

Improving Performance Management Practices in IT Firms of Pakistan

Hassan Danial Aslam

Faculty of Management Sciences
The Islamia University of Bahawalpur
E-mail: h_danial_aslam@live.com

Shakeel Sarwar (Corresponding Author)

Department of Management Sciences
The Islamia University of Bahawalpur, Pakistan
Tel: 92-334-708-0907 E-mail: ch.ssarwar@yahoo.com

Abstract

Orientation-This exploratory study elaborates performance management issues like job dissatisfaction and high job turnover rates faced by the IT firms in Pakistan and suggest the solutions with their implications. Researchers have taken an IT firm as a case study.

Purpose – The aim of the researchers in this endeavor is to identify the problem areas and challenges faced by IT firms while implementing best practices of performance management. This study also explores practical implications and what adaptation can be utilized in order to have effective performance management system.

Design/ Methodology- Researchers have adopted qualitative research methodology in which qualitative technique is applied to collect and interpret data. Semi structured Interviews were conducted from the director and the middle management of the case study firm in order to identify various PM issues.

Findings- Results also indicate that by implementing steps of performance management processes i.e. setting objectives, training, performance agreement, performance review and reward system “We Care” firm may resolve its performance related issues like job dissatisfaction, high job turn over and the rigid environment.

Practical implications- Current research may be use by HR managers to identify and resolve the performance evaluation and development challenges. It also provides the literature for future researches.

Contribution- This research firstly presents comprehensive literature analysis on

performance management practices which allows its reader to critically analyze various developments in PM practices. Moreover, it explores the issues of practical implications of PM best practices in real business scenario. Current research elaborates the different emerging implementation issues which create gap between theory (best practices) and its implementation.

Keywords: Performance management, Issues, Appraisal, Job dissatisfaction, Turnover

1. Introduction

For every organization (small or big) there are some objectives, goals or missions to accomplish. These goals can be achieved by better planning, implementing strategies and smart management of human recourse. One of the important concerns however, is measurement whether people are doing their work at right time in right manner. The process leads towards the area performance management.

As Aguinis (2007) defines the performance management “a continuous process of identifying, measuring and developing the performance of individuals” He further adds that this continuous capacity building needs clear objectives, observing and measuring performance and regular feedback. PM primarily focuses on its employees to develop their capabilities. It does not only do capacity building but “Performance management helps managers to sense earlier and respond more quickly to uncertain changes” (Cokins, 2004).

PM is neither a technique nor a single process, it can be considered as a set of process, or a concept, a holistic philosophy that includes motivation of employees to perform well, employees knowledge about what their managers expect of them, development of employees, monitoring and measuring performance in order to know what areas are to be improved (Wilson, 2005). Armstrong and Baron (2005) highlighted the same point saying that “PM is a strategy which relates to every activity of organization and its implementation depends on organizational context and can vary organization to organization”. Literature highlights (Greer, 2001, Wehrich and Koontz, 2005) two major intentions of PM first affirms that when people are involved in goal setting they will consider themselves responsible for its results and second intention state that achievement of these goals depends upon degree of support (resources, processes, systems) employees get from their management in order to meet these goals . Bascal (1999) explains the essence of PM that it is an ongoing partnership between employee and supervisor with regard to major job functions, employees involvement in goals generation, and discussion how both can work together to accomplish these goals. It also deals with performance measurement procedures and how the constraints in achieving how performance will be removed? Therefore from above discussion it may be advised that firms should not ignore the PM and evaluation issues in order to satisfy and retain employees.

The key focus of this research is to explore the vital issues that emerge when theory is practically exercised in real business scenarios. Literature contains various best practices about PM systems in organizations but which is the best one is eventually decided by the firm/organization that is going to adopt or adapt it according to its own circumstances. Current research purpose is to explore various disputes or challenges while implementing performance management systems in IT firm of Pakistan. Purpose of the present study also includes analyzing practical implications of implementing best theoretical PM system in small medium firm like WE CARE. This research has attempted to provide indicative strategies keeping an eye on cultural constraints, which can help various small medium firms in Pakistan for effectual PM systems functioning.

