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The Performance Management Systems' Transformation:
From Current To Renewed Approaches

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The Performance Management Systems' Transformation:
From Current To Renewed Approaches”

Performans Yönetimi Sistemlerinin Dönüşümü:
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ABSTRACT

This study aims to understand the transformation journey of Performance Management Systems in terms of how they are applied to today's business world through the examination of Human Resources (HR) professionals. Several questions were raised to understand their Performance Management Systems' current state and critical reasons for transformation: What was the current system used by the companies? How were the roles and responsibilities within the process, and how was the managers' and employees' ownership?, How do HR professionals assess the current system and future implementations?. Accordingly, semi-structured in-depth interviews were done with 10 HR professionals. An inductive qualitative content analysis technique was used and analyzed the data. The findings of this study contributed to a general understanding of Performance Management Systems' Transformation with its pros and cons, challenges during the change management, and adaptation process with constructive suggestions.

Keywords: Performance Management, Transformation, Performance Appraisal, Objective Setting, Performance Systems Transformation

ÖZET

Bu çalışmanın amacı, Performans Yönetim Sistemlerinin günümüz iş dünyasında nasıl uygulandıklarını içeren dönüşüm yolculuğunu İnsan Kaynakları profesyonelleri tarafından incelenerek anlamaktır. Performans yönetim sistemlerinin mevcut durumunu ve dönüşümün temel nedenlerini anlamak için bazı sorular ortaya çıkmıştır: Şirketlerin kullandığı mevcut sistemleri neydi? Süreçteki roller ve sorumluluklar nasıldı ve yöneticilerin ve çalışanların süreci sahiplenmesi nasıldı? İnsan Kaynakları profesyonelleri mevcut sistemi ve gelecekteki uygulamaları nasıl değerlendirmektedir? Bu doğrultuda, 10 İnsan Kaynakları profesyoneli ile yarı yapılandırılmış derinlemesine mülakatlar yapıldı. Görüşmelerden elde edilen nitel verileri analiz etmek için, tümevarıma dayanan niteliksel içerik analizi tekniği kullanılmıştır. Bu çalışmanın bulguları, olumlu ve olumsuz etkileri, değişim yönetimi sırasındaki sorunlar ve yapıcı önerilerle uyum süreci ile Performans Yönetim Sistemleri Dönüşümünün genel olarak anlaşılmasına katkıda bulunmuştur.

Anahtar Kelimeler: Performans Yönetimi, Dönüşüm, Değerlendirme, Hedef Belirleme, Performans Sistemlerinin Dönüşümü

CHAPTER 1

INTRODUCTION

In recent years, business life has been changing with globalization, the Industry 4.0 approach, Technological Revolution, and Digitalization. These transformations also require system changes, innovations, and differentiated approaches to be adapted to the new world's rules. Therefore, at times, this affects how companies approach the way to manage their employees' performance. According to data gathered from the researches show that most of the companies (around 86 percent) “are not happy with performance management as it stands” (Rock, Davis, & Jones, 2013, p. 16). Even though they focus on data and software options to increase the effectiveness of the performance systems, this research shows that companies are still looking for new solutions to improve performance, engagement, and commitment within their organizations. Therefore, the main drivers of this research are; (a) understanding the history of the performance management systems to address the needs and requirements of organizations and their people, (b) observing and determining the transformation process of the evaluation of performance management systems by identifying necessities for the change, and (c) associating this transformation by considering current approaches and future implementations.

1.1 Literature Review

1.1.1 Performance Management and Systems

Although there are conceptual and different explanations, what is meant by “Performance” is a dictionary definition by Cambridge Dictionary (Performance Management, n.d.) offers the following: Performance is “how well a person, machine, does a piece of work or an activity”; high-performance “able to operate to a high

standard and at high speed” and performance management “a system for judging how well employees are doing their jobs, their needs for training”

When we look at the definition of individual job performance, we see that performance is defined as things done, actions taken while contributing to the organization’s goals. Moreover, those actions should be determined according to the organization’s objectives (Campbell & Wiernik, 2015).

Additionally, there are different definitions of Performance Management from different perspectives by keeping similar keywords like “performance reviews,” “dialogue between managers and employees,” “key performance indicators,” “alignment with strategic goals,” “objectives,” “results,” “smart goals,” “development plan”. However, the most common usage of the process is performance management and performance appraisal. Armstrong (2017, p. 5) identified Performance Management as “Conceptually, performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards, and competency requirements.”

Auginis (2013, p. 3) defined the difference as “Performance appraisal is the systematic description of an employee’s strengths and weaknesses.” Thus, performance management is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the organization's strategic goals, furthermore highlighting that the performance appraisal is, of course, an essential component of performance management. Moreover, the goals that are cascaded through the organization also create an alignment with organizational objectives.

Performance appraisals are the process through which managers evaluate according to their employees’ job-related performance. The result of the process is also vital that affecting the employee directly in terms of salary increase and

adjustment (which is also called merit pay), bonuses and other incentives, promotion, role changes, discipline processes, and of course, dismissal (Cappelli & Conyon, 2017).

1.1.2. The History of Performance Management Systems

We may state that performance systems are evaluated, transformed, and leveraged year by year according to the company needs, employees' and managers' feedback since the organization needs a contributive and productive performance management approach with an accurate assessment of employee performance.

Table 1. 1

The Evolution of Performance Management Practices

	Conventional PM	Transitional PM	Cutting Edge PM
Period of prominence	1950 - today	1995 - today	2010 - today
Timing of reviews	Annual	Annual, sometimes also midyear	Monthly or quarterly
Basis for performance appraisal	Goal attainment, traits	Cascaded goals; competencies	Cascaded goals, competencies
Appraisal scale	Complex ratings	Simplified ratings	Ratingless
Input from peers and others	None	360 appraisals	Crowd-sources feedback
Reward allocation method	Supervisor determines using ratings	Calibration meetings and formulas	Varied
Method of differentiation	Varies: Open, stacked rank, forced distribution	Distribution Guidelines	?
Appraisal target	Individuals	Mostly individual, some teams	Mostly individual, some teams
Balance of performance versus development	Balanced	Balanced	More development emphasis

Source. G. Ledford, G. Benson, and E. Lawler. (2016). A Study of Cutting Edge Performance Management Practices: Ongoing Feedback, Ratingless Reviews, and Crowd-Sourced Feedback. *WorldatWork Journal*, 6.

As it is also stated in “Cutting-Edge Performance Management report” (Ledfor, Benson, & Lawler III, 2016), performance management systems’ transformation had been started from conventional performance management systems and transitional performance management systems to cutting-edge performance management systems by referring to Table 1.1.

When we look at the history of Performance Management, we see that the concept had appeared in the 1900s. However, according to Moynihan (2008), performance management as a concept emerged in the Twenty-First Century. As highlighted by Frederick Mosher, there are two phases in the 1900s in the United States that transformed efficiency into a management approach. Therefore, public managers started to be accountable for their actions by explaining the outputs of their efforts which indicates their performance (Mosher, 1968, as cited in Plant, 2008).

In following years, by the growth of business and industry and from informal format to formal system, it has been transformed according to needs even the starting point was accomplishments and achievements of the company, and respectively employee engagement or development become the upcoming concepts of performance systems (Toselli, 2019).

Capalli et al. (2017) described the history of Performance Management Systems starting from the early 1800s in the UK cotton mills owned by Robert Owen and during WWI (1914 to 1918) to evaluate to determine poor performance by creating a merit system within the U.S. military to decide who will discharge or assign to another duty. During WWII (1939 to 1945), the military developed this method to determine potential officers. After WWII (1939 to 1945), about Sixty percent of U.S. companies used them throughout the 1940s to evaluate the performance and reward their employees.

“Conventional Performance Management” systems emerged in the 1950s and early 1960s from developing a formal process to measuring the progress according to objectives. In that era, the leading indicator is complex scoring/rating scales that reflect the companies' bureaucratic & hierarchical organizational structure (Ledford, Benson, & Lawler III, 2016).

It is understood that the transformation of performance management systems started in the 1990s, also called “Transitional Performance Management” by Ledford Jr. et al. 1, even though they took essential steps before that time. For example, differentiated methodologies emerged in this era as part of evaluations like 360-degree-feedback tools, also called multi-rater (self, manager, peers, direct reports, and others) feedback. The first initiative is actualized in the 1950s by Esso Research and Engineering Company. However, after the 1990s, most companies started implementing this tool into their organizations (“360-degree feedback”,n.d.). Moreover, radical change and simplifications in the scoring/rating system and analyzing the performance within a distributed bell curve (e.g., 10-25% top performers, 70-85% typical performers, and the rest of them as poor performers).

Moreover, last but not least, “Cutting-Edge Performance” is associated with no rating/scoring systems without any categorization. According to the “Cutting-Edge Performance Management report,” the data is retrieved from a survey of 244 organizations that use one or more of three cutting-edge performance management practices: ratingless practice in performance reviews, ongoing performance feedback, and crowd-sourced feedback. In the report, the authors highlighted the positive effects of Cutting-Edge practices. They predicted that there would be a rapid increase in adopting these practices as part of the Performance Management Process. Here are the key findings highlighted in the report, as follows (Ledford, Benson, & Lawler III, 2016):

- a) Ninety-seven percent of the companies in the study uses ongoing feedback (Fifty-one percent with ratingless performance systems and twenty-seven percent use crowd-sourced feedback)
- b) Companies are adopting cutting-edge practices for the following reasons: the company's need for alignment, managing the performance, or meeting rewards system objectives. Moreover, generally, cutting-edge practices are somewhat effective compare to traditional practices.
- c) While adopting ratingless performance systems, rewards system goals are less important, giving more value to crowd-sourced feedback. The effects of cutting-edge practices on a rewarding system are also positive.

Moreover, according to the research (Goler, Gale, & Grant, 2016) done on Facebook via focus groups and surveys with almost 300 employees, they have been stated that the majority of the employees (Eigh-seven percent) would like to keep the performance ratings. Accordingly, they build a strategy to have a culture that people may approach ratings with curiosity and learning focused, and then they took several actions stated below:

- a) To prevent bias, they include peers' evaluations in the process.
- b) Managers have quality conversations with their employees openly with transparent feedback by including peers' input in the discussion.
- c) Accordingly, managers write performance evaluation comments.
- d) An analysis group has been established to check, control the effectiveness and the quality of the Performance Management Process
- e) Rating system directly translating into compensation. There is a formula designed to prevent the manager's subjectivity while determining the final rating decision.

Another research is done by (Seidu & Ghana, 2012) to understand employees perception of performance appraisals, and here are the findings belong to 140 participants in the education sector below:

- a) It has been found that employees have a negative perception because the system was affected by subjectivity and was influenced by some significant errors, similarities, and the halo effect biases.
- b) There was very little employee involvement in the objective-setting process
- c) Even the employees were not well informed about the process; they are committed to submitting to the process
- d) They viewed the system as necessary both for their career and institution's objectives
- e) Except for low performers, feedback was irregular, and inadequate poor performers
- f) Conducting the annual process creates fertile grounds for the occurrence of the recency error.
- g) The findings have severe managerial implications for training, motivation, and provision of resources for effective Performance Management. A more rational system is needed.
- h) Regarding the halo effect and leniency error, it is crucial to focus on the job-related behaviors to prevent individual interpretations.

1.1.3. Objective Setting in Performance Management Systems

According to Yvonovich (2019), we see “Four Commonly Used Goal Management Approaches” as shown in Figure 1.3 with the explanations below:

1.1.3.1 Management by Objectives (MBO)

“Management by Objectives (MBO)” had been invented by Peter Drucker and explained the model in his 1954 book "The Practice of Management." (Yvanovich, 2019). Peter Drucker emphasizes that each enterprise member is working to contribute one common goal by doing different things, therefore not creating any

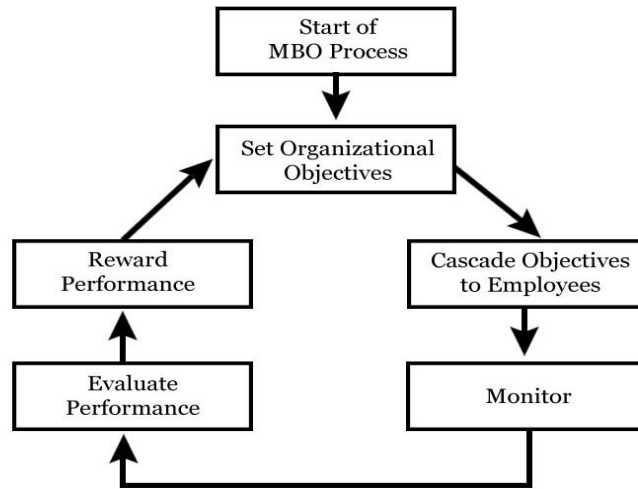
duplication of the effort. He suggests that each job should be directed toward the objectives of the whole business. Moreover, managers are responsible for sustaining organizational success, so they should be aware of the importance of the leading business goal and focus on that (Drucker, 1995).

The essence of the system is essential: determining joint objectives and providing feedbacks regarding the objective results. Moreover, Peter Drucker set some conditions as follows and design the model shown in Figure 1.1 (Mulder, 2010):

- The main principle is growth and development
- Objectives should be determined with the employees
- Objectives may be designed as both quantitative and qualitative
- Objectives must be challenging and motivating
- Daily feedback is essential based on coaching and development
- Reward & recognition is required

Figure 1. 1

Peter Drucker's Five-Step MBO Process



Source. Mulder, P. (2010). *Management By Objectives (MBO)*. ToolsHero: <https://www.toolshero.com/management/management-by-objectives-drucker/>

1.1.3.2 SMART Goals

With a clear and straightforward framework SMART (as an acronym) is a technic explained by George T. Doran in the 1981 article “There’s a S.M.A.R.T. way to write management goals and objectives” (Doran, 1981). Doran's original definition is stated as follows:

- Specific: target a particular area for improvement.
- Measurable: quantify, or at least suggest, an indicator of progress.
- Assignable: specify who will do it.
- Realistic: State what results can realistically be achieved given available resources.
- Time-related: specify when the result can be achieved.

