



Impact of Performance Management Practices on Employee's Performance: A Study of GMVN Uttarakhand

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Abstract: This study aimed to explore the impact of performance management strategies on the employees' performance within the governmental entity "Garhwal Mandal Vikas Nigam" in Uttarakhand. Utilizing a structured questionnaire adapted from Lusthaus' (2002) influential organizational assessment study, the research involved a sample of 180 participants. Data analysis was conducted using Smart-PLS, offering a comprehensive examination of the correlation between performance management strategies and employee performance in the organization. The findings of this study indicated a significant positive correlation between organizational performance and the implementation of performance management practices. Notably, it was observed that government organizations lag behind in effectively implementing performance management practices, resulting in the absence of a robust performance management system. It's essential to note that the study's scope was limited to the Garhwal region and its unit GMVN. Future research endeavors could extend their focus to the Kumaon region, with KMVN as a potential research area. The study strongly recommends that government organizations establish and consistently practice an effective management system. Such a system serves as a motivational strategy, fostering improved employee performance in the present and future. The societal significance of this work lies in its emphasis on crucial factors influencing organizational performance, such as motivation, organizational capacity, and socio-technical and cultural aspects.

Keywords: Performance Management • Organizational Performance • Organization Capacity • Smart PLS • GMVN • Structural Equation Modelling (SEM)

Introduction

Employees of any organization are made accountable for their past performances. Organizations decide their potential on the basis of their past track record of how they were able to face the challenging environment and what was their contribution to the organization? According to Cappelli and Tavis (2016), the biggest limitation of any annual report is their way of appraisals as it is based on past performance rather, they should focus on how to improve their performance in future. Here comes the task of performance management policies of the organization. The present approach of performance management has changed over the decades. Now the

organizations are focusing more on development-based performance through productive conversations between the parties involved. This changing scenario is arising due to the changing business environment. The tight labour market is pressurising organizations to keep their employees happy. The volatile environment requires quick responses from organizations which in turn requires regular check ins with employees. Moreover, if organizations will pay more attention to the improvement than accountability, teamwork will be created. Most of the organizations are still following the traditional way of appraisals where number matters and the performance of any employee



can be easily judged by the score gained. Contrary to it the hybrid approach of performance appraisals uses multiple dimensions for rating the performance of the employees and is the most valid approach in today's volatile business environment. Various companies in the United States have started replacing their old method of following annual reports to frequent and informal check-ins.

With this background, the present make an effort to analyse the impact of performance management strategies of GMVN (Garhwal Mandal Vikas Nigam), a unit of Uttarakhand State Government Tourism, on its employees. There are four major sections of the present where the first section covers introduction of the topic; the second section deals with the literature review and discuss about its objective and research methodology; the third section includes the empirical analysis of the collected data by using statistical methods; and the last section focuses on results and discussions.

Literature Review

An organization is a structure or machinery manned by group of people working together towards a common goal. According to Rainey (2009), "an organization is a group of people who work together to pursue a common goal". Allen (1958) clearly defined organization evaluation as "the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives". Organizations vary in a number (Aldrich, 1999), and mostly differentiated with their goals and objectives. Jones et al (2006) classified organizations into "private or public, for-profit or non-profit, governmental or non-governmental organizations."

The term 'assessment' or 'evaluation' is defined in many circumstances, contexts and settings like observing the quality and standard

of services given by public sectors or private sectors or judging something on the basis of their standards of work etc. It is a systematic assessment of progress, efficiency, adequacy, effectiveness of a procedure. Weiss (1972) argues that assessment is a word used in many ways like formal examination which systematic evaluate by professionals or informal examination which assess by people in their day to day lives (Lincoln and Guba 1986). Weiss (1972) argued that assessment not replace judgement or decision makers but provide systematic evidence and informs judgement that help people to make future decisions.

As per Patton (1986) there is no single definition which provides the complete practices of evaluation or assessment. The definition of evaluation has different terms evaluation, programme evaluation and evaluation research. Robson (1993) stated that evaluators depend upon the methodology and research methods to obtain the information. Babbie (1995) argued that no common research methods or strategies present to evaluate the research or distinguish between evaluation research from any form of social research. Evaluator has to choose the best evaluation approach as per his evaluation purpose because there is no single approach of evaluation.