The research objectives of current study have been achieved by two part division. The first part (literature review section) of the research focuses on the analysis of various performance

management mechanisms and early practices relating to it. The second part is case study of an IT firm in Pakistan in which latest PM theories are attempted to implement and various potential issues have been explored.

2. Literature Review

2.1 Early Practices of Performance Management

No clear evidence found in literature when exactly performance reviews methods were introduced. According to Armstrong & Baron (2005) first formal system was work of Fredrick Taylor before World War-I for rating officers in US armed services. However, one of early practice was ‘Graphic rating scales’ start off in 1920s consisting of leadership skills, communication, dependability, loyalty, creativity and people were assessed on these traits (Stafylarakis & Eldridge, 2002). They further added that the drawback of this system was “ordinary focus on personal characteristics of employees as indicator of job” and also traits are difficult to define and lead to different interpretations. Greer (2001) further criticizes that it does not assess behavior and may not help in “developmental counseling”.

Another practice is Annual confidential report (ACR) which was introduced in 1940s, and is still in use in public sectors of many developing countries. This is a comprehensive report written once in a year about the employee by his senior or supervisor for his or her responsible duties and performance in these duties. Audiences of these reports are not the employees but the senior management because on this report decisions are made whether the person should be promoted or not. Bad points of this practice are, because of no participation of employee there is no feedback about his or her performance which means no learning, no development (Stafylarakis & Eldridge, 2002). Also the problems like communication gap and personal biases could occur in this type of assessment. A person promoted on the basis of ACR is always unaware of the fact that in which part of year and work was he/she the most efficient one.

2.2 Management by Objectives (MBO)

Reducing the problems of ‘graphical rating’ another practice called management by objectives which focus on manager’s performance. At the end of performance period manager’s performance is assessed whether his or her assigned objectives are achieved or not. On the basis of this assessment, decisions are made regarding reviewing objectives, setting new targets and developmental needs of employee for next performance period (Greer, 2001). It is a way of continuous review of strategic goals of organization, allows clarifications of goals for managers that what to do, offers manager’s involvement in job improvement plan, systematic review and measurement of performance, and increasing the managers motivation by salary and succession plans. Walters (1995) presented earlier the similar view that MBO is a systematic approach which allows the managers to know what is being expected from them.

However, critics say that MBO focuses on results what is accomplished at the end but fail to notice the job behavior. Writers (Greer, 2001, Stafylarakis & Eldridge, 2002) argue that the performance indicator, for how much hours training has been delivered by a trainer gives no information about quality and effectiveness of training. They stress that MBO is not

appropriate in situation where we need to know how the results are achieved. Wehrich and Koontz (2005) named MBO organization as a tool for achieving goals where nothing is important other than objectives.

2.3 Performance Appraisals

In 1970s more improved form of appraisal was developed which appear to be influenced by MBO. It consists of manager appraisal judgement and providing feedback to employee on his performance. The major addition is of feedback which was missing in ACR and MBO practices where manager doesn't discuss the performance and just write the report according to his own perceptions which may be wrong sometimes. This approach offers chance to both boss and subordinate to sit together once in a year and discuss strategic and personal issues which are difficult to discuss otherwise. Most of the writers (Keping and Levy 2000; Gabris and Ihrke 2001; Aguinis, 2007) mentioned that the problem with performance appraisal is that it is controlled and implemented by HR department for linking performance with pay which de motivate the managers because they hesitate to give opinions that effects their colleagues pay, this leads to rating error and bias. Therefore line managers frequently criticized the system as there was nothing interesting and worthwhile for them in this process. The worst feature of performance appraisal in 1970s and 1980s, according to Armstrong & Baron (1998), is that it had not been accepted as necessary part of management process.