Additionally, Haughey (2014) also stated that the SMART acronym has also changed through the years and as SMARTER as follows:

- Evaluated: an appraisal of a goal to assess the extent to which it has been achieved.

- Reviewed: reflection and adjustment of your approach or behavior to reach a goal.

1.1.3.3 Key Performance Indicators (KPIs)

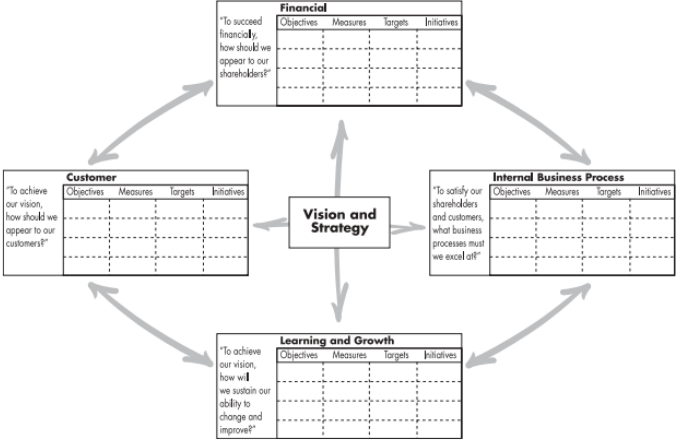
Oxford's Dictionary definition of KPI is “a quantifiable measure used to evaluate the success of an organization and employee in meeting objectives for performance.”. There is no exact explanation in terms of KPI history. However, “ it is believed that the emperors of the Chinese Wei Dynasty (3rd century) rated the performance of members of their family in the first known instance of rudimentary KPI usage” (Berlinsky-Schine, n.d., p. para. 3).

1.1.3.4 Objectives and Key Results (OKR)

Andy Gove developed OKRn in the 1970s (Pawar, 2016), and he introduced the concept to Intel during his time at the company. OKR then got carried over to Google by John Doerr in 1999. The company continues to use the method today. OKR stands for Objectives and Key Results and should be implemented by below steps: Setting a qualitative goal within a period (e.g. monthly, quarterly) afterward, defining critical results for each goal, and creating a plan and follow up with regular feedbacks (Zhou & He, 2018). The Balanced Scorecard, initially published by Dr. Robert Kaplan and Dr. David Norton as a paper in Harvard Business Review in 1992 (Jackson, n.d.) is also widely known. According to Kaplan R. et al. (n.d.); Balanced Scorecard is helping top management to set company strategy and objectives, not only focus on financial aspects but also considering learning & development, which are followed-up four perspectives: Financial, Customer, Internal Business Process and Learning & Growth shown in below Figure 1.2.

Figure 1. 2

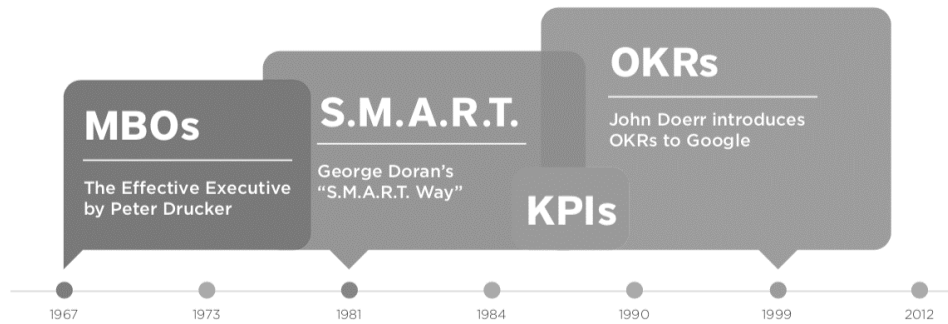
*Translating Vision and Strategy:
Balanced Scorecard
Four Perspectives*



Source. Kaplan R., Norton D. (1996). Using the Balanced Scorecard as a Strategic Management System. *Harvard Business Review Collection*, 76.

You may see the changes within the years for four commonly used goal management approaches below Figure 1.3 and the differences between the above-stated approaches. (Zhou & He, 2018), (Pawar, 2016), (Head, n.d.), (Jan van der Pol, 2018), (Davies, 2018), (Kaplan & Norton, n.d.) (Parmenter, 2015) below Table 1.2:

Figure 1. 3
Four Commonly Used Goal Management Approaches



Source. Yvanovich, R. (2019). *A Brief History of Goal Management: From MBO to SMART, KPI, and OKR*. TRG Academy: <https://blog.trginternational.com/a-brief-history-of-goal-management>

Table 1. 2

Objective Setting Methods Comparison

	MBO	KPIs	SMART	Balanced Scorecard	OKR
Reason	Quantifies employee performance	Focuses on the aspects of organizational performance and operational tasks	Guides to craft a business objective alone (no particular focus on key results)	Forces an organization to think holistically about business and how the objectives and measures spanning the four perspectives	Focuses only on key results, which can promote the better achievement of goals (what & how)
Characteristics	Structured, Controlled, and Consistent	Consistent, Indicators cannot be adjusted	Adaptable only the forms of the acronym, memorable	Structured, Goal focused	Transparent, Negotiable, Adjustable, and Aspirational
Check-Ins	Mostly Annual	Within a defined period	Mostly Annual	Quarterly, Monthly	Quarterly, Monthly
Participation & Visibility	Top to bottom; Only Manager & Employee	Top to bottom; only a few managers participate	Top to bottom;	Top to bottom;	Bottom to Top; Publicly Shared within the company
Purpose	Determine the compensation	Follow-up the business objectives against the measurable	Not a framework, a principle guideline	Focus on the use of perspectives: Financial, Customer, Internal Processes, and Learning &	Increase Organizational and Operational Efficiency

data over a
specified
period

Growth

1.1.4. Performance Ratings

Performance ratings take an essential place in performance management systems. Different rating scales are grouped into three categories: the critical approach, the absolute standard approach, and the result-oriented approach (Bratton, 2012; Dessler, 2012 as cited in Lunenburg, 2012).

According to Lunenburg (2012), the critical role belongs to the manager with a judgmental approach. Because the managers make judgmental decisions on rating with the below methods and their explanations:

- Ranking: Ranking by the manager from worst to best
- Paired comparison: Putting the employees the rating order according to their performance results and prioritize one of them compare to the other's performance results
- Forced distribution: Putting employees in different categories by determining their contribution into percentage according to their performance (e.g., 25 percent in the "commendable" category, 10 percent for "responsive," and 5 percent in the "outstanding" category)
- Graphic rating scales: you determine each dimension, and then according to the evaluation, it may be added up and totaled (Table 1.3)

Table 1. 3

Abbreviated Graphic Rating Scale for Managers

	Unaccepta ble	Needs Improveme nt	Acceptab le	Commenda ble	Outstandi ng
Work Dimension	1	2	3	4	5
Leadership	1	2	3	4	5

Management					
Personnel administration	1	2	3	4	5
Administrative teaming	1	2	3	4	5
Budgeting	1	2	3	4	5

Source. Lunenburg, F. (2012). Performance Appraisal: Methods and Rating Errors. *International Journal Of Scholarly Academic Intellectual Diversity*, 14(1), 2.

The Absolute Standards Approach is based on job analysis. A checklist that is more behaviorally compare to graphic rating scales or employee comparison methods and narrative essays. Those methods encourage writing employees’ strengths and opportunities, critical incidents that clarify a successful job performance, and deciding if the performance is adequate. Behaviorally anchored rating scales (BARS) define scale points for definite behavior definitions (showed in below Figure 1.4). It developed in response to dissatisfaction with the subjectivity involved in using traditional rating scales (“Behaviorally Anchored Rating Scales,” n.d.).

Figure 1. 4

Behaviorally Anchored Rating Scale

Job: Industrial Psychologist
Performance Dimension: Testing

Outstanding Performance	5	—	This industrial psychologist is recognized as an expert and can be expected to help others and to provide counsel to others working on the team.
Commendable Performance	4	—	This industrial psychologist can be expected to know almost everything about testing and can provide assistance in solving difficult problems.
Acceptable Performance	3	—	This industrial psychologist can be expected to work diligently on normal caseload and to complete them on time.
Needs Improvement	2	—	This industrial psychologist can be expected to work late on testing to keep up with the caseload.
Unacceptable Performance	1	—	This industrial psychologist is confused and can be expected to hinder the completion of the caseload because of lack of knowledge.

Source. Lunenburg, F. (2012). Performance Appraisal: Methods and Rating Errors. *International Journal Of Scholarly Academic Intellectual Diversity*, 14(1), 6.

Results-Oriented approaches have emerged as an alternative to judgmental and absolute standard approaches; goal setting, which may also be called Management by Objectives, and other measures tend to be nonjudgmental; they measure only one dimension of job performance. On the other hand, by also including Behaviorally Anchored Rating Scale (BARS), those methods are identified as modern approaches by also including the following methods; Assessment Centers, Feedback Tools (e.g. 360 Degree, 720 Degree) (Aggarwal & Thakur, 2013).

Some of them are determined as traditional, or some of them as modern all methods have their pros and cons, as you may see below Table 1.4:

Table 1. 4

Techniques of Performance Appraisal

No	Technique	Key Idea	Advantages	Disadvantages
A.	Ranking Method	Ranking employees from best to worst on a particular trait, choosing highest, then lowest, until all ranked.	1.Fastest 2.Transparent 3.Cost Effective 4.Simple and easy to use	1.Less objective 2.Morale problems who are not rated at or near the top of the list. 3. Suitable for small workforce. 4. Workers' strengths and weaknesses cannot be easily determined.
B.	Graphic Rating Scales	A scale that lists a number of traits and a range of performance for each, the employee is then rated by identifying the score that best describes his or her performance for each trait.	1. Simple. 2. Easily constructed. 3. Ease of use. 4. Results are standardized what allows comparison to be made between employees. 5. Reduce the personal bias.	1. Rating may be subjective. 2.Each characteristic is equally important in evaluation of the employee's performance.
C.	Critical Incident	Keeping a record of uncommonly good or undesirable examples of an employee's work related behavior and reviewing it with the employee at predetermined times.	1.Easy and economic to develop and administer. 2. Based on direct observations. 3. It is time tested and provides more face time.	1.Time consuming and laborious to summarize and analyze the data. 2. Difficult to convince people to share their critical incidents through a survey. 3.Provides a personal perspective of organizational issues.
D.	Narrative Essays	Evaluator writes an explanation about employee's strength and weakness points, previous performance,	1.Report actually shows employee's performance. 2. Can cover all factors. 3. Examples are given. 4. Provides feedback.	1.Time consuming. 2.Supervisor may write a biased essay 3. Effective writers are very difficult to find.

		positional and suggestion for his (her) improvement at the end of evaluation time		
E.	Management by Objectives	Employees are evaluated how well they accomplished a specific set of objectives that have been determined to be critical in the successful completion of the job.	<ol style="list-style-type: none"> 1.Easy to implement and measure. 2. Employee motivated as he is aware of expected roles and accountability. 3.Performance oriented diagnostic system 4.Facilitates employee counseling and guidance. 	<ol style="list-style-type: none"> 1.Difficult to employees agree on goals. 2.Misses intangibles like honesty, integrity, quality. 3.Interpretation of goals may vary from manager to manager, and employee to employee. 4.Time consuming, complicated, lengthy and expensive.
F.	Behaviorally Anchored Rating Scale	BARS combines elements from critical incident and graphic rating scale approaches. The supervisor rates employees“ according to items on a numerical scale.	<ol style="list-style-type: none"> 1.Job behaviors describe employee performance in a better way. 2. More objective 3.More acceptances due to participation of managers and employees. 	<ol style="list-style-type: none"> 1.Scale independence may not be valid/ reliable. 2.Behaviors are activity oriented rather than result oriented 3. Very time consuming for generating BARS. 4.Each job will require creating separate BARS scale
G.	Human Resource Accounting (HRA)	The people are valuable resources of an organization or enterprise, Information on investment and value of human resource is useful for decision making in the organization	<ol style="list-style-type: none"> 1.Certain the cost of labor turnover. 2.Development of human resources. 3.Planning and execution of personnel policies. 4.Return on investment on human resources. 5.Improve the efficiencies of employees. 	<ol style="list-style-type: none"> 1. There are no specific & clear-cut guidelines for finding cost and value of human resources of an organization. 2. The method measures only the cost to the organization but ignores completely any measure of the value of the employee to the organization. 3.The life of human resources is uncertain and therefore, valuing then under uncertainty seems unrealistic.