As per Clarke and Dawson (2005, 2012) evaluation is "a systematic process where someone's or something's merit, significance, value and worth are estimated against a set of particular standards". In guiding principles enunciated by American Evaluation Association (AEA) 'evaluation' was "a profession composed of persons with varying interest, potentially encompassing but not limited to the evaluation of programs, products, personnel, policy, performance, proposals, technology, research, theory and even of evaluation itself" ("Evaluation", 2012).



Preskill and Donaldson (2008) stated that “evaluation is fundamentally about understanding, valuing, judging and making better decisions”. As per Rossi and Freeman (1993), evaluation is “the systematic application of social procedures for assessing the conceptualization, design, implementation and utility of social intervention programs”. As per all philosopher’s evaluation should not be treated for only social science research. Scriven (1991) stated that evaluation is a systematically process with its own identity and becomes a discipline.

Clarke and Dawson (1999) argued that academic research and evaluation research differs in many ways. Primary concern of Evaluation is to measure the value or worth and merit of a strategy. Different researchers used the terms ‘evaluation research’ and ‘evaluation’ in their research. These terms are used interchangeably, some researchers distinguish some point between ‘evaluation’ and ‘evaluation research’. As per Suchman (1967), evaluation measures some worth or value of a programme, and evaluation research is applying the scientific methods. Steers, (1975) argued that until the decade of 1960s, studies on organizational assessment laid emphasis on people, work, and the structure of organization. However, during 1960s and 1970s the profit-making public organizations and non-profit sectors started exploring modern techniques to comprehend their performance. As a result, a several techniques of performance measurement emerged. Social scientists also began Exploring, the influence of different human and interpersonal factors such as “problem solving, teamwork, morale, communication, innovation and adaptation” on organizational performance. By exploring organizational performance, evaluators considered the importance of stakeholders along with effectiveness and efficiency aspects (Walton, 1986).

Deci and Ryan (1985) presented (SDT) i.e., Self Determination Theory to understand the implementation of strategies in an

organization. SDT relates with human behaviour and employee engagement and have natural and intrinsic tendencies. Job satisfaction motivates the employees to enhance the organization’s productivity. The work performance declined when employees started hiding their ideas and feelings and become disengaged. Organizational leaders must emphasis on the customer satisfaction, business profit, productivity and employee engagement strategies. Employee engagement can be increased by focusing on employee’s own personal traits and behaviour. The productivity of a concern is affected by the disengagement of employees.

According to Lusthaus, et al., (2002), “organizations are important social units of many shapes and sizes that play an integral role in life every day.” On the other hand, Organizational Assessment (OA) or Organizational Evaluation (OE) as “the process of obtaining systematic information about the performance of an organization and the factors that affect performance in order to diagnose areas of possible investments for changes and/or to demonstrate competence.” (Jones et al 2006). In fact, organizations create their culture by specifying their values, code of conduct, obligations, rights and responsibilities. As reported by Lusthaus et al., nowadays organizations are following “open systems”. In this dynamic context, the organizations are attempting to adapt, survive, perform and influence the environment. At times, they succeed and sometimes they don’t.

Further, Lusthaus, et al., (2002,2006) developed a framework for evaluating / assessing organizations’ overall performance which encompassed four factors such as organizational performance, environment, motivation and capacity. Organizational Performance in the evaluation framework, is defined in varied ways including effectiveness, efficiency, and ongoing relevance. One of the pertinent steps in the evaluation process is to examine the organizational performance. Salem (2003) says that, “the term Performance refers to any



integrated, systematic approach to improving organizational performance to achieve strategic aims and promote an organization's mission and values." In 1950s, the term 'performance' was measured in term of objectives fulfilment. During 1960-70s the performance was measured in term of the utilization of the organizational available resources.

