EMPLOYEE SATISFACTION WITH PERFORMANCE MANAGEMENT AND THE CHALLENGES FACED IN CONTEXT OF IT INDUSTRY

[1]Radhika Bhagwat, [2]Dr. Rishi Prakash Shukla

[1]Research Scholar, Oriental University, Indore, Sanwer Road,
Jakhya Opposite Revati Range Gate No.1, Indore, Madhya Pradesh
[2]Guide, Oriental University, Indore, Sanwer Road,
Jakhya Opposite Revati Range Gate No.1, Indore, Madhya Pradesh

Abstract

Performance management is a key HR process that has garnered significant attention due to its complexities and perceived challenges. This research examines employee satisfaction with performance management systems (PMS) within India's IT industry, which presents unique challenges as knowledge workers are often required to juggle multiple projects and goals simultaneously. The study focuses on how IT professionals view the key elements of performance management: performance planning, feedback and coaching, performance review, and outcomes. Additionally, it explores the difficulties employees face when PMS is implemented. The findings from this research offer practical insights for IT organizations aiming to enhance the effectiveness of performance management for knowledge workers.

Introduction

In today's economy, the pressure to perform is more intense than ever, often summed up by the phrase "perform or perish." Regardless of their size or structure, organizations have always prioritized employee performance. As Armstrong points out, performance management is a tool to enhance results for organizations, teams, and individuals by managing performance within an agreed framework of goals, standards, and competency expectations.

Corcoran describes performance management as a comprehensive system consisting of multiple interrelated processes. It begins when a job role is defined and concludes when an employee departs from the organization. In the context of increasing global competition and a rapidly evolving business environment, managing employee performance is not just a routine task but a strategic necessity. Armstrong and Baron argue that performance management is inherently strategic, as it contributes to the long-term achievement of organizational goals and ensures smooth functioning within a dynamic economic and business setting. Yadav and Sagar also highlight the strategic significance of performance management, noting its evolution from a financial control mechanism between 1991 and 2000 to an operational tool that aligns employees with strategic objectives from 2001 to 2011.

Organizational roles are changing, and with the increasing influence of information technology and the availability of performance data, the way performance is evaluated and managed has undergone a significant transformation. According to Neely, performance management is considered one of the most critical processes that can greatly impact an organization's success and efficiency. This is particularly true in knowledge-intensive industries like IT, where performance is measured not by production or sales targets but by the accomplishments and skill sets of the employees.

The structure of IT companies is highly intricate, with employees often working in multiple teams on various projects, across different shifts. This makes managing the performance of a diverse, multicultural, and multigenerational global workforce particularly challenging. Given that intellectual capital—the collective knowledge of employees—is a critical factor in organizational success, it becomes essential to assess employee satisfaction with how their performance is managed, focusing on key elements of the performance management system (PMS). These elements include performance planning, feedback and coaching, performance reviews, and outcomes. Additionally, understanding the challenges faced by managers in implementing PMS processes is crucial.

Despite performance management being a significant area of interest for both academics and practitioners, research in the IT sector, particularly in India, is sparse. There appears to be little to no comprehensive study exploring employee satisfaction with performance management in the IT industry or investigating the difficulties managers encounter while using these systems. This research intends to bridge that gap by examining the perspectives of IT employees and managers on the PMS process.

IT organizations deploy various strategies for implementing PMS, but through a review of relevant literature and discussions with academic and industry experts, four primary dimensions of PMS have been identified. These are as follows:
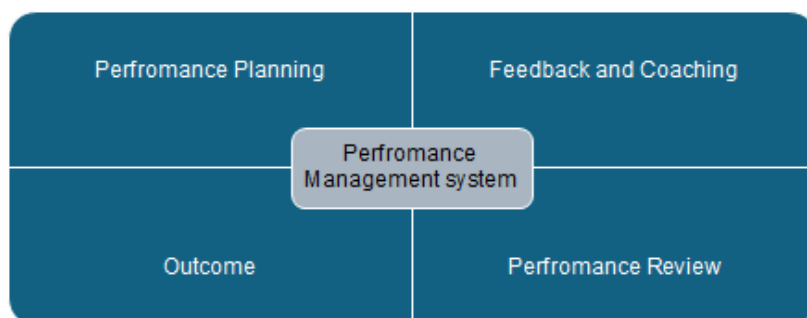

Figure1. Dimension of Performance Management System

1.   **Performance Planning**: This phase is critical because it involves setting goals, defining standards, and identifying the competencies needed to achieve these goals, in alignment with the organization's overall objectives.

