecting additional information
2. Previous research report, magazines, books and web sites related to employee performance management.

Research hypotheses

The following hypotheses were tested to check the relationship between variables and predict the impact of the independent variables on EPM system. In this view, the first and fourth hypotheses were formulated and tested by using multiple regression analysis. And second and third were formulated and tested through correlation technique.

H1: Commitment of employees is expected to have more impact than competences on efficiency level of EPM system

H2: There is a strong positive relationship between structure and efficiency level of EPM system in public sector organizations.

H3: There is a significant positive relationship between efficiency level of EPM system and overall process.

H4: Performance review and feed back is more significant process in an EPM system

Methods of analyzing data

In order to describe the data collected, frequency tables, percentage, graphs and summary statistics were applied. For the purpose of making comparison between the EPM systems of two provinces, mean and standard deviation were used.

Correlation and regression analysis were used to illustrate the relationship between independent variables and dependant variables. And they were also used to predict the impact of independent variables.

Identification of Efficiency level of EPM system

To identify the efficiency level of EPM system, the three range of efficiency level (high, average and poor) were developed.

Altogether 50 questions were taken into account. If the given total weight is the range between 116.67 and 183.33, it means that the Province is practicing EPM system in average level of efficiency. Likewise if it is less than 166.67 and greater than 183.33, efficiency level of EPM system is poor and high respectively.

Results and Discussions

Results of the survey are discussed in the following manner

Comparison of People in two Provinces

It is emphasized that the adequacy of the people in EPM activities are below average in Northern Province and more than average in North Western

Province in terms of given scales. Employees' commitment in planning, implementing and monitoring the EPM practices are almost average in Northern Province and above than average in North Western Province.

It is highlighted that the required level of skills, knowledge and abilities of those people in performing the EPM activities are just below the average in Northern Province and above the average level in North Western Province. By evaluating the efficiency level affected by People variable, both Provinces also falls under range of average. Because, the score (mean) given for Northern and North Western Provinces is between 39.67 and 62.33

It put emphasis on that the Chief Ministry of North Western Province and its Departments have considerable advancement than the Ministry of Local Government of Northern Province and its Departments in terms of number of staff, their commitment and competences linked with EPM system.

Structure in two Provinces

Under the structure variable, it is found that the adequacy of powers delegated to the position and positions relating to EPM activities are above average level in Northern Province and North Western Province according to the given scales. It underline that the rules ,guidelines & procedures related to implementing EPM system are below the average in Northern Province and slight arise than the average in North Western Province according to the specified scales.

It highlights that the degree of relationship being maintained between reviewer and subordinates are almost average in Northern Province and above average in North Western Province according to the prearranged scales.

By evaluating the efficiency level affected by Structure variable, both Provinces also falls under range of average. Because, the score (mean) given for Northern and North Western Provinces is between 42 and 66.

It also put emphasis on that the Chief Ministry of North Western Province and its Departments have considerable development than the Ministry of Local Government of Northern Province and its Departments in terms of position & powers, relationship among the employees and rules, guidelines & procedures in connection with EPM system. Furthermore, if it was looking at that the general opinions of respondents in this regard was average.

EPM Process in two Provinces

Under the process variable, It emphasize that adaptation of practices related to employee performance agreement is almost average in Northern Province and slight increase than average in North Western Province according to the specified scales. It underlines that adequacy of practices relates to goals setting are over average in Northern Province and North western Province. It highlights that the activities and practices relating to measuring employee performance are almost the average in Northern Province and greater than average in North western Province according to the given scales.

It emphasizes that the activities and practices relating to employee performance review and feedback are below the average in Northern Province and better than average in North Western Province according to the given scales. The efficiency level affected by Process variable in both Provinces falls under the range of average. Because, the score (mean) given for Northern and North Western Provinces is between 35 and 55.

It also emphasize that the Chief Ministry of North Western Province and its Departments have considerable progress than the Ministry of Local Government of Northern Province and its Departments in appearance of performance agreement, defining goals & standards, continuous performance reviews & concurrent feedback and performance review & feedback. Whereas: the total deviation between the respondents' opinions in North Western was higher than the average deviation (32.31>29.12). It also emphasize that the respondents in North Western Province have different opinions in regarding their EPM system. The following table presents the statistical evidence for the above analysis.