Research Methodology

The present study is descriptive in nature where the primary focus is to explain the causal relationship among the various factors of organizational evaluation. The purpose behind this is to evaluate the impact of those variables on the Performance of the organizations. The method which has been adopted for the analysis in this research is Partial Least Square (Smart PLS). The structured questionnaire from the highly influential study on organizational assessment by Lusthaus (2006) has been adopted for collecting primary data from 180 respondents from the various offices of GMVN, Uttarakhand. The measurement scale for the questionnaire is Five Point Likert Scale with the options of *strongly agree (SS) score 5, agree (S) score 4, disagree (KS) score 3, disagree (TS) score 2, and strongly disagree (STS) score 1*. The processing method adopted in the study is PLS by using Smart PLS version 4.0 software as a tool.

Based on the available literature and theoretical background; the major objective of the study is to evaluate the impact of performance management strategies adopted by GMVN on its employee's performance. Further the hypothesis of the present study is as follow:

H1: Socio, cultural and Technological Environment positively effects Organization Performance.

H2: Organization Motivation positively effects Organization Performance.

H3: Organization Culture positively effects Organization Performance.

Tools and Techniques Applied for the Empirical Analysis

Initially a reliability test has been done to ensure the consistency of the test scores. There are several coefficients for testing reliability and in the present research Cronbach's alpha has been found. The range of reliability varies from 0 to 1 and if the Cronbach's alpha is greater than 0.70, it is said that the test scores are reliable and if it is less than 0.70, the test scores are not reliable. After testing reliability, the data has put to Exploratory Factor Analysis for data reduction and it also helped to know the important variables for theoretical structure. Finally, Structural Equation Modelling (Smart PLS-4) has been used to construct the final results.

Data Analysis And Interpretation

The constructs internal consistency was assessed with the help of Cronbach's alpha. Further, convergent validity and discriminant validity measured. Confirmatory factor analysis (CFA) extracting constructs cross loadings by Structural Equation modelling (SEM) to determine the association between constructs.

Reliability Test

Reliability test is performed to measure the construct's internal consistency. A reliable construct will be formed if the value of Alpha (α) is more than 0.70 (Hair et al., 2013). Cronbach's Alpha is used to evaluate the reliability of the construct. The outcomes discovered that the A (Socio, Cultural and Technical Environment) scale with nine items ($\alpha = .900$), B (Organization Motivation) with six items ($\alpha = .866$), C (Organization Capacity) with six items ($\alpha = .850$) and D (Organization Performance) with four items ($\alpha = .756$) were found reliable. The outcomes of reliability test are shown in table 1.



Table 1. Reliability Statistics

Constructs	No. of Items	Alpha (α)
Socio, Cultural and Technical Environment	9	.900
Organization Motivation	6	.866
Organization Capacity	6	.850
Organization Performance	4	.756

Factor Analysis

An Exploratory Factor Analysis (EFA) was executed by means of PCA (principal component analysis) & varimax rotation. 0.50 is the minimum factor loading standard. To know the variability of each dimension; communality of the scale was assessed and it has been found from the results that all communalities are greater than the value 0.50. To measure the statistical probability, Bartlett's test of Sphericity has been performed. This is done to weigh the significance of the correlation matrix and shows that the components have significant relationship among themselves. The outcomes were significant, $\chi^2 (n = 180) = 2709.054 (p < 0.001)$, this in turn indicates the suitability for factor analysis. The Kaiser-Meyer-Olkin (KMO) measures the adequacy of the sample for Factor Analysis. The measured value of the test is 0.915 which is more than the standard value of 0.800 which in turn is considered appropriate for using factor analysis. In table 2 factor analysis with Principal Component analysis is provided.

Using the above econometric models for appropriateness of factors, four factors for the scale has been derived, which accounted for 63.265 percent of the variation in the data. Initially by using EFA, twelve items removed as they failed to load on any given dimension significantly. As a result, the four factors were recognized in this research. Factor A includes

items A1 to A9, referring to Org (O). factor B gathers items B1 to B6 which represents org., Factor C includes items C1 to C6 and factor D includes items D1 to D4. Factor Loadings are summarized in table 3.

Table 2. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.915
Bartlett's Test of Approx. Chi-Square Sphericity	2709.054
df	351
Sig.	0.000

Measurement Model

A measurement model assesses the constructs quality. Construct reliability and validity are assessed by the factor loading.