2.   **Feedback and Coaching**: An ongoing process where employees are updated on their progress and informed about areas of strength and areas needing improvement. Based on this, training and development programs are arranged to help employees grow.

3.   **Performance Review**: This involves evaluating employees against pre-established benchmarks and providing feedback to prepare development plans that help them enhance their performance.

4.   **Outcomes (or Consequences)**: The final phase, where employees are rewarded through financial or non-financial incentives, promotions, and career development opportunities in recognition of their contributions to organizational success.

Objective

Based on the above discussion, the study has been designed with the following objectives:

,

1.   To assess employees' satisfaction with the core components of performance management (i.e., performance planning, feedback and coaching, performance review, and outcomes) within five IT organizations.

2.   To investigate the challenges or problems faced by line managers in the utilization of performance management systems.

3.   To propose recommendations that could facilitate smoother implementation of performance management systems within the IT industry.

Review of Literature

For decades, performance management systems (PMS) have been among the most discussed, praised, and critiqued management practices. They have drawn the attention of scholars, business leaders, and practitioners alike because of their pivotal role in communicating organizational priorities, directing employee efforts toward strategic goals, and ensuring the successful implementation of business strategies. Below are some key contributions from research that are relevant to this study.

Employee satisfaction with PMS has always been a significant concern because it reflects how well the system is implemented and utilized. This satisfaction also plays a key role in determining whether employees will be motivated to use the evaluation outcomes for self-improvement. Mohrman and Lawler, as well as Carroll and Schneier, highlight that appraisal satisfaction is crucial when considering how technology interacts with PMS. Without user satisfaction, technological improvements will not be effective.

Ilgen and colleagues point out that dissatisfied employees are less likely to be motivated to apply performance feedback to improve their performance. Since this study focuses on IT organizations with structured, web-enabled PMS systems, understanding employees' satisfaction with these systems is critical. Technological advancements in PMS will only be useful if they are user-friendly and perceived as valuable by employees.

Mount argues that positive outcomes are more likely when employees are satisfied with the appraisal process and believe it to be fair. Because line managers are the real owners of the PMS process, their satisfaction with both their role and the system itself is essential. Therefore, it is important to examine their satisfaction and explore the difficulties they face in implementing the system.

Bernardin and Beatty, along with Dobbins and colleagues, suggest that there is a significant link between satisfaction with the appraisal process and the potential for improved performance and organizational change. Since the goal of any PMS is to enhance employee performance and behaviour, it is essential that employees are content with the system so that its intended outcomes can be achieved.

McDonald and Smith found that companies with well-established PMS systems tend to outperform those without such systems in several financial and productivity measures, including higher profits, improved cash flow, better stock market performance, and stronger sales growth.

Summers has pointed out that businesses have long been interested in linking pay with performance. He believes that successful performance-based pay schemes are possible when compensation management and PMS operate both independently and in an integrated fashion.

This study also explores the challenges line managers face in the implementation of PMS. Traditionally, HR departments have been viewed as responsible for PMS, but in reality, HR is not involved in the daily management of employee performance. That responsibility falls on line managers, particularly in IT organizations where employees work on numerous projects, often in round-the-clock shifts. Only line managers can gather relevant information to effectively manage and evaluate performance. Rao suggests shifting the responsibility of managing employee performance away from HR and placing it fully in the hands of line managers.

Risher emphasizes that the experiences of both managers and employees influence their expectations of PMS, which in turn affects their efforts to improve the system. He also argues that involving employees in PMS planning enhances its credibility, while engaging top performers as "subject matter experts" increases its content validity. This supports the need to study employee satisfaction with PMS and examine the challenges faced by line managers in managing it.

The literature review underscores the critical importance of PMS and highlights the need to examine employee satisfaction with its key dimensions. It also emphasizes the significance of understanding the challenges faced by managers in implementing and using PMS. The recurring issues with PMS in the literature further reinforce the necessity of investigating how both managers and employees perceive the process.