H.	Assessment Centers	Employees are evaluated over a period of time; say one or three days, by observing their behaviors across a series of selected exercises or work samples.	<ol style="list-style-type: none"> 1. Concepts are simple. 2. Highly flexible methodology. 3.Helps in selection and promotion decisions and for diagnosing employee development needs. 4. Allow for the measurement of multiple attributes. 5. Exercise is hard to fake. 	<ol style="list-style-type: none"> 1.Expensive and difficult to manage 2.Requires a large staff 3. Requires a great deal of time. 4. Only a limited number of people can be processed at a time. 5. Much cognitive loads o assessors.
I.	360-degree	It relies on the input of an employee's superior, colleagues, subordinates, sometimes customers, suppliers and/or spouses.	<ol style="list-style-type: none"> 1.Excellent employee development tool. 2.Accurate,reliable and credible system 3.Legally more defensible 4.More objective being multi-rate system. 	<ol style="list-style-type: none"> 1. Time consuming and very costly. 2.Sensitive to organization and national culture. 3.May damage self-esteem of employees if the feedback is brutal. 4. Prone to political and social games played by people. 5.Difficult to implement in cross-functional teams. 6.Maintaining confidentiality may pose challenge in small organizations.
J.	720 Degree	360-degree appraisal method is practiced twice. When 360-degree appraisal is done, then the performance of the employee is evaluated and having a good feedback mechanism, the boss sits down with the employee again a second time and gives him feedback and tips	<ol style="list-style-type: none"> 1.Improved feedback from more resources. 2.Team Development 3.Personal and organizational Performance Development. 4.Responsibility for career development. 5. Reduced discrimination risk. 6. Improved customer Service. 7. Training needs 	<ol style="list-style-type: none"> 1.Exceptional Expectations for the process. 2. Insufficient Information. 3.Design process downfalls 4. Failure to connect the process. 5.Insufficient training and process understanding. 6. Focus on negatives and weaknesses. 7.Requires commitment of top management and the human resources(time, finance, resources, etc)

on achieving the set targets.	assessment.	8.Paperwork(computer entry overload) 9.Rater inexperience and ineffectiveness
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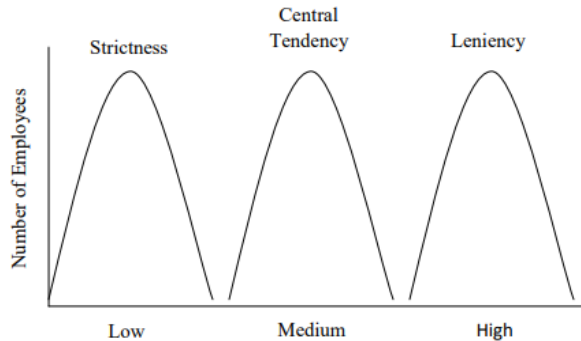
Source. Aggarwal, A., & Thakur, G. S. (2013). Techniques of Performance Appraisal-A Review. *International Journal of Engineering and Advanced Technology (IJEAT)*, 2(3), 619-620.

After 2010 with Cutting Edge Performance Management Systems, ratingless performance systems emerged as one of the common implications and decreased the effect of rating errors stated by (Lunenburg, 2012) below:

- Recency error: Focusing on the performance a short time ago and generalizing the performance as if representing a long time
- Halo & horn effect: Generalizing the trait and extend all the other aspects under review positively or negatively.
- Distributional errors: Determining the ratings according to strictness or leniency, central tendency (in Figure 1.5).

Figure 1. 5

Strictness, Central Tendency, and Leniency Performance Rating



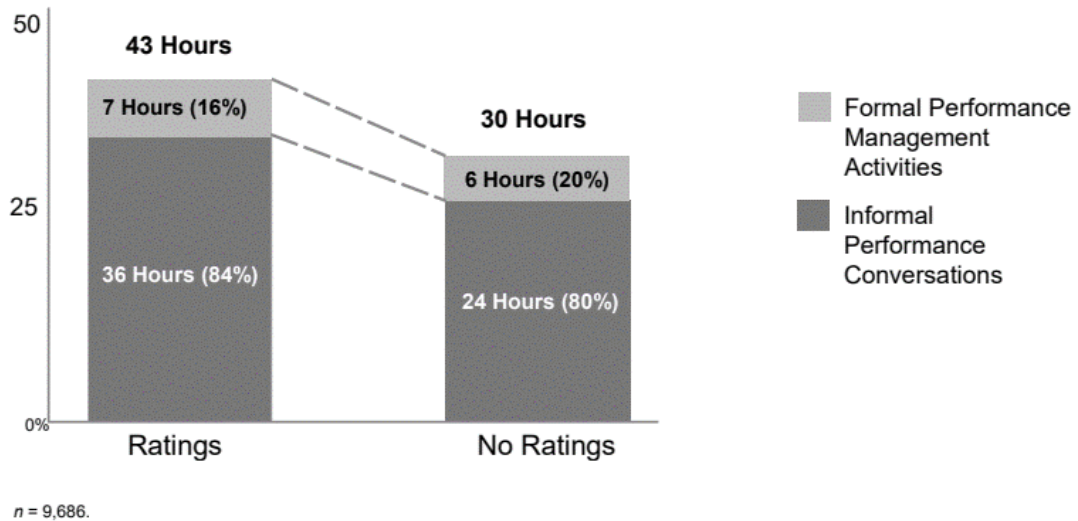
Source. Lunenburg, F. (2012). Performance Appraisal: Methods and Rating Errors. *International Journal Of Scholarly Academic Intellectual Diversity*, 14(1), 8.

Moreover, some findings stated in CEB 2016 Pay for Performance Employee Survey was conducted on almost 10.000 employees in 18 countries. Companies who were eliminated the performance ratings believe that having ratingless performance systems enable them; having more engaged employees, having more time for feedback sessions. Additionally, the quality of the conversations will improve, better differentiating total rewards management. According to the final result, there are different results in terms of having the system with ratings or vice versa:

- a) Employee engagement in ratingless performance systems is Six percent lower than the systems with ratings.
- b) Managers spent fewer hours both in informal & formal conversations, which are also seen in Figure 1.6.

Figure 1. 6

Manager Time Spent on Performance Management Activities



Source. The Editors of CEB Gartner. (2016). Performance Performance Employee Survey. *CEB now part of Gartner Report.*

- c) Manager (feedback) conversation quality in ratingless performance systems decreased by Fourteen percent compared to the systems with ratings.
- d) There is a Twenty-eight percent difference in high performers and Twelve percent in low performers' satisfaction with manager (feedback) conversations in ratingless performance systems.
- e) Employee perception for differentiating total rewards decreased by Eight percent compared to the systems with ratings.
- f) For the participants whose company has ratingless performance systems, it has been understood that managers have challenges in engaging their employees, creating enough time for informal performance conversations.
- g) Although there is a correlation between manager quality and performance, in the system without ratings, the importance of manager

quality seems much more important since less than Five percent of managers can manage talent effectively without ratings

1.1.5. Reward Management: Pay-for-Performance

Reward management is a critical concept that is important for organizations due to having different formulations or strategies to reward employees fairly, equitably, and consistently aligned with their value and contribution to the organization. There is a close relationship between rewarding systems and the performance of employees, teams, and accordingly organizations. Moreover, it should be emphasized that performance management should not be only associated with financial rewards. Besides, organizations also have non-financial rewarding opportunities (like recognition, learning, development, career development, increased job responsibility, flexibility) (Armstrong, 2010).

Merit Pay (pay-for-performance) is a compensation approach implemented by employers with defined goals to reward better performance, which may be linked with a bonus payment, salary increase, or promotion based on the performance (Merit Pay, n.d.) Merit Pay had been implemented in 1908 as part of education reform in The United States; however not become popular at that time. Before that, there was a seniority-based payment system; however, in the 1990s, Milken Family Foundation created The Teacher Advancement Program to increase teaching effectiveness and reward successful teachers and principals. By this program enabled better educational outcomes, improved the performance and success of teachers while also contributing to the retention rate (Teacher Merit Pay, n.d.). Although there are different payment methods (general wage adjustment, lengths of service adjustment, bonus), schools with merit pay systems position their performance as an achievement (Campbell, Lindsay, Garner, & Tan, 2010).

However, when we look at the recent research conducted by Mark Gius, he firstly focused on the average freshman graduation rate and the total dropout rate. He

found that merit pay has no significant positive effects on student academic performance (Gius, 2013).

When we look at the practice in business as per the Wisconsin School of Business study, it is found that employees are responsive to pay-for-performance, and they have seen that bonus pay had a much more substantial impact than merit pay (Trevor, 2017).

1.1.6. Calibration Process

The calibration process has several benefits, like understanding the top performer while differentiating the poor, average, or high performers. In addition, the calibration process helps to be on the same page as a manager, HR, and business leaders to make accurate evaluations while assessing outstanding performance with specific explanations. These meetings also prevent subjective decisions because the main topic is the compensation in these meetings. Ty also considers talent reviews on succession plans, promotion, or development plan decisions (Caruso, 2013).

According to the research conducted by Michael Mount, Steven Scullen, and Maynard Goff (2000), they have included 4,492 managers, and performance is determined by those raters: two bosses, two peers, and two subordinates. As a result of their research, they found Sixty-two percent of the variance in the ratings, which consists of individual raters' perceptions. In contrast, the actual performance accounted for Twenty-one percent of the conflict. Moreover, there is a common understanding as 'subjectivity is unavoidable in performance appraisal' however, including quantified data and measurements into the process helps to make the process more objective (Cahoon & Embi, 2012). Therefore, a calibration process is playing a mediating role in the process of balancing objectivity.

1.1.7. Feedback Tools Involvement in Performance Management Systems

The 360-degree-feedback tool has a similar background with Performance Management Systems since they have the same base of understanding and evaluating soldiers' performance in the American Military by multi-rater feedback during WWI (1914 to 1918). In business life, it has been conducted by The Esso Research and Engineering Group (Now known as ExxonMobil) for their employees to increase their productivity (“The History of 360 Degree Feedback”, 2019). We see that there are different formats and names for 360-degree-feedback tools like multi-rater, full circle and multisource. there is a definition done as “360° Feedback is a process for collecting, quantifying, and reporting coworker observations about an individual (i.e., a ratee) that facilitates/enables three specific data-driven/based outcomes: (a) the collection of rater perceptions of the degree to which specific behaviors are exhibited; (b) the analysis of meaningful comparisons of rater perceptions across multiple ratees, between specific groups of raters for an individual ratee, and for ratee changes over time; and (c) the creation of a sustainable individual, group, and organizational changes in behaviors valued by the organization.” (Bracken, Rose, & Church, 2016, p. 764)

There are several advantages like increasing self-awareness to understand yourself from others’ points of view, providing connections between leadership behaviors competencies and business outcomes, and focusing on leadership development, which also positively impacts collective results and success (Zenger & Folkman, 2020).

Like other thoughts regarding Performance Management Systems, there are different discussions on the effectiveness of multi-rater feedback tools, even though it is called a precise technique. When the tool is used correctly, it enables positive outcomes. However, we should also consider that it is not easy to implement within organizations (Kuzulu Kanaslan & Iyem, 2016), as highlighted in Table 1.4. On the

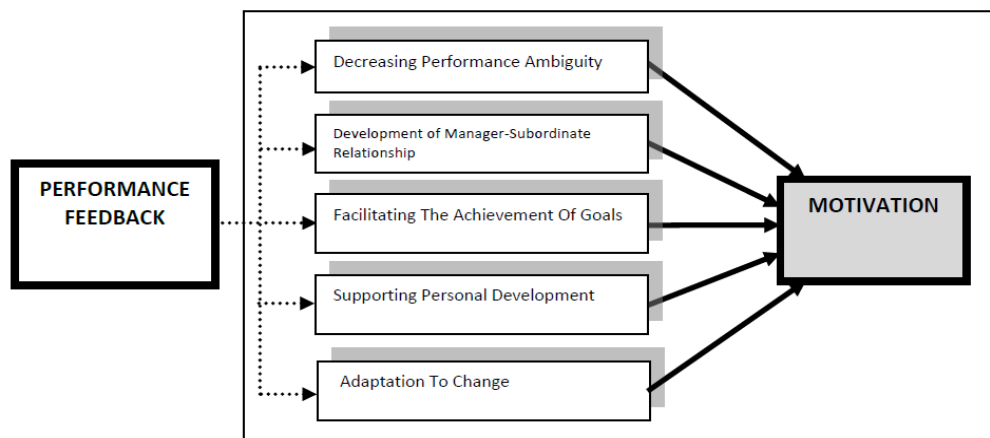
other hand, the tool has other challenges: having the system and report as an output but no further actions taken for employees' development.

1.1.8. Feedback Culture Empowerment

According to the research done by Mone et al. (2018), feedback is vital in performance management and also a key driver of employee engagement. In addition, feedback is also critical for learning culture; therefore, if the employees think there is a link between their performance and feedback & learning culture, they both focus on their performance to strengthen their ability.

Moreover, another research proved that “There are also direct personal effects of performance feedback to be considered. Reducing the ambiguity of performance, developing manager-subordinate relationships, facilitating the employee achieving goals, personal development, and adaptation to change effects occurring in the personal dimension of performance feedback.” that is shown in Figure 1.7 (Kaymaz, 2011, p. 117):

Figure 1. 7



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Source. Kaymaz, K. (2011). Performance Feedback: Individual-Based Reflections and the Effect on Motivation. *Business and Economics Research Journal*, 2(4), 115-134.

