

## A SUSTAINABLE PERFORMANCE MANAGEMENT SYSTEM IMPLEMENTATION IN A GLOBAL ORGANIZATION: A PARTICIPATORY ACTION RESEARCH

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### Abstract

Work performance is among the main success factors for organizations. The performance management process necessary for the design of development and skill improvement plans appears to be crucial. Nowadays, the sustainable management of organizational processes and performance is inseparable from organizational values.

This contribution describes a Participatory Action Research (PAR), carried out within a leading global organization of hardware products and software solutions, aimed at promoting the culture of performance through the co-construction of a new Videndum Performance Management System (VPM) based on competencies aimed at white collars.

The need to adapt the pre-existing VPM to a constantly changing environment, which requires the acquisition of strategic competencies increasingly in line with new business needs, led the client to contact us to receive scientific support in the construction of the new VPM. After setting up a team composed of researchers and co-researchers (i.e., client), the phases necessary for the construction of the new VPM were defined. The first phase involved sharing the existing VPM and proposing a new set of competencies in line with the organizational strategy through constant dialogue between team members. Similarly, the drivers that characterize the identified competencies and the behavioral indicators that make them observable and measurable have been identified. One of the aims of the PAR was to develop a VPM aimed at enhancing excellent performance. To this end, the team developed a five-level ranking scale (i.e., poor, low, good, high, top) with respect to which behavioral indicators were formulated. The second phase involved the empirical verification of the new VPM. To this end, the researchers proposed the online card sorting technique, which involved the organization's HR department. This phase ended with a plenary meeting of the team of researchers and co-researchers in which the VPM was perfected, and the operating manual was shared, useful for staff training on the new VPM.

The co-construction process just outlined led to the identification of nine competencies (e.g., Change agility), each defined by four drivers (e.g., Cope with uncertainty), each of which can be measured through five behavioral indicators (e.g., Embraces uncertainty in a positive way to generate new opportunities) corresponding to the five ranking levels.

The adoption of the new VPM will hopefully make the assessment process more sustainable and enhance excellent performance through more effective feedback and feedforward activities, enhancing the quality of dialogue and comparison between manager and worker in the perspective of personal and organizational development.

**Keywords:** *Performance management system, business core competencies, feedback, sustainable human resource management, participatory action research.*

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### 1. Introduction

Performance management (PM) is one of the most important practices related to human resources management (HRM), as well as one of the most investigated topics in work and organizational psychology (Schleicher et al., 2019). It is a set of processes, phases, and managerial behaviors that aim to measure and improve the desired performance, designing development plans for employees. Although in the literature there are several PM models differing in complexity, number of phases and terms used to define the phases of the process, it is possible to highlight some common elements to all models. Performance agreement, performance appraisal (PA), and feedback represent the three main phases of the

PM process and are based on the integration of several identified models (Kubiak, 2022). At the beginning of the process, the rater and the ratee agree on the objectives to be achieved, the period (e.g., six months, one year) and the activities necessary to achieve them, as well as the characteristics that characterize a top performance. During the designated period, monitoring phases follow which allow for the modification of objectives and performances if necessary. The PA phase follows. The rater monitors and documents the performance of the ratee, and evaluates the level of achievement of the objectives, identifying strengths and weaknesses in the execution of the work activity. Finally, we enter the delicate phase of feedback with respect to the performance and objectives achieved, in which supervisor and employee design any development plans together. Therefore, a PM system must be aimed at planning, measuring, and communicating, without neglecting the rewarding functions, both extrinsic and intrinsic. The design of a good PM system, as well as continuous monitoring of processes by supervisors are the basis of the success of such systems (Lavigne, 2018). The objectives of the PM can be multiple: strategic, to link the activities of the employees to the organizational objectives; management, to define a series of administrative decisions (e.g., salaries, promotions); development, for the professional growth of people in the organization.

For decades, most of the literature studying PM has tended to focus on its efficacy. In general, some of the most examined variables concern employee participation in the evaluation process, the relevance of the dimensions of the performance evaluated, trust in the manager, the quality of the evaluation process and employee reactions to the evaluation (Murphy & Cleveland, 1995). Iqbal and colleagues (2015) focused on the ratee reactions, both in personal (e.g., ratee satisfaction) and organizational terms (e.g., organizational commitment), and identified three main elements that can elicit positive reactions: purposefulness, not only in terms of administrative purposes, which limited PM practice to mere evaluation, responsibility and judgment functions, but also development, role-definition, and strategic purposes, which are acquiring increasingly primary importance, with respect to the administrative purposes which tend to be secondary; fairness, in terms of procedural, distributive, informational and personal justice; accuracy, because raters are often held accountable for valuation errors (i.e., rater-centric, ratee-centric, relation-centric, and system-centric errors) an effort is needed to reduce such errors and increase valuation accuracy.