Research Design and Methodology

This research is both exploratory and descriptive in nature. To achieve the outlined objectives, the study focused on IT organizations that already have an established performance management system (PMS). Five IT companies located in Delhi and the National Capital Region (NCR) agreed to participate. The study involved a total of 250 employees as the sample size. A purposive sampling method was employed, as it was necessary to gather data from employees who had completed at least one appraisal cycle within their current organization. The purposive sampling approach was selected to ensure the participation of individuals who were more likely to provide relevant information for the study.

The research methodology consisted of two key components: a survey of employees (N = 250) and semi-structured, in-depth interviews with line managers (n = 30). The questionnaire used in the employee survey was adapted from a similar tool utilized in a study on performance management practices conducted by Development Dimensions International and the Society for Human Resource Management. Additional input was gathered from academic experts and practitioners with expertise in performance management. After incorporating suggestions from IT professionals and human resource (HR) managers, the final version of the questionnaire contained 19 items.

The survey responses were collected using a five-point Likert-type scale, with options ranging from "strongly disagree" to "strongly agree." The content validity of the questionnaire was confirmed by experts, and its reliability was tested using Cronbach's alpha, which yielded a value of 0.934. The survey data were analysed using SPSS software version

16. In addition, semi-structured, in-depth interviews with managers were analysed through content analysis to gain insights into the challenges they encountered.

Results and Discussion

Descriptive statistics were used to analyse the levels of employee satisfaction with various dimensions of the performance management system (PMS). The results are outlined and discussed below.

Table1. Descriptive Statistics of Employee's Perceived Satisfaction from Performance Planning

Dimension	Item	Mean	SD
Performance Planning	I have a clear idea of what is expected of me in terms of my roles and responsibilities in the project.	3.47	1.11
Performance Planning	My goals are aligned with the goals of others with whom I regularly work.	3.53	0.97
Performance Planning	I develop my goals/objectives jointly with my manager	3.58	0.99
Performance Planning	My manager and I update my goals as business needs change.	3.60	0.95
Performance Planning	I have strong ownership of my plan.	3.48	1.05
Performance Planning	Organization values are reflected in my performance plan	3.47	1.02

- **Performance Planning -** The statistics relating to performance planning are presented in Table 1. The mean scores for the items related to this dimension ranged from 3.47 to 3.60. The mean score for the item "I have a clear understanding of what is expected of me" was 3.47, indicating that organizations and managers need to improve how expectations are communicated at the start of the year. A mean score of 3.47 was also recorded for the alignment of performance plans with organizational values, highlighting another area for improvement. Research shows that when organizational values are clearly communicated, they significantly influence employee behaviour. The mean score of 3.48 for "ownership of the performance plan" suggests that employees feel only moderate responsibility for their plans. Successful performance management requires employees to fully embrace and internalize their performance objectives. Meanwhile, the mean score of 3.58 for "joint goal setting with managers" suggests that there is a reasonable level of collaboration in setting goals, which research indicates leads to improved performance and positive behavioural outcomes.

- **Feedback and Coaching -** Table 2 displays the descriptive statistics for feedback and coaching, which show moderate employee satisfaction in this area. The mean scores for items within this dimension ranged from 3.20 to 3.52. Employees expressed dissatisfaction with the frequency of feedback, with a mean score of only 3.20, the lowest in this category. This

suggests a strong demand for more regular feedback. It is well documented that consistent feedback plays a critical role in enhancing employee performance, as it provides sufficient time for employees to work on areas of improvement. For feedback on strengths, the mean score was 3.32, indicating that more recognition of employee strengths is needed, especially in industries like IT, where employee skillsets are key competitive assets. The mean score of 3.37 for receiving the necessary training throughout the year indicates a need for improvement in supporting employees' development. The mean score of 3.52 for "feedback incorporation into performance plans" shows that feedback is moderately reflected in subsequent performance planning. Effective feedback should be incorporated into development plans through a collaborative process between employees, their managers, and the HR department.