2.4 Performance Management System (PMS)

After number of approaches some of which are mentioned above, experts introduced Performance Management Systems. These systems are so far the best available mechanisms for efficient and productive management. Armstrong (2006) explains that PMS aim is to create a high performance culture in which all members, managers or employee, takes responsibility for continuous improvement of business processes and also of their own skills. Literature as mentioned earlier suggests that it is a planned management process consisting of communication among all working groups, task agreement, cooperative work design, output assessment, feedback and positive reinforcement. Significant characteristics of PMS which makes it one of the best practices are;

- Emphasis on front end planning rather than back end review
- Broader definition of performance
- Ongoing dialogue
- Performance appraisal practice
- Graphical rating scale

PMS approach believes that there are many other factors coupled with performance outcome and it is not only based on objective achievement which was main target of MBO practice. In this approach 'sharing expectations' has changed the autocratic style of management into democratic (Wilson, 2004). Managers can make it clear, what they actually want from their staff or each individual. Managers also make it understandable to all, what they expect from

them in terms of good performance and how mutually they can contribute in organizational goals. On the other end employees can talk about how they should be managed, how they can give their best output. They can discuss the support or resources which they need from managers (Bascal, 1999).

Main focus of PMS appears to be on consensus which was lacking in early practices where there was no discussion before writing the annual character report or setting objectives. Aguinis (2007) points out the positive relationship between performance management and better business performance. It can communicate shared vision of organization, define expectations and reach consensus. It also enhances motivation, leads towards personal development plans, allows people to monitor their own performance and of those who are responsible for this and encourage dialogue about various issues.

2.5 Performance Management Processes

Many writers (Greer 2001; Wehrich and Koontz 2005; Aguinis 2007) have put forward number of PM frameworks. However, it appears that Armstrong has written numerous books (1999, 2006) and did remarkable work on PM and HR. Armstrong (1999) articulated performance management process that is discussed below.

2.5.1 Role Definition or Role Profile

Role definition sets road map and provides basis for PM framework. It starts with “**Purpose of role**” that is overall aim. The primary focus is to make the job holder understand what job is expected from her or him. Secondly, it outlines the “**key result areas**” which define in detail, the agreed objectives, main output areas and performance standards. In other words the manager and employee should know what functions will have to be performed by the job holder. Lastly, are the “**key competencies**”? This step deals with organizational or generic competencies about the behavior, required to perform the role effectively. These behavioral competencies include teamwork, communication, customer focus, develops others, Problem solving, leadership and many more. These competencies provide the basis for personal development program (Armstrong, 2005).

2.5.2 Performance Agreements

Performance agreements which are also known as performance contracts include:

- Objectives and standards of performance

Objectives should be “SMART”. In this abbreviation S=specific, M=measurable, A=achievable, R=relevant and T=time framed. SMART aim is to direct the people objectives towards organizational objectives. Here role of definition plays important role. This integration is achieved when everyone is fully aware of organizational functions and individual as well as team goals. (Armstrong, 2005).

Performance standard is in fact, a statement of conditions that are used when time based targets are not possible to set for an employee. It may be possible that their essential nature may not change from one performance period to other regardless of any special

circumstances, that's why they are standing or continuing objectives.

Performance measures and indicators

After defining what is to be achieved the next important step is to define how the achievement will be measured? Performance measure provides the evidence whether intended results have been achieved or not and to which extent the job holder has done his job efficiently? This data will be supplying a good base for feedback to managers and help employee to monitor her/his own strength and weaknesses. Measures can be categorized, in finance, output (units produced), impact (innovation, standard attainment), reaction (judgement of customers, colleagues), or time (speed of response, delivery times) (White, 1995).

- Competency assessment

Next is the assessment stage that includes the discussion consisting of competency profile which has been defined in role definition of job holder. Discussion may consist of clarification of expectations of manager how these competencies are perceived by manager and what he actually wants under these competencies details.

- Core values and operational requirements

An additional step is the discussion about core values of the organization for quality, customer service, team working may also be included in performance agreement, which employee is expected to uphold in carrying out their routine office work.

2.5.3 Performance Development Plan

This plan sets out the actions that people take to improve their skills, knowledge and talent regarding that particular job and increase their levels of competence in order to improve their performance.

2.5.4 Managing Performance throughout the Year

The most distinguishing process of performance management is that it emphasize on continuous process of performance management. As compare to early practices where there is only one annual performance review, PM encourages the process of continuous feedback and learning. This is important because managers and individuals should be ready to meet the development and improvement needs of the organization. Employees should be appreciated whenever they do their work according to standards before it get so late till the end of year. These performance reviews are not need to be formal every time and can be held in team meetings so problems should be discussed immediately when they arise. But there should be more formal interim reviews decided points in the year twice or thrice yearly.