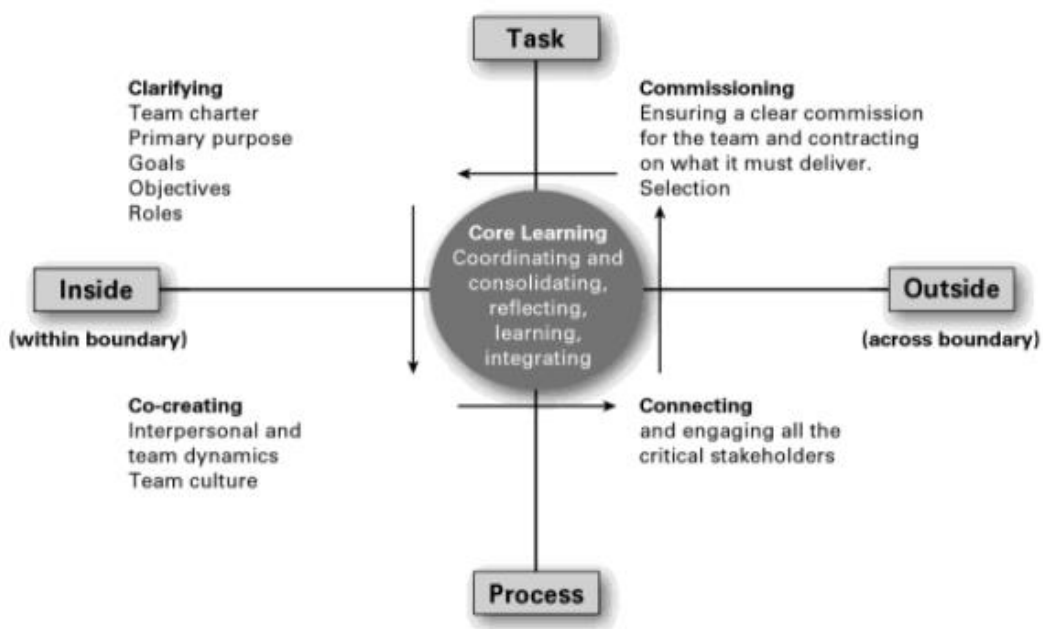
1.1.9. High Performing Team Culture and Employee Ownership / Engagement to the Process

In the 1950s & early 1960s, McGregor explained a new theory in his article “The Human Side of Enterprise” and created a Theory called X, which places exclusive reliance upon external control of human behavior. In contrast, Theory Y relies heavily on self-control and self-direction (Leawitt, Pondy, & Boje, 1980). According to his theory, leadership style can be affected by two assumptions; Theory X has a positive perspective on people; therefore, managers motivate their employees by promotion, salary increase, and safety. On the other hand, Theory Y has an opposite view that increases employees’ motivations by providing additional responsibilities and accountability on business decisions. Some authors accept that this is the basics of motivation. In his future research, McGregor also expanded his theory by identifying the importance of finding an association between cause, reason, person, or organization and then self-consciously. Accordingly, the individuals direct their efforts toward those goals and get motivated through results and achievements (Dartery-Baah, 2009), which also positively impacts “High Performing Team Culture.”

“High Performing Teams” are first described by the Tavistock Institute, UK, in the 1950s and become popular in the US by the 1980s, with adoption by different organizations (High-performance teams, n.d.) Dipra (2006) explained the “High Performing Organizations” as a kind of a transformation process for the organizations within the years with a need to develop new objectives, measure them, and identify means to get there. Moreover, as stated Figure 1.8, there are disciplines defined by Hawkins (2014, p. 10).

Figure 1. 8

The Five Disciplines of High-Performing Teams



Source. Hawkins, P. (2014). Leadership Team Coaching in Practice: Developing High performing Teams. London: Kogan Page Limited,6.

“High Performing Teams” have the alignment on their focus, priorities, and purposes. Followingly, they seem more productive and engaged to contribute to the company mission. They have defined roles and clear communication and collaboration between each of them in a respectful way. They set their priorities and manage their work accordingly. Values feedback and continue learning and celebrate success together and recognize contributions. (Ryba, 2020)

1.1.10. Talent Reviews

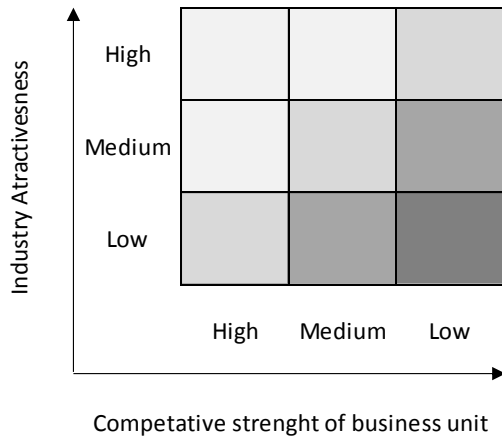
“A talent review is different than the typical performance review. A talent review asks business leaders to assess employees across the organization on performance and future potential” (Dube, n.d., s. para. 1).

Talent reviews both consider potential and performance as a matrix. Furthermore, employees had been put into those boxes. They discussed their potential (y-axis from high to low) and performance (x-axis from high to low) while deciding their talent during the succession and organizational planning process. The rest of them prefer only to focus on people’s potentials, and they only discuss and state their employees as they are like high potential, key contributors, performance concerns.

This method, a nine-box matrix, was created by McKinsey in the early 1970s. McKinsey was using a technique different from today’s approach. They used this systematic approach to determine where best to invest cash for the corporations, as seen in Figure 1.9 (McKinsey, 2008):

Figure 1. 9

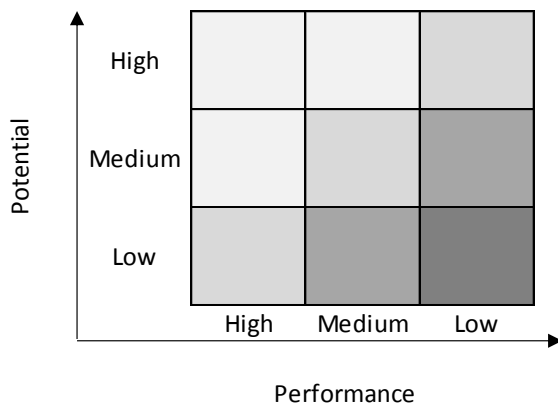
The GE-McKinsey Nine-Box Matrix



Afterward, Human Resources professionals developed and transformed this model as it is now, as may be seen in below Figure 1.10

Figure 1. 10

Human Resources Talent Review Nine-Box Matrix



This model seems user-friendly for managers while discussing their talents and bringing consistency into the process. Every year, managers review their talents and bring consistency into the process because they check their previous evaluations and bring their new thoughts on top of their last assessments. On the other hand, even if they put performance as one dimension, subjectivity may emerge as a question. Because managers evaluate their employees by considering different justifications, they are also affected by their motivation to take managerial roles or stay a key contributor in their current position (9 Box Grid Performance Values Matrix, 2017).

These processes are fundamental for companies to understand their talents while shaping their future, their talents' development needs, promotion decisions, and organizational moves by also considering their organization and employees' needs. In addition, some of them also evaluate their employees' motivation for the company, work & responsibilities, and developments during these discussions.

There are also different thoughts regarding making these evaluations visible or transparent to employees. Hamill (n.d.) stated that if you prefer to keep these reviews confidential, it affects losing talents since they are not aware of their career path, promotion possibilities, development & learning plans, business leaders, or human resources. On the other hand, transparency may also create other impacts, especially on employees' expectations if they are called high potentials since they will be willing to obtain what is suggested. On the other side, there could be a risk of demotivating lower potentials even they are also working as a solid (key) performer and contribute to company results at all the time.

1.2. Objective of the Study

Over the years, Performance Management Systems' transformation progressed from self-assessment of the individual performance associated with objectives to manage feedback and overall feedback by multiple feedback sources like 360-degree-feedback tools. Therefore, in this study, the aim is to explore

different concepts of Performance Management Systems in the workplace, their applicability with the systems' functionality and employees' experiences, and their thoughts regarding these systems with the expression of HR professionals. Furthermore, the companies' current situation of standard methods had been examined and their effectiveness level of supporting their achievement according to their objectives. In addition to that, it is also targeted that understanding what kind of difficulties the systems have during appraisal period, if they consider re-evaluating the system what the reasons for the change or what kind of systems would be in place are. If so, what sort of systems have been implemented in companies instead of best-known Performance Management Systems. What are their strengths to embrace, or any deficiencies to engage these systems in the organizations?

However, although companies say they do not need a system instead of ratings, they focus on employees' career or personal development. Nevertheless, they still have systems backstage to evaluate the performance of the employees (Rock & Jones, 2015). Therefore, this research mainly aims to understand that the companies will remove these systems or replace them with other alternatives.

1.3. About the Researcher

As a Human Resources Professional with more than ten years' experience in different fields of HR (e.g. Talent Management, Learning, and Development, Talent Acquisition, Human Resources Management Consultancy) in other companies in various sectors (Non-Profit Organization, Media, Consultancy, Retail, FMCG), I have always been interested in methodologies of HR for the benefits of employees and the organizations.

In May 2016, I had attended a seminar called "New Approaches in HR: Digitalization and Mentality Transformation in HR" at Istanbul Bilgi University hosted by the Organizational & Industrial Psychology Department. During the seminar, we had a chance to think about hybrid working models, new working

methods, HR transformation, and digitalization requirements, new competencies in a new era. While talking about the best implementations in the companies, one of the speakers stated that “There will not be any Performance Management Systems soon,” which made me think that it would be possible at that time.

Afterward, as a chance, I moved to another company as Talent Management, People Processes Manager. One of the primary responsibilities was the Performance Management Process ownership as part of the Business Unit Center of Excellence Team. I decided to concentrate on my thesis’ subject matter as Performance Management Systems and my thesis advisor, respectively.

I want to highlight that only one statement enlightened me and encouraged me to work on this subject. It has been five years since I attended the seminar, and surprisingly my perception had been slightly changed, especially after completing interviews with HR professionals. I have realized that the companies and HR Professionals still focus on the Performance Transformation Journey, and we will continue to learn new things altogether.

CHAPTER 2

METHODS

2.1. Participants

Inclusion criteria for the participants were being Human Resources (HR) professionals working in different sectors, conducting Performance Management Systems. Ten professionals meeting these requirements approved being a part of this research and gave consent for participation and audio recording before the interviews. The data was collected by having a purposive sampling method by using the researcher network.

The average age of participants is 34 ($SD= 4.7791$, $min= 27$, $max=40$). Thirty percent of them male while Seventy percent of them female. Thirty percent of the participants have a master's degree, and the rest have bachelor's degrees in different fields. The average length of their experience is Eleven years, and the half of the participants' work experience is between 5-10 years and the rest, had more than 15 years' experience. The participants' Eighty percent were working in managerial positions.

All the participants work in the private sector in different industries like; Retail, Tourism, FMCG, Pharmaceutical, Holding, and Consultancy. All the participants are working in the private sector, and 80% are working for international companies. Seventy percent of them have global Performance systems in different ERP systems; Thirty percent are currently using Workday as an ERP system, and the rest use various tools like SAP, Success Factors, or their own global/local systems. Moreover, Sixty percent of them are already in the transformation process regarding their Performance Management Systems (Table 2.1).

Table 2. 1*Participants' Demographics*

#	Role in The Organization	Age	Gender	Education	Experience	Sector	Company	# of Employees	# of People Leaders	Which ERP System
1	Assessment & Development Center Unit Manager	38	Male	Graduate	15	Retail	Local	40000	544	Current: Local system & Excel Form To Be: Success Factors
2	HR Director	36	Female	Graduate	15	Retail	Global	500	15	Current: Global system To Be: Success Factors
3	HR Business Partner	30	Female	Graduate	9	Consultancy	Global	1300	600	Current: SAP Dashboard & Excel Form
4	HR Business Partner	28	Female	Graduate	5	Retail	Global	700	350	Current: Excel Form To Be: Global System
5	HR Sr Director	39	Female	Master	16	Tourism	Global	700	60	Current: Workday
6	HR Business Partner	27	Male	Graduate	5	FMCG	Global	1000	50	Current: Success Factors To Be: Workday
7	HR Business Partner	30	Female	Master	5	Automotive	Global	90	30	Current: Workday
8	Training Manager	30	Female	Graduate	9	Pharmaceutical	Global	1000	140	Current: Workday
9	Organization Mng & Development Lead	38	Male	Master	13	Holding	Local	3000	650	Current: SAP Balances Scorecard To Be: TBD
10	Organization Management & Development Lead	40	Female	Graduate	18	FMCG	Global	2500	200	Current: Success Factors To Be: Global system

2.2. Interview Protocol

Fifteen open-ended semi-structured questions and five demographic questions were asked (Appendix A).

2.3. Procedure

The interviews were conducted in places, mainly in silent parts of the cafes and offices, where the participants felt comfortable talking about their experiences. Due to the Covid-19 Pandemic, some of them are organized as Zoom meetings and completed virtually. The interviews were conducted in Turkish (Appendix B) and translated into English after coding. Voice recordings were taken, and transcriptions were done following each interview.

2.4. Data Analysis

During the coding process, the MAXQDA program had been used, and 429 codes were created under 35 different segments (Table 2.2). Per the qualitative content analysis inductive approach requirement, the coding process for all interviews was completed by determining category definitions, formulating new categories, and completing final work to interpret the results.

Table 2. 2

MAXQDA Codes and Sub-Codes

Codes	Sub-Codes	Frequency
Demographics		0
	Age	10
	Education	10
	Tenure in professional life	10
	Role in the organization	14
	Experiences	8
Sector		0
	Sector Information	8
	Details of the Company	5
	How many employees do you have?	11

How many of those employees are people leaders?	12
HR Organization	0
Brief info regarding HR	10
Performance Management System Process	0
Number of Objectives	18
Development objective	8
Scoring	27
Thoughts for scoring/non-scoring	8
Calibration	9
Connection between compensation	17
Connection between potential	19
What type of ERP system do they use?	21
Detail regarding objective setting, evaluation, and scoring	30
Feedback tools (360) involvement in performance system	8
Execution Process	0
HR Involvement into the system	9
Training phase	5
Roles & responsibilities (Mng, Employee, HR)	16
Exception for inclusion of the system	14
Who is the owner/leading performance system	14
Thoughts regarding Current System	0
Feedback Culture Empowerment	10
Managers' & Employees' thoughts regarding system	9
Challenges for managers	2
Managers' & Employees' ownership	14
High Performing Culture contribution	9
Strengths and Opportunities of current Performance System	22
Thoughts for Future Implementations	0
Good features and opportunities of not having the system	18
What kind of system should be implemented in organizations	21
Others	1
Financial Year	2
	429

2.5. Qualitative Content Analysis

Content analysis is one of the qualitative research methods that help the researcher to create quantitative outputs by evaluating text composed with a qualitative approach. There are two approaches as a center of qualitative content analysis; inductive and deductive. In inductive category development, the research question and other steps determine category definition and abstraction levels,

formulating new categories, revising categories from the material (Ten-Fifty percent), final working through the texts, and interpreting results. On the other hand, in deductive category development, the second (theoretical based definition of the aspects of analysis; main and sub categories) and third (theoretical based formulation of coding rules) steps are varying (Mayring, 2000).