Table2. Descriptive Statistics of Employee's Perceived Satisfaction from Feedback and Coaching

Dimensions	Item	Mean	SD
Feedback and Coaching	I receive feedback from time to time about how am I doing	3.20	1.04
	During the year my strengths are clearly pointed out to me.	3.32	1.06
	During the year my areas of improvement are clearly pointed out.	3.41	0.98
	I get the coaching or training I need during the year to achieve my goals and improve my behaviour.	3.37	0.99
	Feedback I receive is incorporated in my performance plan	3.52	0.95

- **Performance Review-** As shown in Table 3, employees were moderately satisfied with the performance review process, with mean scores ranging from 3.32 to 3.64. A mean score of 3.41 was recorded for the item "joint review of performance," suggesting that the review process is moderately collaborative. Given the demanding nature of IT work, where employees often manage multiple projects with 24/7 schedules, it is crucial that the performance review process is participative and results in mutual agreement on development plans. The mean score of 3.32 for "balanced focus on strengths and weaknesses" shows that organizations need to ensure that performance reviews are not solely focused on areas of improvement but also celebrate employee strengths. Meanwhile, the mean score of 3.64 for "self-review prior to manager meetings" suggests that employees do engage in self-assessment, which is a positive aspect of the PMS process.

Table 3. Descriptive Statistics of Employee's Perceived Satisfaction from Performance Review.

Dimension	Item	Mean	SD

Performance Review.	My manager and I jointly review the performance and behaviours used to achieve the goals.	3.41	1.08
Performance Review.	My review focuses equally on strengths and areas of improvement	3.32	1.05
Performance Review.	I review my performance prior to meeting with my manager.	3.64	0.88
Performance Review.	My manager's manager is involved in the review.	3.52	0.88

Outcomes (or Consequences of Reviews)- Table 4 highlights the descriptive statistics related to the outcomes of performance reviews, showing that employees were somewhat less satisfied with this dimension than others. The mean scores for this dimension ranged from 3.11 to 3.31, reflecting lower satisfaction with how performance outcomes are linked to rewards. Employees rated their motivation after a performance review at 3.31, and satisfaction following the review at 3.24. These scores suggest that managers need to enhance the transparency of performance-related decisions and ensure that employees feel the review outcomes are fair and trustworthy. A strong link between performance and compensation is critical for motivating employees. Some organizations have adopted the practice of "calibration committees," where managers must explain and justify their performance ratings to their peers, thereby increasing transparency and trust in the process.

Table 4. Descriptive Statistics of Employee's Perceived Satisfaction from Outcome

Dimension	Item	Mean	SD
Outcome	I am usually motivated after every performance review	3.31	0.99
	I am usually satisfied after every performance review	3.24	1.01
	Pay is tied to performance	3.18	1.22
	Promotions clearly are tied to performance review	3.11	1.20

Correlations between PMS Dimensions - Pearson's correlation coefficients were calculated to explore the relationships between the four PMS dimensions: performance planning, feedback and coaching, performance review, and outcomes. The correlation matrix is presented in Table 5, showing significant positive relationships between all four dimensions. This indicates that the success of the PMS depends on the integration and alignment of these dimensions. In essence, the effectiveness of one dimension influences the performance of others, meaning they should not be treated in isolation.

Table5. Correlation Matrix of PMS Dimensions.

		PP	FC	PR	Outcome
PP	Pearson Correlation	1	.656**	.581**	.616**
	Significance (2 tailed)		.000	.000	.000
	N	250	250	250	250
FC	Pearson Correlation	.656**	1	.618**	.700**
	Significance (2 tailed)	.000		.000	.000
	N	250	250	250	250

PR	Pearson Correlation	.581**	.616**	1	.589**
	Significance (2 tailed)	.000	.000		.000
	N	250	250	250	250
Outcome	Pearson Correlation	.616**	.700**	.589**	1
	Significance (2 tailed)	.000	.000	.000	
	N	250	250	250	250

Note. PP = Performance Planning; FC = Feedback and Coaching; PR = Performance Review. **Correlation is significant at the .01 level (2-tailed).

Over the years, organizations have eagerly embraced performance management systems (PMS) without adequately addressing the challenges related to their implementation or ensuring that these practices are aligned with the organization's culture. This oversight may stem from the fact that PMS was originally developed during a time when control was the main focus. As a result, this often leads to resistance from employees and, ultimately, the failure of the PMS. A well-designed and effectively implemented PMS clearly communicates the organization's goals and expectations, guiding employees towards shared objectives and facilitating the successful execution of the organization's strategy. Conversely, a poorly functioning PMS can deprive the organization of its potential advantages and strain relationships between managers and employees. Numerous reports highlight the inherent difficulties associated with PMS. In dynamic industries like IT, where companies have sophisticated, automated PMS systems, the success of these systems hinges on proper implementation and their acceptance by both managers and employees. Since line managers are responsible for the PMS process, it becomes essential to understand the challenges they encounter in its use.