2.5.5 Performance review

This is the more formal evaluation stage where performance review over the specified period takes place in which achievements, performance agreements and development plans are analyzed and can lead to performance ratings.

3. Research Objectives

- To analyze various Performance Management practices and exploring best implementable practices which leads to effective performance management systems.
- To identify the performance management related disputes and challenges during PM implementation faced by the WE CARE IT firm.
- To recommend suggestive solutions that can increase effectiveness of efforts to improve human resource performance in WE CARE IT firm.

4. Research Design

4.1 Research Approach

Qualitative research approach has been adopted for conducting the current research. As the main purpose of research was to explore the hidden hurdles or problem generating areas regarding PM effectiveness, researchers have adopted case study method for an IT firm of Pakistan in support of in depth analysis of beliefs and perceptions of case study firm employees regarding current PM system in their company. As Hartley (1994) asserted that case study research “provides an analysis of the context and processes involved in the phenomenon under study” and provides an opportunity to have quick glimpse of people inner feelings, their beliefs and observations about these contexts.

4.2 Research Strategy

Researchers have taken a leading IT firm named as WE CARE as a case study for the current research purpose. As in Pakistan software development or IT firms are emerging business in growing economy of the said country, WE CARE is one of the pioneer company and has groomed itself to the leading position. However, lack of performance management of human resource in the firm makes this issue more demanding for IT oriented companies’ especially in Pakistan. This case study in the present research that represents the IT business firms (whether small or large) in developing country like Pakistan where cultural constraints and different people perception about self management, compel firm’s establishment to adapt a mixture of strategies in order to have effectual and efficient performance management system.

4.3 Research Method

Initial data from case study firm regarding current performance evaluation or development mechanisms have been collected from secondary sources. Semi structured interviews consisting of open ended questions were conducted from 25 respondents of middle management and respective subordinates. The focus of the interviews was to explore different PM related challenges and their potential implications on overall organizational growth.

5. “WE CARE” Case Study

“We Care” is a well establish software development company in Pakistan working since the year 2000. It was one of the pioneer companies establish in early times of IT revolution in

Pakistan. During last nine years, it has groomed itself from one to three branches in three major providences of Pakistan having more than 1000 employees. They are specialized in online database systems, ERP software, static and dynamic websites and many more. Initially company had many major projects from which it has groomed itself, but currently due to having many competitors in the market the company's directors are feeling some major problems about company's progress and customer satisfaction (Ahmed, 2009). Company is not using any formal performance appraisal system. But in all three branches managers are pretty sure that they have good communication with their employees and there is no apparent need of formal performance review system.

6. Findings

Major problem areas indicated during the interview with the managing director and middle management of We Care are:

- Company has not outlined detailed objectives of the organization. Employees don't know where we are and where we have to go? What are the major goals of this company and how we can or contributing in these goals?
- There seems high job dissatisfaction among employees. Large number of major human resource is leaving the company. They are leaving with the note that that there are better salary packages offered by other companies with learning opportunities. There is found aggression among the employees due to no rewards for their hard work. For instance, sometimes they work overnight for software projects but they are not given any overtime or extra reward for this. Particularly, developers claim that software development is a creative field, demands are changing day by day but company is not emphasizing on our learning in latest development tools and we are working with old technologies.
- Because of this dissatisfaction developers usually leaving their job in he middle of a projects which leads to late delivery of software to the client making a reputation of a bad customer service. Because if one or two developers have completed 75 percent of project and left the company there is no backup or substitute support for the remaining developers. As a result the project is either left incomplete or never meets the targets in time.
- Lastly, environment inside company is rigid rather than flexible. One of senior database developers of the company showed disappointment about his communication with manager. He said, *"I hardly had two or three meetings with my manager over a period of three years. He needs positive results. He can't listen NO. He never understands my limitations"*.