Factor Loading: Factor loading is the correlation matrix of each item with the given principal component. Factor loading can range from -1.0 to +1.0 where the higher value indicates a higher correlation of the items with the principal factor. Factor loading should exceed 0.70 and factor loading of above 0.60 is also acceptable if there are additional indicators (Chin,1998). Three items excluded due to their low factor loading.

Reliability and Validity Analysis

There are two main methods to establish reliability i.e., Cronbach's Alpha and Composite Reliability (CR). The value of Cronbach's alpha for all four constructs is more than the threshold limit of 0.70, which is a good indicator (Hair et al 2019). Both results are presented in Table: 4

Construct Validity

Convergent Validity: Convergent validity results based on Average Variance Extracted (AVE) and all values of AVE is more than or equal to 0.50 that shows all items converge to measure the underlying construct (Table: 5).

Discriminant Validity

The value of discriminant validity (square root of AVE) should be higher than the values of correlation coefficients among the constructs. See Table: 6



Table 3. Rotated Component Matrix

	1	2	3	4
<i>My organization is able to engage customers very well</i>	0.785			
<i>Organization is providing up to date training to employees</i>	0.776			
<i>My organization provides a safe and secure work environment</i>	0.725			
<i>My organization takes issues of harassment seriously and handles them sensitively and appropriately</i>	0.643			
<i>My work unit has clearly defined priorities that guide our day-to-day work and decision-making</i>	0.639			
<i>I have the opportunity to provide input into improving how we do our work</i>	0.632			
<i>I can raise issues with my supervisor without fear of consequences</i>	0.632			
<i>People who under-perform in my work unit are given opportunities to improve</i>	0.618			
<i>I am satisfied with the latest technical environment in the organization</i>	0.567			
<i>My organization actively supports my career development and advancement</i>		0.765		
<i>I am provided with training when new policies, technologies or ways of doing things are introduced</i>		0.727		
<i>My supervisor gives me feedback that helps me improve the quality of my work</i>		0.708		
<i>All stakeholders (all who are affected by the success and or failure of the department) are included in the decision-making process</i>		0.687		
<i>I am satisfied with the retirement benefits given by organization</i>		0.646		
<i>I am satisfied with the appraisal system of this organization</i>		0.571		
<i>Considering everything at present, I am satisfied with my work in this organization</i>			0.685	
<i>We follow through on promises and commitments to next steps</i>			0.678	
<i>My organization offers similar opportunities for men and women</i>			0.637	
<i>Staff in my work unit are receptive to change</i>			0.634	
<i>It is my pride to be a part of this organization</i>			0.62	
<i>My immediate supervisor is supportive of my efforts</i>			0.595	
<i>I can balance the demands of my work life with the demands of my personal life</i>				0.786
<i>My organization is recognizing the presence of strong competition</i>				0.645
<i>Our organization is changing its policies and procedures by to keep up with the present trends</i>				0.582
<i>I am having clarity on the performance objectives and standards of my job</i>				0.538

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.



Table 4. Factor Loadings

	Organization Culture	Organization Motivation_	Organization Performance	Socio, Cultural and Technological Environment
OC1	0.725			
OC2	0.800			
OC3	0.754			
OC4	0.797			
OC5	0.658			
OC6	0.792			
OM1		0.832		
OM2		0.823		
OM3		0.788		
OM4		0.742		
OM6		0.817		
OP2			0.850	
OP3			0.870	
OP4			0.687	
SCTE1				0.761
SCTE2				0.787
SCTE3				0.799
SCTE4				0.768
SCTE5				0.795
SCTE6				0.807
SCTE7				0.705
SCTE8				0.708

Table 5. Construct Reliability (Cronbach's Alpha and Composite Reliability)

	Cronbach's Alpha	Composite Reliability
Organization Culture	0.850	0.889
Organization Motivation_	0.861	0.899
Organization Performance	0.725	0.847
Socio, Cultural and Technological Environment	0.900	0.919

Table 6. Construct Convergent Validity (AVE)

	Average Variance Extracted (AVE)
Organization Culture	0.572
Organization Motivation_	0.642
Organization Performance	0.650
Socio, Cultural and Technological Environment	0.589