The semi-structured interviews and content analysis revealed the following issues.

Challenges Identified

1.   **Lack of Institutionalization of PMS in the Organization**: Performance management must be deeply embedded within an organization's culture. Often, it is perceived as a temporary initiative rather than a sustained effort, leading to insufficient commitment from management at all levels. The active involvement of top management in planning and executing PMS is crucial for gaining the attention and seriousness of other managers and employees. During interviews, many line managers noted that there was a noticeable lack of support for PMS from senior management.

2.   **Delayed Feedback**: Several line managers pointed out that their organizations tend to have "feedback-poor environments." They reported that delays in communicating changes to timelines and inadequate guidance on achieving goals contribute to the failure of PMS. Furthermore, feedback tends to focus predominantly on areas needing improvement, with employees rarely informed about their strengths. High workloads and unrealistic project deadlines often exacerbate the time lag between performance discussions.

3.   **Failure to Integrate Performance Management**: Line managers across all organizations expressed that the PMS is not effectively integrated into everyday operations. It is often treated as a standalone process, disconnected from other crucial areas such as succession planning and talent management. Additionally, PMS is frequently viewed as a bureaucratic step to be completed at the end of the year, leading to an overall lack of

2469

relevance. The pressures of timelines, fluctuating client demands, and the technical dependencies between onshore and offshore teams all diminish the importance of PMS.

4.   Ambiguity in the Process: There is often a lack of clarity surrounding the PMS. Both managers and employees need a shared understanding of the process. Many line managers indicated that evaluators should receive training to comprehend their roles and the appropriate conduct for performance reviews. Given the industry's reliance on skilled IT professionals, it is essential to train them on the entire PMS process to mitigate conflicts between managers and employees.

5.   Excessive Performance Attributes in the PMS: Managers believe that the performance evaluation forms include too many criteria, many of which may not be relevant to all roles or levels within the organization. This not only complicates the evaluation process but also makes it excessively time-consuming. The evaluation forms should be streamlined and focused on the performance metrics relevant to the specific roles of the employees, with different parameters tailored to various career stages or salary bands to enhance relevance and efficiency.

6.   Lack of Transparency: Employees often feel dissatisfied with decisions regarding promotions and compensation, perceiving a disconnect between performance evaluations and rewards. Organizations must clearly communicate the criteria for evaluation at the start of the year, allowing employees to monitor their progress throughout the year. Additionally, performance reviews at year-end should not be based solely on recent performance; rather, evaluations should consider an employee's contributions across different projects and teams.

A significant issue is that the PMS process often appears fragmented and disconnected from daily operations. Considering the nature of the IT industry and the complexities of managing knowledge workers' performance, it is vital to implement several strategies to integrate PMS more effectively, ensuring better alignment between employees' efforts and the organization's success.

Suggestions for Improvement

Based on employee feedback and the authors' experiences, several recommendations are proposed to enhance the effective implementation of the PMS:

1.   **Cascading Goals at All Levels**: Given the low scores related to "clarity of roles," as indicated in Table 1, organizations would benefit from cascading goals throughout the organization. By aligning organizational objectives with individual employee goals, employees will better understand their roles and the importance of their contributions. Cascading goals from top management can clarify expectations and provide a shared roadmap for everyone involved.

2.   **Ownership of the Process by Line Managers**: Research supports the idea that PMS cannot be successful unless those responsible for its implementation and ongoing management truly "own" the process. A fundamental shift in how PMS is perceived and executed is necessary. It should be viewed not merely as an administrative tool for determining compensation increases but as a vital process for enhancing human capital and improving both employee and organizational performance. This can only occur when both

line managers and employees see the value in using the PMS effectively, rather than regarding it as a mandate from HR.

3. **Two-Way Communication**: Effective communication between managers and employees is essential for fostering a productive relationship. The quality of this interaction significantly influences the outcomes of the PMS. Continuous discussions about performance goals and potential challenges, along with possible solutions, should be prioritized. Research has shown that a strong manager-employee relationship, characterized by effective communication, is associated with perceived fairness in the PMS.