A recent review by Justin and Joy (2022) shows that a good PM system is always functional to the growth of the organization and its effectiveness is increased by the active participation of managers in the PM process, by an efficient communication system with constant exchanges of information, and adequate training of the rater. Trust in the manager and feedback are fundamental: even short feedback sessions (e.g., 15 minutes) can lead to improvements in employee behavior. However, it is necessary to build a feedback system tailored to each employee, characterized by active listening, since sometimes some people tend to avoid feedback, as it is perceived as negative and not as an opportunity for development. Feedback that considers both strengths and any critical points tends to be the most accepted by employees. An effective PM system can contribute to make more positive the organization (Dal Corso et al., 2021) in terms of promotion of organizational citizenship behavior, life and work satisfaction, empowerment, work engagement, top performance, work meaningfulness, and reduction of strain and turnover intentions (Dal Corso et al., 2019; Sharma et al., 2022; Van Thielen et al., 2018).

However, there is no one technique or model that is better than another. The effectiveness of a PM system depends on the individual and the environment in which it is used.

## 2. The organizational context

Videndum Media Solutions (VMS) is a Division of Videndum plc, an international group of companies serving customers in the growing content creation market. VMS is headquartered in Cassola (Vicenza) and hosts around 1000 employees distributed in 14 countries worldwide. The purpose of the Company is to support in capturing and sharing exceptional content by designing, manufacturing and distributing premium photographic and video cameras and smartphones, and provides dedicated solutions to professional and amateur photographers and videographers, independent content creators, vloggers/influencers, gamers, enterprises and professional musicians. VMS success is grounded in the core values that drive every single initiative that the Division undertakes: exceptional performance; leading a fast-changing market; customer focus; transparency, integrity, respect; global capability. These values sustain also all the HR actions and processes such as the Videndum Performance Management System (VPM).

The constantly changing and evolving environment which characterized the last few years required a deeper analysis of the VPM to make it more respondent to new business and organizational needs: identify new strategic competencies that allow an agile approach to face the complexity of the environment; give higher relevance to qualitative aspects of the performance through a more holistic

evaluation oriented towards continuous improvement; clearly identify and value excellent performances to be consistent with the effective contribution to results; and finally empower a company culture based on trust, transparency and continuous feedback with the employee at the centre and driver of the process.

### 3. Participatory Action Research

Action Research (AR) encompasses a family of approaches with different traditions and philosophical orientations. In general, what unites the different approaches refers to the AR way of intervening within organizations in order to bring about change and to the cyclical and recursive way of knowing in and through relationships, a necessary condition for knowledge can guide the future behavior of organizational actors. It is research that, from an epistemological point of view, is based on the values of democracy and participation, placing the relationship with the other at the center to generate knowledge and opportunities. Finally, it is mostly qualitative research and cooperative reflective action (Kaneklin et al., 2010). In the Participatory Action Research (PAR) (Reason & Bradbury, 2012) the participatory dimension and the strong democratic orientation are even more intense: the researcher becomes a facilitator who makes it possible to support a process of self-development and self-awareness.

This mini paper describes the process of co-building the new VMS VPM using PAR principles. The PAR process had a total duration of 11 months (i.e., March 2022 - January 2023) and was structured in four phases.

The first involved a meeting with the HR department. In this phase, the team of researchers and co-researchers (i.e., clients) – hereinafter the PAR team – was defined, as well as the objectives in terms of PM to be achieved: 1) develop a more holistic evaluation system, oriented towards continuous improvement and which includes, in addition to the objectives, also more qualitative elements; 2) identify strategic competencies in line with new business needs; 3) identify and value excellent performances; 4) build an operating manual with respect to the new VPM useful for personnel training. Furthermore, based on the needs of VMS it was decided to adapt the pre-existing VPM only for white-collar workers.

The second phase envisaged a constant confrontation between researchers and co-researchers (i.e., two-hour meetings once a week for the entire duration of the PAR). The co-researchers identified nine competencies in line with business strategy and based on strategic benchmarks (Sala et al., 2020; World Economic Forum, 2020): mind agility, change agility, entrepreneurship, result focus, social awareness, leadership, teamwork, resilience, and self-awareness. With the aim of making the competencies observable and measurable, the PAR team, following brainstorming and continuous comparison, identified the specific drivers (i.e., set of knowledge, skills, motivation, and self-awareness specific to the VMS organizational context) of each competence and the respective behavioral indicators (i.e., examples of behaviors that can be learned or improved with experience, personal and organizational commitment, through specific development plans). Finally, different levels of mastery of the competence have been identified, necessary for the valorization of excellent performances.