According to Hsieh and Shannon (2005, p. 1278), qualitative content analysis is identified as “a research method for subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns”. It consists of three different approaches; conventional (which is inductive according to Mayring (2000)), directed (which is deductive according to Mayring (2000)), and summative, and the primary purpose is producing meaning from data analysis. “In other words, content analysis allows researchers to interpret subjective data in a scientific manner” (Moretti, et al., 2011, p. 420).

Although authors state different definitions, there are some primary steps: Selecting units of analysis and categorizing them to establish themes. Moreover, content analysis the primary purpose is not building a theory or finding relations between those categories. The primary goal is eliciting sorts from the data (Cho & Lee, 2014).

CHAPTER 3

RESULTS

This study, in general, focused on three phases throughout the interviews to understand the current Performance Management Process structure and proposed ones for the sake of the organizations and employees according to Human Resources (HR) professionals point of view:

- Current Performance Management Systems: Their execution process (including objectives & scoring), roles of managers, employees, and human resources, the relationship between compensation and talent reviews, feedback process involved in the system or during an evaluation
- Thoughts Regarding Current Performance Management Systems: Its strengths and opportunities, ownership of managers and employees, and their thoughts regarding the system
- Thoughts Regarding Future Implementations: Thoughts about not to have any Performance Management System or if it is vital for the organizations their suggestions for future implementations

3.1. Current Performance Management Systems

Since Eighty percent of the companies are global/international companies, they all have different ERP systems (e.g. SAP, Success Factors, Workday). During the interviews, it was understood that Sixty percent of the companies have been in the transformation process and are reviewing or renewing their current Performance Management Systems. Therefore, they have both explained their current or to-be systems accordingly. Regarding the systems, including both current and to-be, Forty percent of them prefer Workday, conducting with OKR (Objectives Key Results) methodology. Apart from their current system, Fifty percent of them utilizing OKR

(Objectives Key Results) methodology for objective setting and performance evaluation:

“Our system is similar to the fundamental ones, and we have 1-year business objectives and competency-based tracking. We have OKR system which is similar with a SMART approach and our business objectives are cascading by Country Manager” (Participant 2)

“Currently, we use SAP Balanced Scorecard called sustainable Performance Management, which is also supported by OKR methodology because it improves team soul by having key results below. Moreover, regular feedbacks contribute to relationships in a positive way. By having aligned objectives, the overall company strategy is supported. Due to having project-based objectives, we have different time durations to check the accomplishment. A Balanced Scorecard is much more like an HR tool; however, the OKR system is a management tool that creates the difference between the two methods. OKR is also eliminating the silos.” (Participant 9)

Thirty percent of the companies’ systems are running with one year cycle, including objective setting, mid-year evaluation, and year-end evaluation. In addition, Twenty percent of the companies set their objectives under different categories related to their visions and critical behaviors/values.

Moreover, only one company represented by Participant 3 prefers project-based check-ins on top of classic Balanced Scorecard evaluation (Including competency-based criteria):

“Minimum two snapshots should be created for the respective project. After completing the project, project managers always answer those questions: 1) If

I have money, I give it to this person; 2) I prefer this person in my team; 3) Is there any low-performance risk for this person; 4) Is this person is ready for the next level?”

Twenty percent of the companies prefer to create objectives in 6 months, twice a year they encourage their managers to have performance evaluation meetings with their employees:

“By using this method; having 6-months evaluation enables our organization to be more agile” (Participant 8)

3.1.1. Roles and Responsibilities

Overall, the owner of the process is the Human Resources Department. Especially for the global companies’ the communications are cascading from global/region teams to local Human Resources Business Partners or Organization Management and Development Teams (Fifty percent of the participants’ companies). The rest of them executing their processes in line with their Performance Management cycle timeline. Parallel to this approach, Human Resources teams are involving in the process, and the level of their involvement depends on the company culture and practices:

“Some of our managers are owning the system better than us as a human resources department; however, at the same time to keep the process in control, we prefer to enter objectives into the system” (Participant 2)

“We send an email first to managers and request them to execute the process and come back to us with signed forms” (Participant 4)

Moreover, after performance evaluation comments entrance on the system, HR would like to have a tracking system to check the objectivity and quality usage of the system:

“We approve the forms on the system to ensure that the forms provide consistent content between objectives and comments” (Participant 2)

Especially for Top Management levels, the HR professional is reviewing their forms. In general, Forty percent of them check the forms even if it is not a determining process in their system and accountabilities.

“Top Management roles especially Directors, I check their objectives one by one, for the rest of the roles, we select some of the forms randomly and check respectively.” (Participant 9)

“I don’t believe that managers and employees are accurately using the system so, I prefer to check the forms accordingly” (Participant 4)

Some of the HR professionals think that the ownership of the managers and employees should be increased. To contribute to this understanding, they position HR to a guiding role for the process. However, unlike a controlling department, they suggest HR should take an explanatory and advisor part through the process. HR kicks off the process launch; they announce and followingly give training support to the managers and employees regarding the process. They highlight; what are the key steps that should be followed up and the importance of the feedback process and the majority of the companies expect ownership from the managers and then employees to embrace the process and execute at is expected:

“I think HR’s roles and responsibilities are decreasing day by day, of course, HR is responsible for controlling system effectiveness or KPI follow-ups, however executing the process is consisting of dialogues between managers and employees” (Participant 10)

Participant 8 identifies HR's role as “Maestro” of the process more guidance than the supervision of the overall process.

3.1.2. Performance Management Systems Execution Process

Seventy percent of the companies include all employees, management levels, and departments into their Performance Management Systems. However, the rest of the companies generally have all leveled employees/management levels and set exceptional groups, including blue-collar, contractors, sales staff, line staff, or departments with standard operational tasks like accounting. They do not include them in their Performance Management Systems. The companies, including all employees, manage the process manually, create manual translated forms for their blue-collar, line staff, and field employees, and follow-up the system manually.

3.1.3. Objective Setting Process

We see that objectives are changing from 4-16 in those companies. Fifty percent of them have a development or/and competency-based objectives that also affect overall performance evaluation:

“We provide examples for competency-based objectives to make all of them objective and SMART” (Participant 9)

For the rest of them who doesn't have development objectives, there are other solutions (like coaching) in place:

“We have coaching practice to encourage our employees to talk about their strengths and opportunities” (Participant 3)

Differently, one of the companies starts their evaluation by employee self-assessment, and employees give their rating, followingly the managers make performance meeting with their employees by also considering their inputs before the final decision:

“At the beginning of the launch, Performance Management Systems open to the employees. Firstly, employees complete their self-evaluation form in a free format, a kind of self-assessment of the previous year. Also, assess themselves and give rating including what have done successfully or in which part they could do better? After that, they submit their evaluations to their managers, which help managers to be prepared.” (Participant 5)

3.1.4. Performance Ratings

It is observed that there are different types of rating methods in Performance Management Systems. Since Sixty percent of them are changing their systems, we see different approaches according to their current and future implications. Seventy percent of them using numeric rating scales (e.g., 1-4, 1-5, % out of 100%) corresponding to an adjective such as “Meet Expectations to Below Expectations” or “Excellent to Poor” by referring to performance level. Only one of the companies has a different approach according to their employees' working conditions. They have a numeric system for white-collar who work in Head Quarter; on the other hand, and they have letters instead of numeric explanations for field employees:

“We do not have a numeric performance rating for the field employees; we have letters representing success. Each letter has a corresponding number. However, employees are not aware of that. They may think that they are successful; however, if their performance is not at an expected level and not over the limit, they may not get a promotion. Therefore, this creates confusion for them.” (Participant 4)

Thirty percent of them have definitions and explanations instead of numeric responses. However, they do not prefer to use a numeric description:

“Our company states that we removed the Performance Management System. However, they mean that we do not have a performance rating system at the moment. Due to having a project-based system, they know the results that show their success, so employees do not need any rating.” (Participant 3)

“After the final evaluations managers decide on if the performance is above the expectations, they only state as ‘above’ so there is no performance rating in our system” (Participant 7)

“In our company, you understand your performance in review sessions with the manager according to shared comments and accomplishments; otherwise, we do not use numeric explanations. However, it could be more understandable to have performance ratings, if you had outstanding or poor performance” (Participant 8)

On the other hand, some different opinions showed that employees would like to understand where they stand if they are successful. They would like to see or hear

factual data like a numeric definition, or they prefer to criticize themselves even they receive understandable ratings like achieved or 3-4; met or exceed expectations:

“I would prefer to understand where I am standing in my 6-people team according to my performance, and I think anybody would like to know that. Maybe I get feedback from my manager. How about the rest of them? We should change this.” (Participant 8)

“I think performance rating is important for the employees; however, this process is not embedded professionally. They receive salary increases differently, so the manager explains that I gave you a fifty percent increase instead of Ten percent. Performance rating is also important for the employee” (Participant 5)

“I have observations that there is a difference between achieved and exceeded. Even if we do not set any numeric result, they start to think numeric based and think that achieved is not a better option even we think that the employee is successful enough. Because this is a habit inside of people, so they position themselves accordingly” (Participant 6)

On the other hand, having a performance rating may create a wrong perception among the employees to think that their performance rating is not higher as expected, even it is acceptable for the organization:

“In our previous system, C meant meets expectations; however, people thought that C is not good as exceeding expectations.” (Participant 3)

“Even they get 4, and they may think that it is not good if their manager normally loves giving 5 to all their employees” (Participant 5)

3.1.5 Calibration Process

Fifty percent of the companies organize Calibration Meetings while the rest does not prefer to do so. They count on their managers’ opinions:

“The main reason to change the whole system and cancel calibration meetings is that giving much more accountability on their teams to decide on their compensation by considering their performance level as their people leader” (Participant 10)

Fifty percent of the companies create a space for their manager and trust them while deciding on performance ratings. However, on the other hand, there are some questions on the objectivity of performance evaluation.

“We would like to increase the maturity level of managers to understand and explain the performance with the same point-of-view. However, it is not easy since we have different roles that show different indicators to understand their performance. So, it is not easy at the moment” (Participant 2)

“We have calibration meetings; everybody tries to convince the others if the employee deserves that rating with the reasons. The process aims to prevent employees from losing or gaining different ratings apart from their current performance results.” (Participant 4)

3.1.6. Reward Management: Pay-for-Performance

All of the companies have a connection between pay and performance. Moreover, some of them vary according to their criteria by including talent review outputs in their final decision. Fifty percent of them integrated their systems considering performance levels for both salary increase and bonus payment. However, Thirty percent of them only integrated their salary increase with their Performance Management System.

One of them, out of Eighty percent, prefers to integrate their system with bonus payment and promotion decisions. For salary increases, they allocate budget to their managers and depending on the department's target achievements, their multiplier coefficient changes accordingly. Managers decide on salary increase rates for their employees.

“In our Performance Management System we have what and how what shows the KPI's that you should accomplish and how represents how you will achieve those and as a result what only affects your bonus payment and how only affects your salary increase” (Participant 7)

And the local company who represents the other ten percent, only links the performance with a bonus payment. And their reasons behind this decision is that:

“We have already considered the market to position our salary increase approach, so our executive board just prefers to reward the performance with bonus payment and the salary increase only related with the job, not people who perform” (Participant 9)

However, global companies prefer to differentiate their total rewards strategy by putting the performance at the heart of their decision and shaping the differences by considering the talent / potential matrix.

3.1.7. Talent Review Process

Eighty percent of the companies have different talent review processes, not embedding these reviews into their current Performance Management Systems. Ten percent of them prefer determining their talent pool according to their overall performance. On the other hand, Ten percent, local companies and have a higher number of employees and still focus on establishing a Performance Management System. Yet, they do not focus on talent reviews. Sixty percent of those eight companies prefer using a-nine-box or a-six-box grid models while determining their talents within their companies.

Moreover, it is observed that none of the companies make visible their talent review outputs with their employees:

“Employees may see their performance results. However, their career review outputs, including career path, is not visible to them. Because we don’t give promise to them, however, there should be an alignment between them. If you say that the employee is ready, then the performance result should be supporting this decision.” (Participant 5)

3.1.8. Feedback Tools Involvement in Performance Management Systems

Thirty percent of the companies are not using any feedback tool. In comparison, only Twenty percent of them have a 360-degree-feedback tool. They are not implementing the tool into their performance systems since they only prefer to include minimal eligible populations as senior leaders or top management teams.

“There is no integration in our system, however this year, the global team only requested for General Manager to consider 360-degree-feedback results while evaluating his performance.” (Participant 5)

The rest of them have local solutions for feedback like offline discussions asking for feedback, performance rating systems according to project or presentation performance. However, only Twenty percent of those companies plan to integrate the 360-degree-feedback tool into their future Performance Management Systems and work on system developments.