4. **Continuous Feedback**: The significance of ongoing feedback cannot be overstated, especially in a service-driven industry where workforce performance directly affects customer satisfaction. The findings indicate that employees are dissatisfied with the current feedback practices, emphasizing the need for consistent, constructive feedback throughout the year. Timely feedback helps employees address areas for improvement and reinforces their strengths, ultimately leading to higher performance levels.

5. **Application of Signalling Theory**: Originally introduced by Spence, signalling theory suggests that organizations should provide clear information to employees about their interests and future directions. This theory highlights the importance of formal practices that reinforce organizational values and expected behaviours. Recent studies indicate that such signalling practices can lead to positive outcomes for both employees and the organization. Therefore, it is vital for top management to emphasize the alignment of the organization's strategy with PMS, along with ensuring that proper training is provided for evaluators to maintain structure and objectivity.

6. **Utilization of the People Capability Maturity Model (P-CMM) Approach**: The P-CMM framework, developed by Curtis and his colleagues, provides guidance for software organizations to enhance their ability to attract, develop, motivate, and retain the talent necessary for improving software development capabilities. The model aims to enhance workforce management practices, leading to continuous improvements in employees' knowledge, skills, and motivation.

7. **Job Sculpting**: Job sculpting refers to the practice of matching employees with roles that align with their interests and strengths. In an industry where talent and commitment are crucial, it is essential for managers to discuss employees' preferences during performance reviews and tailor future assignments accordingly, ensuring that employees are engaged and motivated in their work.

8. **360-Degree Feedback**: This well-established practice involves collecting feedback from various sources, including peers, direct reports, supervisors, and clients. In modern organizations with flatter structures and project-based teams, it is essential for performance evaluations to encompass a broader range of insights for employee development. When implemented as a developmental tool rather than a mere popularity contest, 360-degree feedback can yield significant positive results.

9. **Integration of Information and Communication Technology (ICT) with PMS**: As organizations grow and become more complex, integrating ICT, knowledge management, and PMS has become essential. There should be a built-in mechanism to collect, process, and

provide data related to employee performance, streamlining the performance management process.

Conclusion

This study aimed to gain insights into employee satisfaction with various dimensions of the performance management system (PMS). The results indicate that employees expressed higher satisfaction with the performance planning dimension compared to other aspects. Additionally, the findings highlight a need for improvement in role clarity. Employees reported moderate satisfaction levels regarding feedback and coaching, performance reviews, and outcomes linked to ratings. There is a clear demand for supervisors to provide ongoing feedback throughout the year. Furthermore, employees desire performance review sessions to give equal attention to both strengths and areas for improvement. Organizations must also enhance transparency and strengthen the connection between performance and compensation to foster a more effective PMS. The primary challenge in improving employee performance lies in increasing their satisfaction with how their performance is managed while also guiding them through constructive feedback and recognition that supports their career growth. This approach not only contributes to individual development but also aligns with the organization's overall success. By leveraging PMS processes to reinforce and motivate employee efforts, organizations can expect to see enhanced performance outcomes. The study also confirmed that all dimensions of PMS are positively correlated, indicating that they should not be treated in isolation. The successful functioning of the PMS depends on the synchronization of these dimensions, as the output of one dimension becomes the input for another. It is crucial to view PMS as a strategic management process rather than merely a tactical tool.

Implications for Organizational Performance

The findings of this study hold significant implications for organizational management, particularly in the field of human resource management. A well-designed and implemented PMS is essential not only for enhancing organizational performance but also for supporting employees' career development. Since human capital is a primary asset in knowledge-intensive sectors, such as IT, an effective PMS can lead to improved role clarity, better teamwork, stronger relationships between supervisors and subordinates, increased intellectual capital, and overall enhanced performance for both individuals and organizations.

The current analysis has several important implications, which are outlined below:

● **Employee Satisfaction with PMS Dimensions**: The employee survey regarding various aspects of the performance management system (PMS) revealed that employees across all organizations expressed greater satisfaction with the planning process compared to other dimensions. However, substantial improvements are needed in the areas of feedback and coaching, performance reviews, and outcomes. This was further supported by insights from semi-structured interviews. Factors such as project deadlines, around-the-clock work schedules, rapidly evolving client expectations, the need for coordination among teams, and shifting performance goals contribute to a lack of effective feedback. Key issues include the frequency and quality of feedback provided. Moreover, these employees are highly goal-

oriented and ambitious; they seek not only constructive criticism and areas for improvement but also recognition of their strengths. Additionally, they expressed a desire for more objective and transparent review sessions with a clear connection between performance and outcomes.