Table 7. Discriminant Validity (Fornell -Larcker Criterion)

	Organization Culture	Organization Motivation_	Organization Performance	Socio, Cultural and Technological Environment
Organization Culture	0.756			
Organization Motivation_	0.575	0.801		
Organization Performance	0.614	0.567	0.806	
Socio, Cultural and Technological Environment	0.634	0.587	0.640	0.767

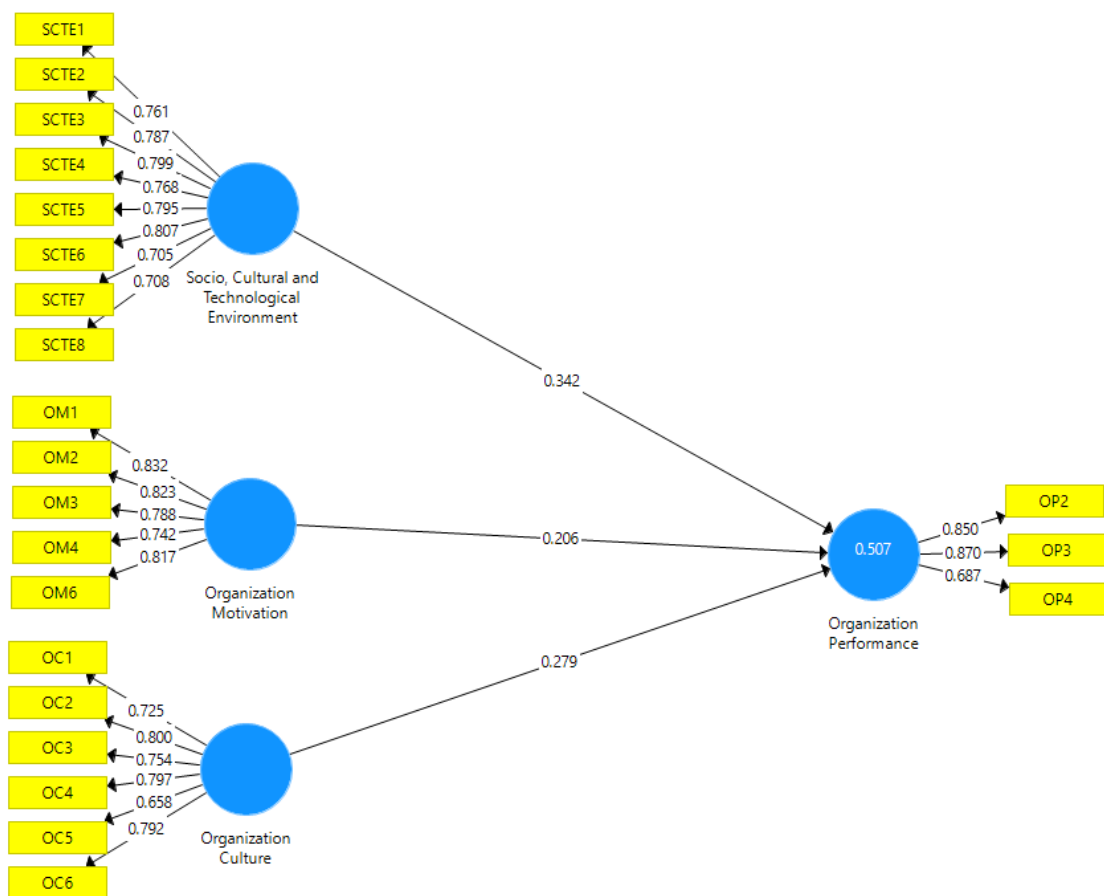


Figure 1. Measurement Model

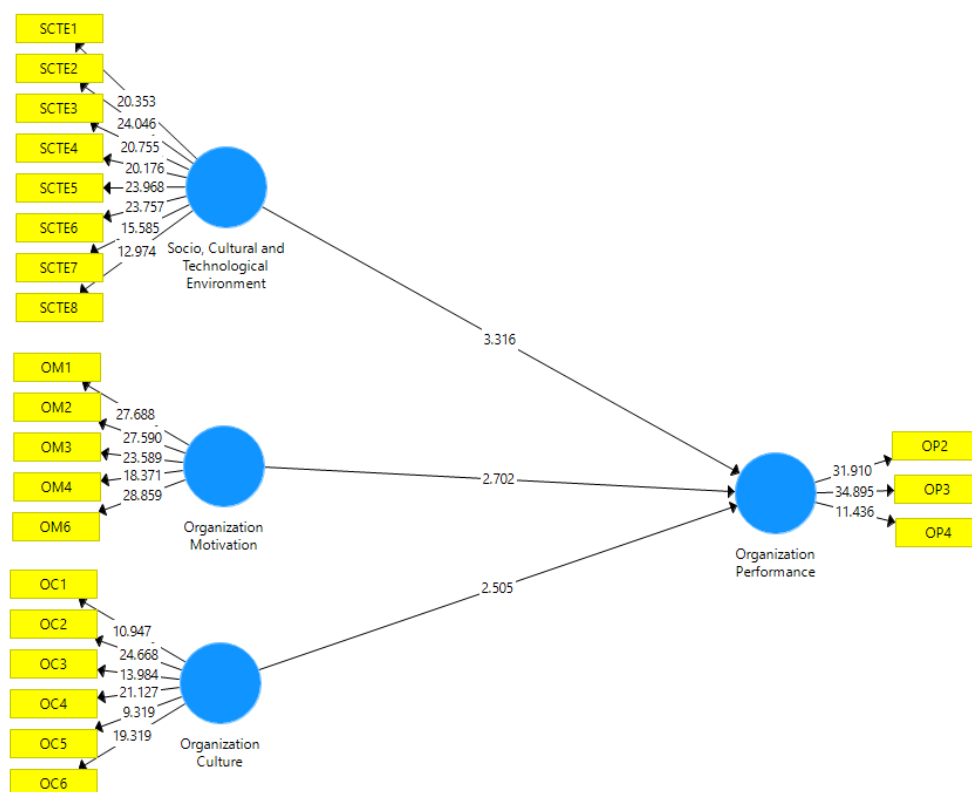


Figure 2. Structural Model Assessment

The variance extracted by structural model is (R²) is 0.507, which shows that 50.7% of variations in dependent variable is ascertained with the help of independent variables.

H1 evaluates whether Socio, Cultural and Technological Environment positively effects Organization performance. The results revealed that Socio, Cultural and Technological Environment has a significant positive influence on Organization Performance ($\beta = 0.279$, $t = 2.505$, $p < 0.05$). Hence, H1 is supported.

H2 evaluates whether Organization Motivation positively effects Organization performance. The outcomes revealed that Organization Motivation has a significant positive influence on Organization performance ($\beta = 0.206$, $t = 2.702$, $p < 0.05$). Hence, H2 is supported.

H3 evaluates, whether Organization Culture positively effects Organization performance. The results revealed that Organization Culture has a significant Positive impact on Organization performance ($\beta = 0.342$, $t = 3.316$, $p < 0.05$). Hence, H3 is supported.

The results are mentioned in below table.



Table 8. Direct Relationship

	β	SE	T	P	Results
Organization Culture -> Organization Performance	0.279	0.111	2.505	0.012	Supported
Organization Motivation_ -> Organization Performance	0.206	0.076	2.702	0.007	Supported
Socio, Cultural and Technological Environment -> Organization Performance	0.342	0.103	3.316	0.001	Supported

Conclusion

Based on the results of above data analysis, it is thought that all the three factors of organizational evaluation i.e.; Socio, Cultural Technical Environment; Organizational Motivation; Organizational Culture have significant impact on determining the performance of the employees of the organization. Thus, with these results it can be implied that any organization for that matters must follow the lenient performance management practices to keep its employees motivated. A well-structured and flexible approach of the management towards its employees will enhance their morale and will make them emotional attached to the organization. It has been commonly observed that various government organizations are still following their traditional practices of ranking and measuring performance. Which is only a quantitative measure and has no role in the employee's wellbeing. Thus, it is highly recommended by the present study that the government organizations should maintain and practice regularly an effective management system which will act as a motivational strategy which in turn induce the employees for improved performance in present and future.

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