“We will embed the feedback system into our performance system effective from this year. And, Ten percent will be impacted by feedback results.” (Participant 9)

3.2. Thoughts Regarding Current System

3.2.1. Feedback Culture Empowerment

All of the HR professionals believe that feedback is an essential component for Performance Management Process, and in general, as HR professionals, they both encourage their people leaders and employees to have quality manager feedback conversations:

“In our company, our managers spend quality time for feedback, even for directors specialist may provide feedback which makes you know that you have your voice on others’ performance. So, everybody has the same point of view” (Participant 8)

“We would like to change the system by also taking the wind behind us to increase feedback and foster feedback culture within the company”
(Participant 2)

Even there is a considerable effort to sustain the quality and fairness of the system, especial during manager feedback conversations; employees raise some concerns to HR professionals according to their experience:

“The system does not check the feedback quality only send warning to Human Resources if there is a conflict. Actually, the quality of the conversation shapes this” (Participant 3)

“We are learning, and we encourage managers to have these manager feedback conversations; however, after feedback sessions, employees don’t feel satisfied due to lack of reasoning behind the conversation provided by their managers. Moreover, if they don’t accept that there is no other following step, so at times we even don’t know if there is a conflict for employee”
(Participant 1)

“The justice of the process is related with the people leaders’ maturity level, and HR may act as a police. However, the main point is that the people leaders and their capability of assessing their teams’ performance separately”
(Participant 10)

“I had managers who spend time and invest feedback culture to provide quality feedback. On the other hand, after six months of performance, my current manager only wrote a summary comment in the system, invited me to his room, and asked me to read his comments from his computer screen. I

read and just said thank you. It was not a real performance evaluation. Suppose they would act like that. I rather prefer not to do so. My experience here expresses the importance of who your manager is. During the meeting, one of our employees stated that ‘performance-based increase should be canceled, and everybody should have the same salary increase. You know the inflation in the country.’ Then I explained to him that, ok, think that you are a high performer. However, your peer is not as good as you. Do you still think that it is fair to have the same salary? Then I asked him if it is correct? And he said ‘no.’ Followingly, he stated that ‘if my manager is not objective and gives me a low-performance rating in purpose, will you know about it?’ Again I explained to him that he has an environment to inform and discuss the fairness of the process conveniently. He may approach Human Resources or even General Manager. You have the right not to accept the rating and question it if you didn’t accept the feedback from your manager. But of course, some people don’t take risks which is discussible. However, like Human Resources, we always consider having calibration meetings.” (Participant 5)

3.2.2. High Performing Team Culture

There are different thoughts in terms of “High Performing Team Culture” in their organizations. However, most of them stated that having the Performance Management System enables also having “High Performing Teams Culture”:

“Having Performance Management System enables us to ‘High Performing Teams.’ After establishing a Performance Management System, it helped us determine who are our talents and the key candidates for future roles in the field. We also appreciated their great performance with our ‘Starts Club’ and invited them to the headquarter by inviting our general manager and brand

managers to celebrate together. We are in our third year, and if we have consistent performance in years, we also provide training opportunities as a reward to support their development” (Participant 4)

“Our current system helps us to go for ‘High Performing Teams’ target. You are already responsible for operational tasks. Apart from that, if you want to have a career in the organization, you should focus on different objectives that help the organization has a ‘High Performing Team Culture.’ Because managers are cascading objectives for this purpose, I do not find any link between the system and ‘High Performing Team Culture.’ What do we mean by ‘High Performing Team Culture? If we mean that everybody knows the strategy, feels the connection, and is motivated to do their best to actualize them, I believe this is not related to the system. This is related to leadership. I believe, see and feel that our general manager creates this environment, and the people are also aware of that. Everybody works too much, day and night, and these are all because of achievement and engagement.” (Participant 8)

Moreover, HR professionals also highlight the importance of the managers’ role, at this moment creating a sustained environment to follow-up Performance Management Process and provide quality and development focused feedback conversations:

“Our new system (established by OKR methodology) supports ‘High Performing Team Culture,’ which is already called sustainable Performance Management. Managers' attitudes are important here; if the manager gives importance to this, it can be easily implemented; otherwise, it is impossible.” (Participant 9)

“If they follow the rules as it should be, it helps ‘High Performing Team Culture.’ However, I do not believe that every manager cares about it. Some of them do it only to be done as perfunctory. Especially for critical individuals who are low or high performers, having quality conversations is helpful. On-time heads-up possibility supports this.” (Participant 5)

Participant 2 links the “High Performing Teams” with their competency criteria:

“We do not use ‘High Performing Teams’ as a company jargon; however, you should be in the organization if you would like to be a part of the team performing well. Freedom, responsibility, and organization culture adaptation are more critical. We don’t aim to be performance-oriented. The important factors are being business-oriented including creativity and dynamism which are also our competency criteria” (Participant 2)

For some companies, we see that due to observing a decrease in performance or needing to understand the productivity, they encourage to have this understanding by conducting quality Performance Management Process:

“I am witnessed for 13 years that company owners closely following up the company targets so, the company has been grown year by year. However, this is not the case, and we have other KPIs and development areas as well. In the last two years, our growth numbers decreased by Twenty percent (from Forty to Forty-five percent). Now due to having this trend, it is required to have Performance Management Systems in the organization. We should have the system to track the performance” (Participant 1)

“Our global teams required us to include blue-collar employees to understand the productivity of ‘High Performing Organization’ (Participant 6)

3.2.3. Managers’ & Employees’ Ownership

All HR professionals had a word regarding ownership of the employees and managers for the Performance Management Process. Some of them believe that the leading role belongs to the manager, and employees are following them accordingly:

“I can say that there is ownership in our company. Everybody is acting like a leader. There is a cultural attribute called ‘own it, I can also say that during our conversations with my manager, I hear correct and to the point feedback from my manager. It was the same with my secondary manager. We see general from all other managers.” (Participant 8)

“Compare to my previous experiences, and this is the best company I have ever worked. Employees take the process seriously. I think following the rules is an individual thing. Some people are more structured and strict about deadlines so, even they work with different personalities, they have their business manner of deciding when completing something. Some of them are flexible, and they say, ok, let us see what will happen. However, these kinds of systems have their regular reminders, so you may catch up in some time if you do not see your manager receives the reminder. People are not a robot, do we provide enough data, yes, do we send reminders, yes, so it depends on people’s decisions, doing or not doing.” (Participant 10)

“If the manager owns the process, every system is effective. Our new system will adapt to our lives; daily, weekly and monthly progress will be more

useful. Of course, it also depends on the top managements' ownership” (Participant 9)

“Sometimes it takes time like 1.5 months to complete year-end evaluation conversations for the managers. However, they would like to do so, they do not have deep thoughts in terms of the system, but they are happy that there is a system for performance evaluation” (Participant 2)

“This depends on the brand and the manager who is leading the team, their point of view is important. I know that one of our brands is disciplined, and they do whatever I request. I have HR friends who had difficulty collecting final ratings from the managers. They have to be persistent at times, so I do not believe that they accurately provide the data” (Participant 4)

On the other hand, expectations may also differ individually. To keep employees motivated, it is also essential to give them the reason to internalize the processes as a career opportunity:

“I think their ownership depends on their seniority and expectations. If they are waiting for retirement or do not have any expectations, the ownership level is not higher; only if there is low scoring, they prefer to give input. If they do not take any incentive or stay in the company, it does not work. Generally, conducting Performance Management conversations is not favorable for the managers. Employees working in operations which always face to face with customers believe that this process brings extra work. They have to complete the system work at the back office, and they always state that they do not have enough time to complete the process. Communication is important; sometimes, managers come to us and would like to terminate the

employee. However, when we check their performance form, we see positive comments in their forms. So, I say I am sorry you cannot terminate them. Therefore, the system works for those who accept that this is critical information and act accordingly. However, we know that there are people conducting process perfunctory” (Participant 5)

Moreover, there are other professionals, think that human resources owns the process and force them to follow the actions due to their employees’ workload:

“As HR we push them, they are technical professionals, they may lose their focus. They are busy due to complexity of the operation, so they position human resources processes as a second plan” (Participant 6)

“I don’t believe that they own the process enough. However, they may prefer to complete the process at the last minute; of course, starting from the first day or completing it on the last day affects the quality. Therefore, we set deadlines accordingly.” (Participant 7)

3.2.4. Strengths and Opportunities of Current Performance System

Some of the professionals think that their new Performance Management Systems will over the opportunities of their previous systems. Primarily due to regular manager feedback conversations (check-ins) and talent review involvements:

“Our new system is agile because objectives are setting at the beginning of the year. The importance of those objectives may change in the mid of the year. However, because everything changes rapidly, our new system is more agile-based on monthly feedback sessions and checking employees’ engagement levels. In our current system, if the employee has a rating of 3, you have a

Fifty percent increase in the salary. And we don't have to explain the talent review and discussion results; however, now in the new system, the talent review results will also be embedded into salary round discussions, which should be managed, we will find a way. Moreover, currently, our current system doesn't allow people to enter their objectives, as HR we are leading this, our new system will enable to increase ownership" (Participant 2)

Another explanation is coming from the HR professional who has no performance rating in their systems:

"Workload is high in here, and the salary range is low, on the other hand, we expect lots of things from employees, some of them conducting the process as perfunctory. The best part I liked is that there is no rating in the system. In our new system, people may have higher salary increases that are not directly related to the performance ratings. Therefore, we are also focusing on the recognition system." (Participant 3)

In general, all HR professionals supporting the digital, simple, and user-friendly systems may decrease the manual effort for the employees and HR and the alignment between company strategies and team / individual objectives:

"I would like to start with development areas, and there are lots of manual processes. It makes us exhausted, not only HR but also managers. After printing out the forms, I never recheck the data. If we have a digital system, it would be great to follow up from the system, and employees could check their objectives or results on the system, not via face-to-face meetings in the stores. The best part is having calibration meetings, and it prevents decisions not only belongs to the manager. This is a good process. They need to convince you, or

they can suggest another rating. This process should be remain. Because the process is manual, we may miss something since it's only human nature. (Participant 4)

“I like our current system because it is simple. In my previous company, the curve system was eliminated so, and we had just determined the top and low performers. The rest of them gets any ratings. Nowadays, due to having agile teams and changeable working conditions, having 4-5 scales performance ratings doesn't mean for the organizations. There is still an increased rate; however, this is based on feedback according to employees' contributions. Working styles differ. However, we execute the same systems for all. In our current system, transforming from 2 ratings to 1 made the system simplified. Moreover, I also like here is that having a structured process like informing employees, setting expectations and completing alignment interviews in a year.” (Participant 10)

“In our current system due to having no alignment between company's strategic priorities, there is no difference between good & bad performance, so everybody is as if good performer. There are no data-based results, and we only focused on how what never was our focus. Now there are KPIs. However, there is no questioning mechanism behind that. Since 2007 I have had the same KPI as '60 days closing duration for vacant roles'. There is no adaption effort for today's reality. We see directorates without any KPIs, and they assume that they are working too much; however, we don't see any outputs accordingly. Afterward, by also taking the CEO ownership, I prepared our manual forms, now we hear complaints about the manual work to enter data on an excel file. Therefore, I work on establishing a system in SuccessFactors” (Participant 1)

As almost all of them stated, objectivity and fairness of the process are significantly important, and having SMART objectives and on-time feedback supporting this understanding:

“This year, after adding self-evaluation part was a good touch in the process. There are missing comments even at managerial levels, and this shows respect! You cannot measure everything, every time and everywhere. I think it is valid in all systems. The important thing has SMART objectives. You should be open to explaining the reasons, and the important thing is avoiding the Hola & Horn effects. Because after working together for a long time, people act like blind. Since I have just joined this company, many people are working here, which makes me think about how such a person works here. And they also have good performance ratings, but on the other hand, their manager complains about them and willing to terminate those people. For all the systems, the important thing is being objective and able to work per its purpose, and the important role here is the manager” (Participant 5)

“After changing our system to Workday, it will be like a self-service. The focus will be development. Moreover, it will increase the awareness for both the managers and the employees. Workday is a comprehensive change that will affect the feedback process accordingly. Our team’s maturity level is high, so we have settled the calibration process. Moreover, our system has no bell curve limit, so you do not have to distribute your ratings accordingly. There is no control mechanism behind that.” (Participant 6)

“People should be more conscious; while you want to have a fair system, you may also create the difference between a conscious and unconscious manager.