- **Interconnectedness of PMS Dimensions**: The positive correlation among the various dimensions of PMS indicates that they are interrelated. To foster synergy, it is crucial to adopt a holistic perspective when designing and implementing the process. For instance, if performance standards are not clearly defined and communicated during the planning phase, it can lead to complications during year-end reviews. Similarly, inadequate feedback can result in poor planning and hinder expected performance outcomes. Therefore, performance management should be viewed as a comprehensive process where each phase is considered within a broader context. This process should be regarded as a continuous cycle in which positive outcomes can amplify each other to create synergies. Conversely, neglecting any of the phases can result in compounded issues, leading to less cohesive results. Hence, it is vital to recognize how each dimension of the PMS interacts and impacts the others.

- **Role of Line Managers in PMS**: A significant finding of this study is the confirmation that line managers play a pivotal role in the performance management process. They are responsible for effectively implementing the process, from initial performance planning and goal-setting to conducting appraisal discussions. It is essential for line managers to take ownership of this process and for both HR and line managers to collaborate in its design. Line managers reported several challenges they faced during implementation; thus, it is crucial to take their experiences into account to successfully execute the process. Enhancing real-time communication, holding frequent project review meetings, and customizing the PMS to align with the specific teams involved can facilitate better performance alignment at both individual and organizational levels.

Needed Future Research

The findings of this study are subject to certain limitations, which also present various opportunities for future research. The research was conducted within five IT organizations, and since purposive sampling was employed, the findings may not be generalizable to all contexts. Moreover, as there is limited research on performance management in the IT sector in India, there is a significant need for further investigation in this area. Future research could explore the variations in performance management practices across different organizations within the IT industry. Additionally, comparative studies examining performance management approaches across various industries would provide valuable insights into how practices differ and whether the requirements vary across sectors.

Furthermore, this study focused exclusively on organizations with established performance management systems. It would be beneficial to conduct research that compares the organizational performance of companies with robust PMS frameworks to those lacking such systems or incorporating only minimal elements of performance management.

Declaration of Conflicting Interests- The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Notes

1.   Hindustan Times. (2001, December 28). Hindustan Times survey, pp. 1-15.

2.   Armstrong, M. (1999). A handbook of HRM practice. London, England: Kogan Page.

3.   Corcoran, C. (2006). Performance management: Conducting appraisals. Accountancy Ireland, 38(6), 42-45.

4.   Armstrong, M., & Baron, A. (1998). Performance management: The new realities. London, England: Institute of Personnel and Development.

5.   Yadav, N., Sushil, Sagar, M. (2013). Performance measurement and management frameworks. Business Process Management Journal, 19(6), 947-970.

6.   As cited in Yadav and Sagar (2013).

7.   Nankervis, A. R., & Compton, R. L. (2006). Performance management: Theory in practice? Asia Pacific Journal of Human Resources, 44(1), 83-101.

8.   Singh, A. (2012). Performance management system design, implementation and outcomes in Indian software organisations: A perspective of HR managers. South Asian Journal of Management, 19(2), 99-120.

9.   Development Dimensions International & Society for Human Resource Management. (1994). Performance management: What's hot-what's not. Compensation & Benefits Review, 26(3), 71-75.

10.   Bernthal, P. (1996). Comparing performance management practices in the United States and Pacific Rim. Advances in International Comparative Management, 11, 1-29.

11.   Sharma, T. (2008). Exploring linkages between employee's perception of performance management practices, service climate and their customer's perceptions of service quality. Journal of Applied Management and Entrepreneurship, 13(3), 47-65.

12.   Lawler, E. (1994). Performance management: The next generation. Compensation & Benefits Review, 26(3), 16-20.

13.   Mohrman, S. A., & Lawler, E. E. (1981). Improving the contextual fit of appraisal systems. Paper presented at the 89th Annual Convention of American Psychological Association, Los Angeles, CA.

14.   Carroll, S. J., & Schneier, C. E. (1982). Performance appraisals and review systems: The identification, measurement and development of performance in organizations. Glenview, IL: Scott, Foresman.