Table 2:
A Summary data Profile

Province	People	Structure	Process	Total
Mean	56.46	58.94	45.18	160.58
StdDev	11.30	12.38	9.55	32.31
Northern				
Mean	48.15	49.79	39.74	137.68
StdDev	6.69	7.03	5.70	18.42
Grand Total				
Mean	52.63	54.73	42.67	150.03
StdDev	10.32	11.23	8.45	29.12

Source: Sample Study 2010

The compiled result of People, Structure and Process on EPM System

According to the main objective (Assess the efficiency level of EPM system in the Ministry of Local Government and its Departments in Northern Province and identify the gap by compared to the system in Wayamba Province), the overall finding of the research reveals that selected Ministry and its Departments of North Western Province has been practicing EPM activities little bit more advance rather than Northern Province. It is noted that there is a gap in the efficiency level of EPM system between Northern Province and North Western Province. In terms of level of efficiency, both provinces are almost practicing EPM system in average level of efficiency. Even though, the efficiency level of EPM system in Northern Province is lower than the North Western Province.

Hypotheses findings

All of these hypotheses were accepted. These indicate that there is a strong positive relationship between structure and efficiency level of employee performance management system in public sector organizations.

According to the hypothesis-2 it is concluded that there is a very strong positive correlation between

process and efficiency level of employee performance management system.

In addition to that it is also proven that the commitment has more impact on EPM system than competences and the performance review and feedback significantly has added impact on EPM system than other variables fall under process.

On the above all analysis and findings, the main objectives of the research study have been achieved. It could be summarized that there is a significance gap existing in employee performance management system between Northern Province and North Western Province.

Conclusion

On the above all analysis and findings, it could be summarized that efficiency level of EPM system affected by People, Structure and Process variable fall under the range of average. As a whole, the North Western Province and Northern Province are practicing EPM system at average level of efficiency. Even though, the efficiency level of EPM system in Northern Province is lower than the North Western Province. Therefore, it is concluded that there is a gap existing in EPM system between Northern Province and North Western Province.

The main reason for the gap between the two provinces is that the selected Ministry and its Departments of Northern Province don't enough have and practice rules, guidelines and procedures related to EPM system. Other reasons are lack of employee commitment and competences. Northern Province is also lack in reviewing its employee performance.

Even though both province also need to executing a credible employee performance management system in place that is based on changes & development initiatives, ethical behavior and trust. It is an area that needs further consideration.

The study also revealed the relationship between Structure and Process with Efficiency level of EPM system. It indicates that there is a strong positive

relationship between structure and efficiency level of EPM system in both Provinces. Further, it is concluded that there is a very strong positive correlation between process and efficiency level of EPM system. In addition to that it is also proven that the Commitment has more impact on EPM system than Competences and the Performance Review and Feedback significantly has added impact on EPM system than other variables fall under process.

The outcome of study is beneficial for practitioners, researchers, planners, policy makers, academicians, and development economists to formulate effective strategy of improving Employee performance in Sri Lankan public sector as well as private sector and other similar countries.

References

- Armstrong, M 2006, *Human Resource Management Practice*, 10th edition, Kogan Page, London.
- Armstrong, M & Murlis, H 2004, *Reward Management: A handbook of remuneration strategy and practice*, Part 6, Kogan page, London.
- Barrett, P 1997, 'Performance Standards and Evaluation', Address to the national IPAA Conference, November 1996, *Australian Journal of Public Administration*, pp. 96-105.
- Eccles, E.G 1991, 'The performance measurement manifesto', *Harvard Business Review*, January – February, pp. 131-137.
- Grote, R 2002, 'Public Sector Organizations: Today's innovative Leaders in Performance Management', *Public Personal management*, vol. 29, pp. 1- 21
- Ishag, H.M, Iqbal, M.Z. & Zaheer, A 2009, 'Effectiveness of performance appraisal: Its outcomes and detriments in Pakistani Organizations'. *European Journal of Social Sciences*, vol.10, no.3, pp. 479-485.
- John, M Ivancevich 2008, *Human Resource Management*, 2nd edition, McGraw – Hill, London.
- Ministry of Public Administration, Sri Lanka 1998, Performance Appraisal of Public Officers, *Public Administration Circular No. 07/98, 08/98*
- Opatha, H.H.D.N.P 2003, Employee Performance Evaluation System: An Evaluated study of selected manufacturing Firms in Sri Lanka, *Sabragamuwa University Journal*, vol. 3, pp. 137-153.
- Opatha, H.H.D.N.P 1992, An Assessment of Employee Performance Appraisal practices of Selected State Corporation in Sri Lanka, *Vidyodaya Journal of Social Science*, Vol. 6, pp.113-128