So we may discuss fairness in the system due to the manager effect. There should be automatized rules if we want to have a real fair system” (Participant 7)

3.2.5. Managers' & Employees' Thoughts Regarding Performance Management Systems

Some companies have smooth processes without receiving any negative feedback or reactions on their Performance Management Systems:

“We do not have any negative feedback at the moment, and however, after changing the system to Workday, the responsibility will increase accordingly, and having their own will take time” (Participant 6)

On the other hand, again, the employees don't have any comments regarding the system. Instead, they have thoughts regarding the execution of the process and their managers' approach:

“There is no significant comment on the system; they only say their manager doesn't make an accurate assessment for their performance” (Participant 7)

Some of the employees would like to see where they are according to their performance. Some of them prefer to have simplified & user-friendly systems which may adapt their own needs or working conditions, supporting calibration process and providing the reason for engaging to the system:

“They find it insufficient. They cannot see any comparison, they cannot see where they are” (Participant 3)

“Especially for the line stuff, they don’t like to write their results on a system via computer. They prefer to writing on manual forms. So, we give this opportunity to them. They don’t have the same objectives each year, and the important thing is updating the data year by year. Moreover, we have new generation teams, and they prefer easy systems. For example, now they may enter the system via their phones. Even having this opportunity is a big thing for us.” (Participant 5)

“ Employees do not prefer to have objectives, and they would like to be evaluated more purpose-based. In our current system, you may feel the purpose/meaning, but of course, without objectives, we do not find any meaning, so we should explain this to our employees. If the employee has an analytic thinking approach, they believe that performance systems are important, but the rest of them don’t want to. Some of them think that there is no quality execution. In our new system (Workday), our employees believe that the system is ‘to the point’ and encouraging. They like the segmentation of accountabilities because they see that each contribution has its coefficient. You may decide on your objectives, which make them feel that the system is objective. You may prefer to have three breakthrough objectives, and you may challenge yourself and receive higher increase rates that directly affect your bonus” (Participant 8)

“They support our future system because they are criticizing the current system that it is not open for the calibration.” (Participant 9)

“In our new system, we are so worried since it requires monthly check-ins in the process. However, the managers requested to have quarterly check-ins” (Participant 2)

3.3. Thoughts Regarding Future Implementations

3.3.1. Suggestions for System Solutions that Should Be Implemented in Organizations

In general, HR professional promotes the importance of quality feedback; on time, accurate with performance results, supported by check-ins also considering motivational and development focused conversations between the managers and the employees:

“It should be transparent; managers usually avoid giving feedback. They give low ratings without any explanations before declaring the final rating. The system should force them working together by also considering strength and opportunities of the employees” (Participant 3)

“We transformed our new system due to our new way of working, while remote working it is essential to have a close relationship. Managers should be aware of their teams’ responsibilities. Employees should receive regular feedback. So, short-term objectives are crucial due to the dynamic working environment. Transparency is also essential to make goals visible. Sixty percent of the goals should be challenging because we have difficulties in the calibration process. We have a structured and usual system. However, annual-based tracking is old-school.

On the other hand, remote working changed all the conditions. Our new method will support the new approaches, transparency with short-term check-ins, and project-based tracking understanding. It is fair, and if you complete Sixty percent of the project, you know that you may not get five ratings before completing it. Objectives should be clear and adaptable to today’s conditions. Moreover, to prevent subjectivity, it is also vital to have project-

based objectives. Also, objectives should be cascaded from top to down with an induction approach.” (Participant 9)

“Successfully 360-degree-feedback would be great. Managers should be prepared since I am not sure that they are. The performance is also related to employees’ relationships with each other, which helps them get feedback. Feedback culture should be leveraged; at the moment, people assume that having feedback is a flawed process.” (Participant 6)

“It is difficult to wait until the end of the year so that regular pulse check-ins would be great. Also, this may not be a formal meeting. On-time feedback is essential. I always direct the managers to have feedback sessions with their employees, apart from the official Performance Management Process. If nobody gives me feedback until the end of the year, it is too late. Because this is unfair since enough time had not been shown to develop themselves, both managers and employees are responsible; however, managers have many works. If you let it go, you should know that you will not see any progress. They should also observe their employees’ relations with other departments. I do not support focusing on only people’s development areas, and we should also focus on brightening their strengths. If we only focus on the development areas that affect their responsibilities, the employee is not the right fit for the organization. This is the result of the wrong assessment during the recruitment process. Therefore, setting individual-based and up-to-date objectives is an essential factor.

Moreover, the new generation cares about on-time feedback, which is crucial. However, their approach seems out-of-date as they still apply the feedback they saw from their directors. HR may change this if there is a convenient system and willingness of the managers. For example, my general manager

says that I do not believe in generations. I think we are all the same, and he says this is nonsense, they want a promotion right away, but we always want a promotion, he says. The hotel kitchen can be run from a very traditional point of view with life experience and a career they've done for years. The others with new ideas want to use a technique, and they want to do different things. Here, too, that manager cannot manage that performance.” (Participant 5)

Besides, HR professionals state that the systems should be renewable, up-to-date, flexible, user-friendly, and enable having regular check-ins and review sessions. However, there is a need for Performance Management Systems in the organizations:

“Annual based performance evaluation is not realistic, having the system enables to review the objectives is better and employees should like the system while using that. We could switch our system to a freer, more fun, face-to-face system where teams evaluate each other. It is like a school report at the moment. However, the number of check-ins will be increased. Those systems are protecting employees. I do not think they prefer to lose the system; if they lose, they will have concerns about what will happen then. Moreover, especially in Turkey, there is a bias that if you have any Performance Management Systems, it means that you are not corporate enough.” (Participant 2)

Conversely, it had been highlighted that having digital systems would be beneficial, also taking ownership and having a clear understanding of the manager and employees is also essential:

“The system always has improvement areas. However, the important thing is manager quality and the faith of employees in the system. If they lose their

reliance on the system, you may establish any Performance Management system and face challenges. You may create a digital platform for the Performance Management Process. Still, it will not work if the manager does not care about the system, follow the guidance properly, check the employees understating of objectives, and give feedback as required. However, here, I do not have any negative observations in terms of the execution of the process. They know and believe in the system. In my opinion, everybody should know where the company goes, and the departments should be aware of the others' objectives. Suppose you cascade the objectives in a deductive method. In that case, we may see that some departments were working on the same objectives with similar projects. Afterward, you realize that the objectives you had cascaded went in different directions and did not serve your company strategy anymore. You should make them focus on having a collaborative approach. Otherwise, individual or discriminator perspectives will emerge. Hence, you should focus on them not only 'What' but also 'How.' Incorporate companies, you understand why there is a requirement for a bell curve for total rewards distribution. However, there are no systems in start-ups, and they also see the performance accordingly, so I believe there will be flexible and manageable systems soon. Soon, organizations will start to try different things; for example, nowadays, the question is how you will measure or evaluate agile performance. There is no hierarchy; everybody has the same level of contribution, so how will you measure it?" (Participant 10)

"I think this is not related to the training, and this should not be an arbitrary practice of employees. Artificial intelligence should be in place. Having a target is a good thing that makes me run after it. However, the important thing is that the employees should know targets. I had the experience that I was working too much to actualize my 'Whats'; however, I was unhappy and not

aware of what my company requests from me as ‘Hows.’ I wish I could know earlier; respectively, I use common wordings to explain the process properly to employees, instead of using HR jargon.” (Participant 7)

“I do not believe in the Performance Management Systems. We should determine our objectives by also considering top management priorities. I do not prefer any structured routines for reviewing monthly or annually, and I wish to have whenever I need according to my needs. But of course, I know that those systems are beneficial to remind employees to have their conversations. However, in the ideal world, employees should know their responsibilities and independently follow their performance and development. So, the Performance Management Process does not seem very convincing to me. Because even you have flawless communication with your manager, the manager may have difficulties explaining the reasons during the performance review. Maybe having more interactive process, not having conversations like by the book, maybe having on time conversations not face to face, it should be on a digital platform.” (Participant 4)

Furthermore, some other additional thoughts also had been stated making visible objective progress to all employees and also having project-based objectives which are already embedding in some companies’ Performance Management Systems:

“It should be good to announce performance progress for head office employees like sales team does” (Participant 8)

“Project-based evaluations should be implemented into the process. Moreover, having matrix objectives would be beneficial to have a common understanding of employees.” (Participant 1)

3.3.2. Good Features & Opportunities of not Having a Performance Management System

First and foremost, none of the participants stated that Performance Management Systems should be eliminated. For that matter, they prefer having flexible, adjustable, and open feedback systems. Moreover, to ensure that there is an equal distribution and fair process, they believe that the performance systems support that idea:

“In Turkish culture, there should be a system, if you don’t set objectives they don’t go after it. They also would like to see how you decide on bonus”
(Participant 3)

“If there is no system, I don’t imagine the people those who did not complete when we have the system. On the positive side, maybe it requires people to take responsibility. I think there should not be a system, but it seems like it has to be” (Participant 4)

“If we do not have the system, managers would tend to give higher bonus rates to their employees. Moreover, having the system data is an opportunity, especially for global companies like ours; if you want to transfer to another country, your data becomes visible to them. Therefore, I think it is important. Of course, there are managers without the system who can manage the process as expected levels.” (Participant 5)

“Performance Management System should be executed because you also provide data to employees in terms of their performance. If you do not follow a standard method, wordings could be arbitrary. Of course, we may discuss

employees' loyalty to the system. However, without the system, it could be worst. Moreover, as HR, I am an audit mechanism, so I need a good system to understand the reason for their results. Therefore, I respect Performance Management Systems, but I also believe that digital transformation is important" (Participant 7)

"I believe the credits of Performance Management Systems, and we shouldn't follow different directions, it is important to follow the same direction." (Participant 8)

"If you don't have an ideal system, there won't be any objective process. Employees don't know the company strategy, don't understand if their performance is good or bad. If there is no system, even employees' careers may be impacted negatively. There is no debate to discuss for not to have the system. Because Performance Management Systems eliminate discussions, they should see their results. After calibration, even they have the data on the system, managers say I gave you this, but HR requested to decrease your scoring." (Participant 9)

Also, to ensure that the system is fair, some of the HR professionals have a concern about how to adapt the employees the system without scoring by also have question marks, especially to create a link or find an explanation for compensation related impacts:

"In our new system, there will not be any rating, and I am curious about employees' psychology. Maybe not only explaining a numeric result; however, employees will feel that they would have five as a rating with

comprehensive feedback. Another crisis is to establish a link between performance and compensation.” (Participant 2)

Despite supportive explanations, there is also another point-of-view stated that the link between performance and compensation might affect their performance potential:

“If there is no link between the performance and compensation, I think people may enrich their potential much more. Because at the end they feel pressure. If they deal with these feelings, people who have responsibility and discipline may perform better. However, on the other hand, this is the fundamental ‘carrot and stick approach’ for some of them. People would like to be approved and appreciated, and performance systems encourage those, so I don’t imagine the organizations without the systems.” (Participant 6)

3.4. Summary of Results

- a. Transformation is still in place for some companies in terms of their Performance Management Systems. The majority of the companies have had a Transitional Performance Management approach. Some companies have embraced the Cutting-Edge Performance Management approach by having regular check-ins, ratingless performance systems, and using the Objectives and Key Results (OKR) methodology.
- b. Overall, the owner of the process is the Human Resources Department. Especially for the global companies, informative communications regarding the Performance Management Process are cascading from global/region to local Human Resources Business Partners or Organizational Management and Development Teams. However, we see that they only guide managers and employees to encourage them to follow

up the system process since both their responsibilities and ownership are increasing day by day.

- c. There is still room for the quality of the Performance Management Processes in terms of objective setting, follow-up, and feedback quality; therefore, Human Resources teams lead the quality-check process accordingly.
- d. The Performance Management Process is generally executed for white-collar employees; however, some manual solutions are in place, especially for the line staff, field teams, and blue-collar employees.
- e. Only Twenty percent of the companies have a ratingless performance system. However, the rest still have a rating system, and they have a link between compensation (bonus or salary increase). Moreover, some professionals stated that the employees must understand where they stand according to their performance.
- f. The calibration system is supported by HR professionals who lead Calibration meetings since they find the process valuable to increase objectivity. Some employees prefer to believe in their managers' capabilities to assess and explain the results to their employees adequately. On the other hand, they also highlight that these meetings are beneficial to increasing the organization's maturity level while calibrating their assessment skills.
- g. The majority of the companies, especially global ones, see that they differentiate their total rewards strategy by putting the performance at the heart of their decision and shaping the differences by also considering the talent / potential matrix.
- h. Talent reviews are led separately from Performance Management Processes with some other tools.

- i. HR professionals support “Empowering Feedback Culture”; however, especially the implementation of the 360-degree-feedback tool, the companies allow this process only for a limited population (e.g. senior management, executives). On the other hand, there are some initiatives to expand the population and integrate the system into their Performance Management Processes.
- j. Moreover, HR professionals are guiding and supporting managers to increase their capability and transforming their current systems to encourage the usage of the process. However, not having transparent, constructive, and comprehensive feedback from managers negatively affects the process’s perception.
- k. Most HR professionals think that their Performance Management Systems support “High Performing Team Culture.” But, again, they highlight the importance of feedback (from the manager, peer, colleague, and others) throughout the process.
- l. Managers have critical roles in the Performance Management Process. Especially, their attitudes and ownership shape employees’ careers and performance and their individual growth & development.
- m. Furthermore, it is also crucial for the employees to find a meaning or a reason in the process. Therefore, ownership is a critical component that the managers should sustain
- n. Comments on strengths that participants have in their current system;
 - i. Being simple
 - ii. Self-service systems to increase managers & employees’ ownership in the process
 - iii. Having structured information process for managers & employees
 - iv. Having calibration meetings
 - v. Having regular feedback conversation check-ins

- vi. Having a self-assessment process in the system (and creating a chance for employees to evaluate themselves)
- vii. No relation between ratings with compensation
- o. Comments on opportunity areas that participants have in their current system;
 - i. Manual processes & operational tasks (systems should be adaptable according to employees' needs)
 - ii. Having no alignment with the company strategy & team / individual objectives
 - iii. We need to focus on what & how together
 - iv. Having similar objectives with the previous years
 - v. Creating time for contributing to the process effectively, writing comments, having quality face-to-face meetings for reasonable explanations in terms of performance, continues coaching sessions
 - vi. Employees have concerns regarding their managers' performance assessment approach, and fairness perception is lower
 - vii. Manager capability (needs support on increasing maturity level in the organizations)
- p. Suggestions for system solutions that should be implemented in organizations;
 - i. Regular feedback conversations; annually based evaluations are not sufficient and should be transformed into regular check-ins (e.g., quarterly)
 - ii. Having purpose-based, adaptable, flexible, and transparent objectives aligned with the company strategy and vision
 - iii. Enabling the system to make visible the company goals and strategy and also making the departments aware of the others' objectives

- iv. A project-based approach should be in place while determining the aim to support objectivity within the system
- v. The transparent process supported by an effective feedback
- vi. Adaptable for changing working conditions (e.g., Remote-working)
- vii. Integrating 360-degree-feedback into the process
- viii. Increasing awareness of the managers or having supportive systems (enabling feedback opportunities) to have well-prepared and expert managers
- ix. Increasing conscious level of the employees to own the process and their objectives in a responsive way
- x. Sustaining calibration meeting process
- xi. Focusing on artificial intelligence practices to prevent arbitrary thinking and increase the objectivity and fairness
- xii. Informing the organization regarding performance progress
- q. In general, having Performance Management Systems are required to make the process forward going and associated with equal bonus and salary adjustment allocation. Moreover, employees need to learn their performance level, even for HR professionals to check the fairness of the process.