15.   Ilgen, D. R., Fisher, C. D., & Taylor, M. S. (1979). Consequences of individual feedback on behaviour in organisations. Journal of Applied Psychology, 64, 349-371.

16.   Mount, M. K. (1983). Comparisons of managerial and employee satisfaction with a performance appraisal system. Personnel Psychology, 36(1), 99-110.

17.   Bernardin, H. J., & Beatty, R. W. (1984). Performance appraisal: Assessing human performance at work. Boston, MA: Kent.

18.   Dobbins, G. H., Cardy, R. L., & PlatzVieno, S. J. (1990). An approach to appraisal satisfaction: An initial investigation of the joint effects of organizational variables and appraisal characteristics. Journal of Management, 16(3), 619-632.

19.   McDonald, D., & Smith, A. (1995). A proven connection: Performance management and business results. Compensation & Benefits Review, 27(1), 59-64.

20.   Summers, L. (2005). Integrated pay for performance: The high-tech marriage of compensation management and performance management. Compensation & Benefits Review,37 (1), 18-24.

21.   Rao, T. V. (2008). Lessons from experience: A new look at performance management system. Vikalpa, 33(3), 1-15.

22.   Risher, H. (2013). We need to "fix" performance management. Compensation & Benefits Review, 45(3), 127-130.

23.   Osuala, E. C. (2005). Introduction to research methodology. Onitsha, Nigeria: African First.

24.   See Bernthal (1996).

25.   Pohlman, R. A., & Gardiner, G. S. (2000). Value driven management, how to create and maximize value over time for organizational success. New York, NY: Amacom.

26.   Van Dooren, W., Bouckaert, G., &Halligan, J. (2010). Performance management in the public sector. London, England: Routledge.

27.   Gebelein, S. H., Kinard, W., & Mitchell, D. (1998). The challenges of making 360-degree performance appraisal work. Presentation and materials from the 1998 International Conference on Work Teams.

28.   Helm, C., Holladay, C. L., & Tortorella, F. R. (2007). The performance management system: Applying and evaluating a pay-for-performance initiative. Journal of Healthcare Management, 52(1), 49-63.

29.   Pulakos, E. D., & O'Leary, R. S. (2011). Why is performance management broken? Industrial and Organisation Psychology, 4, 146-164.

30.   See Risher (2013).

31.   Lawler, E., III, Benson, G., & McDermott, M. (2012). What makes performance appraisals effective? Compensation & Benefits Review, 44(4), 191-200.

32.   See Risher (2013).

33.   See Lawler et al. (2012).

34.   Daniels, A. C. (2001). Bringing out the best in people: How to apply the astonishing power of positive reinforcement. New York, NY: McGraw-Hill.

35.   Beer, M. (1981). Performance appraisal: Dilemmas and possibilities. Organizational Dynamics, 9(3), 24-36.

36.   Pulakos, E. D., & Wexley, K. N. (1983). The relationship among perceptual similarity, sex and performance ratings in manager-subordinate dyads. Academy of Management Journal, 26, 330-342.

37.   See Beer (1981).

38.   See Risher (2013).

39.   See Lawler et al. (2012).

40.   Spence, M. (1973). Job market signaling. Quarterly Journal of Economics, 87, 355-374.

41.   Bowen, D. E., & Ostroff, C. (2004). Understanding HRMfirm performance linkages: The role of the "strength" of the HRM system. Academy of Management Review, 29, 204-221.

42.   Casper, W. J., & Harris, C. M. (2008). Work-life benefits and organisational attachment: Self-interest utility and signalling theory models. Journal of Vocational Behaviour, 72, 95-109. 43. Rousseau, D. (1995). Psychological contracts in organizations: Understanding written and unwritten agreements. Thousand Oaks, CA: Sage.

43.   Curtis, B., William, E. H., & Sally, M. (1995). Overview of the people capability maturity model. Pittsburgh, PA: Carnegie Mellon University, Software Engineering Institute.

44.   Rao, T. V., Rao, R., & Yadav, T. (2001). A study of HRD concepts, structure of HRD departments and HRD practices in India. Vikalpa, 26(1), 49-63.

45.   Butler, T., & Waldoop, J. (2005). Job sculpting: The art of retaining your best people. In Harvard Business Review on appraising employee performance (pp. 111-136). Boston, MA: Harvard Business School Publishing.