The third phase focused on the empirical verification of the new VPM. To this end, the researchers proposed the online card sorting methodology (Wood & Wood, 2008), which involved VMS'HR department. The objective was to 1) detect the participants' perception of the association between the behavioral indicators outlined for each driver and the corresponding rating level; 2) verify the observability of the competencies through the association between the behavioral indicators outlined and the reference drivers for each competence. It is a methodology useful for evaluating the information architecture of a structure that has a complex content categorization. Furthermore, it allows to obtain relevant information precisely from those who will have to use this organization in the future. For the specific objectives of this activity, closed card sorting was opted for, in which the categories have already been defined and users are asked to choose where they would place the "cards" (i.e., the behavioral indicators). In this case the information structure is already defined, and you only ask to test it.

Finally, in the last phase, in the light of the results of the online card sorting, the PAR team revised the new VPM, addressing the critical issues that emerged (i.e., poor agreement on the attribution of behavioral indicators for the highest-ranking levels). Once the new VPM was completed, we proceeded with the development of an operating manual necessary for subsequent staff training activities.

### 4. Results

The four phases of the PAR led to the identification of nine competencies, each defined by four drivers, each of which can be measured through five behavioral indicators corresponding to the five ranking levels (i.e., poor, low, good, high, top). Furthermore, the nine competencies identified were grouped into three categories: business, social, and personal (Table 1). Table 2 shows an example of

competence measurable through its four specific drivers. Table 3 shows an example of a driver measurable through its five behavioral indicators.

Table 1. Categories and competencies of the new VPM.

Categories	Competencies
<b>BUSINESS</b> “me & the context” - being able to cope with a rapidly changing world	Mind agility
	Change agility
	Entrepreneurship
	Result focus
<b>SOCIAL</b> “me & the others” - being socially competent and willing to interact, communicate and collaborate constructively	Social awareness
	Leadership
	Teamwork
<b>PERSONAL</b> “me & myself” - development of self-awareness, responsibility, and autonomy	Resilience
	Self-awareness

Table 2. Change agility: definition and drivers.

Competence	Drivers
<b>CHANGE AGILITY</b> Ability to adapt to changes and novelties, facing uncertainties and making the most of them	Comparison with the new
	Seeking change
	Adaptability
	Cope with uncertainty

Table 3. Cope with uncertainty: behavioral indicators and ranking levels.

Driver	Behavioral indicators	Ranking Levels
<b>COPE WITH UNCERTAINTY</b>	Does not appear at ease in the face of ambiguous and unclear situations and tends not to act	Poor
	To cope with uncertain situations, needs the support and encouragement of others	Low
	Acts by making decisions even in contexts of uncertainty and risk	Good
	Embraces uncertainty in a positive way to generate new opportunities	High
	Encourages and guides others to deal positively with moments of uncertainty, allowing them to achieve excellent results	Top

## 5. Discussion

Overall, the PAR process led to the expected objectives: the promotion of an organizational change through the revision of the VPM and the consequent development of an operating manual on the new VPM. The next phase will provide for the specific training of personnel with respect to the new VPM methods. The involvement of personnel represents an important action since it allows sharing the aims of the PM and the ways in which it is applied, leading to greater satisfaction with the evaluation system. The results achieved are also in line with the objectives of sustainable human resource management (HRM), whose interest in sustainable PM practices is growing (Piwovar-Sulej, 2021). Sustainable HRM highlights the need to maintain and develop the capabilities needed to deliver current and future performance, while operating efficiently, as well as the need to develop human capital in terms of human and social resource development (Kramar, 2022).

We would like to conclude with some co-researchers feedback that well describe the outcomes of the PAR and the value of participation.

*“Experiencing the PAR process allowed us to merge the theoretical insights coming from literature and our business and organizational needs, resulting in a new System coherent with our values and strategy and enriched with a more scientific vision and approach”* (Irene Carraro).

*“The co-building approach allowed us to exchange ideas and new perspectives, supporting us to identify innovative and out-of-the-box solutions, challenging the status quo, with the aim to improve and implement a tailor-made System fully respondent to our needs”* (Irene Cibir).

*“The new VPM and Standard of behaviour are part of our aim to provide our employees with an engaging and stimulating entrepreneurial environment where they are encouraged to learn and develop every day” (Danilo Greco).*

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