CHAPTER 4

DISCUSSION

Almost every HR professional claims that Performance Management Systems' existence is essential for both employees and organizations, so it should remain. Moreover, it seems that there is no plan to remove all the Performance Management Systems from the organizations. However, in terms of the functionality and execution of the process, there are still opportunities. Moreover, another essential component is also capability building of managers and employees to utilize the Performance Management Systems as soon as possible.

Although no significant supportive findings have been found in this study, according to the analysis done by CEB (GARTNER), Ninety-five percent of the managers are dissatisfied with their Performance Management Systems. On the other hand, according to findings that emerged as part of this study, the ownership level of the managers and employees is not at the expected level. And, employees' comments support that managers are unwilling to have feedback conversations and neither leads the process with imprecise nor well-prepared content. This finding is also supported

by CEB (GARTNER) Report's (2016); Fifty-nine percent of employees feel Performance Management reviews are not worth their time invested, and Fifty-six percent say they do not receive feedback on what to improve. Moreover, Ninety percent of the HR heads their Performance Management Systems do not yield accurate information. Only fourteen percent think that no change is needed in their systems, supporting Performance Management Systems' transformation reality.

Parallel to this study's findings, it had been found that the Performance Management Systems' execution is a joint responsibility, and the manager has the crucial role to make the process interactive with their employees. Moreover, it is also essential to link Performance Management Systems with the companies' talent management strategy. However, in this study, it has been observed that most of the companies leading talent review processes separately from their Performance Management Processes, even though they prefer to use a 9-6 box grid by including performance outputs during their evaluation.

Besides, besides supporting their talent management strategy, providing life-long learning and development opportunities will enhance the effectiveness of Performance Management Processes.

In general, regarding the objective setting, most companies are following to transform their objective-setting methodology to Objectives & Key Results (OKR). They would like to internalize the process by having consultancy support or participating in seminars before executing the method. Objectives & Key Results (OKR) is a popular methodology that enables companies to have agile systems that provide regular check-ins, clear objectives, and strategy-focused Performance Management Processes. According to HR professionals' statements, via OKR methodology aligned with the company strategy, employees also have ambitious objectives which drive them to contribute to the "High Performing Team Culture." Compared to the Management by Objective (MBO) method, OKR methodology seems more flexible and agile, especially in matrix organizations or with a project-

based working style. These kinds of working styles require different techniques and regular follow-ups and check-ins for performance improvement. Compared to the Balanced Scorecard, apart from the OKR methodology's adjustable and adaptable nature, it also guides the employees to think more about the advantage of their companies' primary objectives, increasing ownership and learning culture. It is also essential to keep in mind that the SMART methodology always will be beneficial. HR professionals also highlight its importance, SMART methodology supports to make the central objective clearer. In addition, during the Covid-19 Pandemic, remote working has become popular all over the world. It has also been understood that people may work wherever they want if the work doesn't require working in the field or the office. This OKR methodology, by its flexible nature, will support the organizations.

Regarding the performance ratings, contrary to rating errors, some emerged questions should be explored respectively. For example, according to Ledfor Jr. et al. (2016) and their research for reward distribution allocating salary and bonus, they shared different practices in some organizations. For example, some of them give their reward allocation responsibility to the first-line supervisor to explain the rating and the results. Others have calibration processes to balance objectivity; others use "shadow" ratings that they do not disclose to employees. Moreover, in the ratingless performance systems, there is more development focus and feedback efficiency in the process. However, HR professionals also stated they would like to keep ratings in their system, apart from its effect on the quality of the feedback process. As a standard approach via rating, employees may understand where they stand, how their performance, how their salary increase or bonus are allocating with their ratings' results accordingly.

Moreover, as already reviewed in the literature, HR professionals and employees would like to have rating systems. Employees were not satisfied with their performance results even they have a 4 (exceeds expectations) rating. These

comments may also be associated with the quality of the feedback that employees received respectively.

In addition to that, in CEB (GARTNER) reports (2016), due to having ratingless performance systems, there are opportunities in terms of several processes like; spending less time for formal or informal manager (feedback) conversations, low-quality manager (feedback) conversations, low employee engagement, negative impact on high performers' perception and decrease in employees' perception on differentiating total rewards. Therefore, even there is a need for a transformation in terms of performance systems, maybe the transformation should not be only eliminating the ratings since there are also significant effects due to having ratingless performance systems.

Under other conditions, if the decision is made to eliminate the ratings, to overcome these circumstances, organizations should be prepared with a structured change management approach, including ongoing manager capability building programs and different HR processes to prohibit undesirable consequences.

Regarding the pay for performance (merit pay), HR professionals state that having the link between performance and salary increase/bonus is beneficial. On the other hand, some companies prefer to remove the link or differentiate their total rewards strategy. Removing merit pay enables them to take advantage of other tools (e.g., feedback, talent reviews, sustained high-performing results). Moreover, to link with performance ratings and motivate them not to focus on their performance actualization that also leverages their growth & development. Overall, it has been proved that rewarding systems positively impact employees' productivity, motivation, and commitment to the organization (Aliu, Sahiti, & Sahiti, 2013).

Regarding managers' and employees' thoughts, perceptions, and ownership of the process, employees need explanations for their performance. In addition, they need to understand the purpose of their contribution that will directly impact the company strategy. Dartey-Baah (2009) employees also highlight that they would like

to find an association between the cause, reason, and performance to make them motivated and satisfied through results and achievements of their performance results.

To actualize the company objectives, all the employees are the main drivers for the organization with their commitment, performance, and motivation. Therefore, manager capability building is an essential highlight since employees need open communication, guidance, coaching to understand where they are and contribute to the “High Performing Team Culture.” Moreover, another focus should be improving employees' knowledge through structured training and finding motivational solutions to commit to the Performance Management Process even though most of the companies' HR professionals stated that they have informative sessions or mailings to inform the employees. They also encourage them to own the Performance Management Process thanks to ample capability-building opportunities, which also support the managers on practical, ongoing, constructive, and forward-looking feedback. Demonstrating coaching sessions to employees throughout the year by embedding performance evaluation, peer/colleague feedback, and development conversations will also make them feel that they will have a chance to develop themselves as part of their career journey. This approach will also increase their performance, highlighted in CEB (GARTNER) Report (2016).

4.1. Implications for Research and Future Studies

This study mainly aimed to understand the transformation journey of the organizations in terms of Performance Management Systems regardless of their sector and company size. The sampling strategy of this research was to reach senior HR professionals who own the execution process of Performance Management System in their organization to have comprehensive data, especially for their thoughts regarding the future implications for “Performance Management Systems.” On the other hand, a few participants work as junior HR professionals with five years of

experience in their organizations. However, diversity of the sectors, experiences, and roles brought to listen to different perspectives.

Besides, there are some limitations regarding sampling and data analysis methods, which may be based on future research. For example, since the number of participants was limited, the findings cannot be a general reflection. Future research can also focus on specific sectors to get comparable results or enlarge the study by having research participants from managers who lead the Performance Management Process and employees who participate in the Performance Management Process. As another beneficial alternative, changing sampling and data analysis methods with a comprehensive survey could expand the number of participants.

4.2 Conclusion

Upon considering all the findings of this study, a comprehensive overview of Performance Management Systems' transformation process has been introduced. At the same time, exploring different concepts of Performance Management Systems in the workplace; their applicability with the systems' functionality and employees' experiences, and their thoughts regarding these systems and future implementations with the expression of HR professionals.

In general, "Transformation" is a trendy concept in today's world, also underlined by The Economic Times (Lead to Gold: Top 10 Most Transformative Companies, 2019) as "The leadership imperative of the 21st Century". Accordingly, companies will always focus on finding new approaches and solutions to maximize their potentials. And the performance will always continue to be a key enabler which will be the primary process to re-consider, learn and enhance year by year. For this reason, Performance Management Processes will continue to transform per the company's needs, and vision and tailor-made concepts will emerge correspondingly.

In the final analysis of this study, key findings that will be beneficial for the organizations to implement, has been defined followingly; (a) having user-friendly, automated, and digital systems, (b) having purpose-based, adjustable, flexible, and clear objectives, (c) cascading team / individual objectives in line with company objectives by also determining key results with the SMART methodology that create awareness of the company and department objectives transparently, (d) providing regular manager feedback conversation (check-ins), (e) investing on manager capability building, (f) increasing conscious level of the employees to own the process and their obj development.

Last but not least, although there are still pros and cons that could be discussed for each finding, each organization may currently shape their systems by considering the above vital results to maximize their Performance Management Systems' efficiency. Due to the organizations' curiosity and needs, the transformation has been going on for years, will continue to last in the future.

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APPENDICES

Appendix A - Interview Questions

1. Would you please tell me about yourself? Your age, education, tenure in professional life, and your previous experiences...?
2. What's your role in this organization?
3. How long have you been working in this organization?
4. Could you also share brief info regarding this organization? What is your sector? How many employees do you have? How many of those employees are people leaders?
5. Could you please give me more detail regarding your HR Organization?
6. Who is the owner of Performance Management Systems in your HR? (HRBP, Talent Management, Total Rewards)
7. How would you track performance in your organization?
8. Would you please describe your Performance Management System? For example, is this only a tracking system, do you support conversations, or do you include feedback tools (e.g. 360) in your performance system?
9. Would you please give me more detail regarding objective setting, evaluation, and scoring process?
10. If you have a system, could you please tell me what type of ERP system you have? (e.g. Success Factors, Oracle, internal source)
11. Is your system only focus on performance, or is there any matrix that also includes potential dimensions?
12. Could you please explain the connection between performance and your compensation system, if applicable?
13. Who is the leading performance system in your organization? Who is the first point of contact for employees?
14. Do you include all leveled employees into the system, or is there an exception?

15. Would you please describe manager & employee, and HR roles while managing the system?
16. Would you please describe the strengths and opportunities of your performance system?
17. Do you think that the system is contributing to 'High Performing Team Culture' within your organization?
18. Do you think that the managers & employees follow the system rules as it is?
19. Could you please share your employees' and managers' thoughts in terms of the system?
20. Would you please describe what kind of system should be implemented in organizations soon?
21. Would you please tell me the good features and opportunities of not having a Performance System in organizations?

Appendix B - Mülakat Soruları

1. Kendinizi tanıtır mısınız? Yaşınız, eğitiminiz, profesyonel yaşamınızda kaçınıcı yılınızdasınız, önceki deneyimleriniz..?
2. Organizasyondaki rolünüz (pozisyonunuz) nedir?
3. Bu organizasyonda ne kadar yıldır çalışıyorsunuz?
4. Şirketiniz ile ilgili özet bilgi paylaşabilir misiniz? Sektörünüz nedir? Kaç çalışanınız var ve bunlardan kaç ekip liderliği yapıyor?
5. İnsan Kaynakları organizasyonunuza yönelik daha fazla bilgi paylaşabilir misiniz?
6. İK'da Performans Yönetim Sisteminin sahibi kim? (İK İş Ortağı, Yetenek Yönetimi, Ücretlendirme)
7. Organizasyonunuzda Performansı nasıl takip ediyorsunuz?
8. Performans yönetim sisteminizi tanımlar mısınız? Sadece takip sistemimi yoksa görüşmelerle destekliyor musunuz ya da geribildirim araçlarını (360 vb.) dâhil ediyor musunuz?
9. Hedef belirleme, değerlendirme ve puanlama sürecini detaylandırır mısınız?
10. Eğer bir sistem kullanıyorsanız alt yapısı nedir? (Success Factors, Oracle, local kaynaklarınız vb.)
11. Sisteminiz yalnızca performansa mı odaklanıyor yoksa potansiyeli ölçümlediğiniz bir matris yapısı var mı?
12. Performans ve ücretlendirme sisteminiz arasında (varsa) bağlantıyı açıklar mısınız?
13. Performans yönetim sistemine organizasyonunuzda kim liderlik ediyor? Çalışanlarınızla kim direkt iletişimi kuruyor?
14. Tüm seviyede çalışanlarınızı dâhil ediyor musunuz ya da istisnai durumlar söz konusu mu?

15. Sistemi ynetirken ynetici, alıřan ve insan kaynaklarının rollerini tanımlar mısınız?
16. Performans sisteminizin beğendiđiniz ynlerini ve daha iyi olmasını istediđiniz ynlerini paylařır mısınız?
17. Mevcut sistemin ‘Yksek Performanslı Ekip Kltr’ne katkı sađladıđını dřnyor musunuz?
18. Yneticilerin ve alıřanların kuralları olması gerektiđi gibi takip ettiđini dřnyor musunuz?
19. Yneticilerin ve alıřanların sisteme ynelik dřncelerini paylařabilir misiniz?
20. Organizasyonlarda nasıl sistemlerin uygulanması gerektiđini dřnyorsunuz?
21. Organizasyonunuzda Performans sisteminizin olmamasının iyi ve / veya kt yanlarını tanımlar mısınız?

Appendix C – Ethics Board Approval

Ethics Board Approval is available in the printed version of this dissertation.