7. Discussion

It can be concluded from above mentioned findings that "We Care" is highly lacking effective performance strategies for long term human resource survival. Employees are not being guided about their initial tasks and performance evaluation criteria which lead them to job dissatisfaction and decreased motivation to perform their job in effectual manner. Managers are lacking skills to conduct performance review meeting and for counseling of their subordinates for poor performance. The company's performance is undoubtedly

declining because of decreased staff performance and rigid hierarchal organizational structure. As the objectives of current study includes challenges/problems identification and exploration which are being faced by the case study company while PM implementation, this section has been divided in various dimensions in order to have in depth understanding of different PM issues in the company. These dimensions include setting clear organizational objectives, management training and effectual reward system.

In the literature review of current research, it has been observed that after various developments in PM practices performance management appears to be more effective as it covers the weak areas of all early approaches. First objective of the current study has covered various early practices of performance evaluation and development in literature review section. In this discussion section researchers have attempted to suggest the adoption of PM best practice (which is second research objective of current study) and have explored divergent dimensions which are remained unaddressed by the case study company.

7.1 Setting Organizational Objectives

Firstly, one of the major problems appears to be is lack of comprehensible objectives. Most of the respondents stressed that they do not have clear direction what they have to achieve and how this achievement will affect company's overall performance. Research analysis surfaced need of mission statement and details of company's objectives which should be made clear to all employees and managers and how these objectives would be cascade down in form of individual objectives. Company may design objectives focusing on the following three key areas (Walters, 1995).

- **'Reliability'** in customer service may be given first priority. For instance, the company shall in future, reduce cancellations and late delivery of software to client.
- **'Productivity and cost efficiency'** in all business activities may be ensured. For productivity clear road map is required and cost efficiency needs meeting the targets in time with available resources.
- **'Customer service'** may not be ignored for continuous progress of the company. It should be made equally efficient whether it is in implementation phase of software or after sale services or maintenance services of software.

What writers like Walters (1995) has pointed out for such companies is important that to maintain the practical focus it is helpful to think objectives in terms of desired outcomes. It means what practical results organization wants to see over what time period. The company might set some practical outcomes for a long or short time period. For example, at the end of 12 months company wants to increase its revenue to fifty percent of the current revenue or at the end of three years company wants to develop at least 50 products in latest software development tools and so on.

After setting objectives with reference to above three key areas, the next important step is to make sure that every employee has understood the meaning and purpose of these objectives. It can be done by introducing various methods like posters within company premises,

‘mystery shopping’ ringing the staff and asking about organizational objectives. Also by asking how these objectives are integrated with their objectives and giving some financial prizes for those who provided creative answers.

Once company’s objectives would be made clear to all of its employees, they would be able to match their learning needs and organizational needs in order to have organizational growth as a whole. As Armstrong (2008) suggested that employees should have clear vision what their company wants and what they want. Afterwards this is organization’s responsibility to align the organizational needs with individual needs so that employees could be realized that their performance is direct contributor in organizational performance on the whole.

7.2 Managers training for performance Management

As Fletcher (2004) said that “Performance management is supposed to be owned by line management, and not by HR department or one or two directors” It is necessary for an effective performance management that manager should work as a leader who can transform dreams into reality. Most of the well designed PM systems never succeed because line managers do not know how to implement it. In the case of “We Care” the findings analysis leads to conclusion that company is lacking comprehensive performance appraisal system. It is necessary to organise training of the system and procedures which are planned to be implemented in the company. Managers need to realize that to become a good performance manager they have to manage their own performance first. Research suggests that before introducing the system inside the company managers should be given training about what the system is and how to implement it by company own HR managers or third party experts. Major problem is gaining the commitment of line managers on performance management system. Gaining this commitment takes lots of time and effort but it has to be done. Top management can play an important role in this respect by including performance management in manager’s job description and realizing them that this is integral part of their job. As line management is directly responsible of implementing PM practices in their respective department, they should be motivated and trained first in order to have employees motivation in this regard.

7.3 Performance Agreement

Major cause of dissatisfaction of employees of “We Care” is less or no communication between employees and managers. One of the developer complain that *we develop the software components what we are asked to develop but at the end of day our project manager rejects it and say that this is not our client demands*. Most of the respondents claim that this is all because of decreased communication between developers and their project managers. Performance management always emphasizes on communication and consensus of both parties on common objective.

Research suggests that performance agreements for software development department should be set in the beginning of each software or website project (whether it is of 6 months projects or one year project). They should know the art of translating the organisational objectives into individual objectives. For this performance mangers of “We Care’ may clarify questions like

what are the objectives of this project? What skills are expected from developer? What is the time frame to complete the project? How it will be completed? What client actually wants and how team of employees will meet the demand? It may be time consuming for manager to discuss performance agreement with each employee individually. So he can discuss the objectives and expectations on competencies with a team because whole team would have the same goal (developing particular software).

This is manager's responsibility to document these targets and overall plan of project to avoid any confusion. Both employee and manager need to know that what has to be done and they are supplementing each other. Performance evaluation with regular intervals generally can provide an opportunity to improve the process for achieving targets. Project managers should decide at least five to six review meetings dividing the project period in time frames. So this will be some sort of milestones for teams to complete project in parts and review their achievements and weaknesses after each phase.

7.4 Training and Development

Personal development is another best process of performance management which plays an important role in job satisfaction and motivation. This fits in this situation, because most of de-motivation among employees is because of less awareness of the emerging knowledge and skills. One of the employees told that *in the field of computer software engineering we require command on latest tools for software development*. Some suggested that *the project manager should realize our needs and arrange training for capacity building*. Another employee agitated that *"I am not involved in any new project during last three years. How can I learn?"*

Above mentioned statements clearly shows the concerns of software developers regarding their professional development which ultimately affects their overall performance. Various brain storming activities, where every person is invited to give his suggestions about leaning new tools and implementation of these tools in the form of some new product can enhance every employee's interest and participation in designing professional development programs. This will not only develop people but also can contribute in innovative inclusion of company product. In job forward plan meeting each individual should have his or her own development plan focusing on next project objectives. After the struggle of nine years "We Care" has made available experienced software analysts and developers. Company can now conduct training sessions for young employees with the help of senior software developers. It might be better to attach two junior developers with each senior developer working on a project. In this way the problem that developer leaves their job in half way through the project can be resolved because now their backup will be ready. Junior developer will at least be able to explain the dynamics of the project to new developers.

7.5 Performance Reviews

Research findings have shown fundamental problem during the performance review interviews were of trust in this company. It appears that employees think, managers have their favorite social circle within the company. That can be a barrier in conducting performance

review meeting that manager get bias with someone or may be employee does not trust him. As one of the junior developers said that, *“senior employees are more close to my manager and I will keep them happy my performance review would be good. Otherwise I will face negative consequences”*. Another research respondent emphasized the same point that *“this is traditional culture of our society maybe that we all get biased. We do not want to see others above us and trap them where possible. However, managers should have unbiased approach in order to have transparent evaluation but unfortunately it is highly lacking in our company.”*

In order to address these concerns company can conduct performance review meeting by the panel of performance reviewer (including line manager). Company can call managers from one branch to another branch in order to conduct review meetings. Manager from other branch will not be in better position to assess the employees because of not having direct supervision but he can be a good addition and observer. He can at least listen to the problems of employees and can examine their needs as well. Later, the panel should write individual reports to upper management for further decisions.

Another issue is of positive interest of managers in conducting performance review meetings. As one of senior managers when interviewed showed interest in whole performance appraisal program but like all critics said, *“How can I spare plenty of time for meeting to employees and waste their and my time. If we have free time why not we go home and take rest”*. To develop this interest company can offer its managers some extra salary for these review meetings as professors in universities are paid for checking exam papers. In researchers point of view, performance measurements can be made ongoing feedback from clients, behavior with colleagues and efficiency of the modules of the software on which employee has worked. Successful performance should be associated with competency framework consisting of thinking competencies (effective analysis, model complex information of software units), self managing competencies (ability to learn, develop creative software models), achieving competencies (ability to get things done), and managing people competencies (Armstrong & Baron, 1998). For “We Care” Research would suggest to develop its own thinking, managing and achieving competencies frameworks keeping in view what is desired as well as what is feasible.

7.6 Reward System

“We Care” need to realize that to increase motivation of employees; they have to recognize their employees by giving them appropriate rewards for employee’s hard work and good performance. The positive notion is that top management like Managing Director is willing to give incentives for better outcomes. Each department of “We Care” should be allocated reward budget. Rewards should be decided by mutual decision of department head and line managers. There should be clear rules for measuring the performance and evidence of good performance of employee may be recorded in assessment reports. Research suggests many smaller cash awards spread over a year given immediately after achievements of key results during the year considered to be more motivational than bonuses at the end of the year. Company should also take care of extra hours of employees work. If someone is doing extra

hour duty he should be rewarded or paid for this.

8. Conclusion

Researchers in this research are of the view that “We Care” needs major revision of its entire set up starting from vision and objectives to employees’ motivation and productivity. The organisation needs to remind itself the crucial role of HR in employee’s performance evaluation and development. The research findings have shown that there is high level of discomfort, job dissatisfaction or motivation is creating rigid gap between employees and “We Care” management which is speedily leading the company towards performance decline. In human business models there two levels of understanding employees a) business level that relates to employee external needs b) human level which relates to personal feels. Company’s management address the employees’ needs at both of these levels. It’s convincing what Charles Reade quote, “When love and skill work together, expect a masterpiece”. (cited in Glanz, 2002).

This research has explored the current issue of IT firms in developing countries i.e. managing and improving the performance related practices. It will provide the guidelines to those IT firms which lack the basic performance management and appraisal system.

In this study only a single IT firm named as WE CARE is taken as a case. For further research, researchers may utilize the steps of performance management system (identified in current research) and implement on other firms to resolve their performance management and evaluation related problems.

References

- Aguinis, H. (2007). *Performance management*. London: Printice Hall.
- Armstrong, M. &. (2005). *Managing Performance: Performance management in action*. London: CIPD.
- Armstrong, M. &. (1998). *Performance Management: The new realities*. London: CIPD.
- Armstrong, M. (1999). *A Handbook of Human Resource Management Practice*. London: 7th edition, Kogan Page.
- Armstrong, M. (2006). *Key strategies and Practical Guidelines*. London: 3rd edition, Kogan Page.
- Bascal, R. (1999). *Performance Management*. New York: McGraw-Hill.
- Cokins, G. (2004). *Performance management: Finding the missing pieces and closing the intelligence gap*. Australia: John Wiley and Sons.
- Fletcher, C. (2004). *Appraisal and Feedback: Making Performance Review Work*. London: CIPD.

Gabris, G. T. (2001). Does performance appraisal contributes to heightened levels of employees burnout? The results of one study. *Public Personal management* , Vol.no.30, pp.157-172.

Glanz, B. A. (2002). *Motivating and Retaining Employees*. London: McGraw-Hill.

Greer, R. (2001). *Strategic Human Resource Management: A general managerial approach 2nd edition*. London: Printice Hall.

Hartley, J. (1994). *Case studies in organizational research* , in *Qualitative methods in organizational research*. London: C. Cassell & G. Symon (Eds.), Sage.

Keping, L. M. (2000). Performance appraisal reactions: Measurement, modelling and method biases. *Journal of Applied Psychology* , vol.no.85. 708-723.

McNamara, C. (n.d.). http://www.managementhelp.org/perf_mng/perf_mng.htm. Retrieved December 1, [Accessed: 2009].

Stafyarakis, M. &. (2002). *HRD and Performance Management, MSc in Human Resource Development Reading 5*. Manchester: IDPM University of Manchester.

Tyson, S. a. (1996). *Human Resource Management*. Oxford: Made Simple.

Walters, M. (1995). *The Performance Management Handbook*. London: Institute of personnel and development.

Weihrich, H. &. (2005). *Essentials of Management: An International Perspectives, 6th edition*. New York: McGraw-Hill.

White, A. (1995). *Managing for performance: How to get best out of yourself and your team*. London: Piatkus.

Wilson, J. P. (2005). *Human Resource Development: 2nd edition*. London: Kogan Page.