

# Managers and Non-Managers Participation in Performance Planning: A Case of Private Sector Organizations in Papua New Guinea

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**Abstract**—Performance appraisal involves a communication process by which an employee's performance during a specific period is assessed. Each stage of the performance appraisal process requires effective communication between the manager and the subordinate. The ways in which managers interact with their individual subordinates during the various stages of the performance appraisal process provides evidence of some of the most significant differences in national culture. This paper presents findings on perception of actual behavior during the performance planning stage of the appraisal process in private sector organizations in Papua New Guinea. Data was collected from employees in both managerial and non-managerial positions in various organizations through a survey using self-administered questionnaires. The findings suggest that employees in private sector organizations in Papua New Guinea, regardless of their organizational status participate in planning and setting their performance objectives.

**Index Terms**—Employee perceptions, Papua New Guinea, performance appraisal, performance planning.

## I. INTRODUCTION

Performance appraisals are based on a similar notion in many countries, however actual practices differ significantly in different countries due to various environmental factors including national culture. The ways in which managers as appraisers, interact with individual appraisees during the performance appraisal process provides evidence of some of the most significant differences in national culture. This paper presents some of the findings of a study conducted on performance appraisal practices in Papua New Guinea, a non-western developing country. It focuses on the actual behaviour that takes place in the performance planning stage. The participation of employees in setting their own performance objectives is particularly considered. The results are presented both descriptively and comparatively and the findings discussed.

## II. LITERATURE REVIEW

Performance appraisal is a communication process [1], by which an employee's performance during a specific period is assessed [2]. Although what actually happens during the performance appraisal process may differ in practice between different countries, the notion of performance appraisal remains similar and the appraisal

process can be categorized into four different stages: performance planning, performance feedback and coaching, performance review, and appraisal outcomes. Each stage of the performance appraisal process requires effective communication between the manager and the subordinate. Managers need to communicate effectively with their immediate subordinates in planning and setting performance objectives, providing feedback and coaching, and in conducting performance reviews [3]. Performance Appraisal lies in the core of supervisor-employee relationship [4] and interaction. However, such interaction may vary in different countries due to cultural beliefs, values and local conditions. Communication is deeply rooted in national culture and, will affect the manager-subordinate interactions in the performance appraisal process. The focus of this paper is in employee participation in performance planning, the first stage of the performance appraisal process.

Performance planning involves the setting of measurable performance objectives and determining behaviors and skills for which an individual is accountable and will be evaluated against. Reference [5] accentuated that in performance planning an employee structurally segregates his activities so that he can plan his own developments and organizational outcome. That is because identifying key performance areas and setting quantifiable targets for the improvement of future performance is the best technique for an employee to plan his performance. Hence, employee participation in the planning stage of the performance appraisal process is crucial. Such participation can also satisfy a deep psychological need which most employees have to take responsibility for their own lives and be self-directing [6]. However, [7] found that setting of performance objectives are mostly done by managers for the employees who perform the job. Furthermore, setting of personal development goals for employees does not receive much encouragement.

In a conventional goal setting stage of the performance appraisal process, the manager and his or her subordinate set the objectives jointly. When employees participate in setting the performance objectives as opposed to simply being assigned objectives by managers, they can more often attain their objectives [8]. References [9] and [10] also emphasized that when people are involved in goal setting they consider themselves responsible for their results. The achievement of their goals also depends upon the degree of support in terms of resources processes and systems employees get from their management. Discussions on improving employee performance and development are essential, and as such discussions are necessary when employee do not attain objectives due to insufficient

capabilities. Employee participation is therefore an important element in performance appraisal. Yet some of the most salient differences in culture are noticeable when managers interact with their subordinates.

Employee participation is culture-bound therefore; practices differ in different national settings. Reference [11] differentiated culture according to the degree of context in communication. The high and low context communication dimension has important implications for the interactions between managers and subordinates in different cultures. High and low context communication overlaps with [12]’s individualism/collectivism dimension. Reference [12] identified low context communication as a characteristic of individualistic societies and high context communication as a characteristic of collectivistic societies. Cultural differences in the communication process are prevalent in the individualism/collectivism dimension. According to common western principles, when employees have greater involvement and responsibility in the appraisal process, their work performance may improve and be maintained at a higher level [13]. Reference [14] found that an invitation to participate and the opportunity to voice one’s own opinions during the objective setting process is associated with a feeling of being helped by the performance appraisal discussions. Reference [15], noted that respect for authority may impact the participation of host-country employees in some settings in the sense that they may feel uncomfortable in engaging in discussions about their objectives with their manager. Evidence from previous studies suggests that cultural differences are reflected in the interaction between different levels and categories of employees such as the manager and the subordinate during performance appraisal. Hence, studies of common managements systems and practices such as performance appraisal, conducted in different settings provide a clearer perspective of actual practices.

III. AIM OF THIS STUDY

This paper focuses on what actually happens during the performance planning stage, and the participation of managerial and non-managerial employees in setting their own performance objectives. The study therefore, aims to determine perceptions on observable behaviour during performance planning and also to test the hypothesis that:

H1 Managerial employees will show greater participation in setting their performance objectives than will non-managerial employees.

IV. METHODOLOGY

The respondents consisted of 350 managerial and non-managerial employees of 56 randomly selected private sector organizations in Papua New Guinea. All the respondents have participated in at least one appraisal period as either an appraiser or an appraisee at the time of the survey. Data was collected through the application of self-administered questionnaires. The five point semantic differential scale used by [3] in his work on comparing performance management practices in the United States and the Pacific Rim was adopted in this study. However, this is a single country study and the comparisons are made between non-managers and managers. In this particular paper, only data from the performance planning stage are presented. Data was analysed using both descriptive and inferential statistics. The nonparametric statistic process of Mann-Whitney U test was used to test the hypothesis.

The response rate was considered adequate, n = 350 from 750 (46.7%). A total of 750 questionnaires were distributed to 63 organisations nationwide. Of the 750 questionnaires, 376 (50.1 %) were returned after several personal and telephone follow-ups. However, of the 376 returned, 350 were usable, a response rate of 46.7%. Of the total (n = 350) respondent, 137 were non-managerial employee and 213 were managerial employee. The 213 managerial employees included 106 first level managers (supervisors), 93 middle managers and 14 top managers. Efforts were made through repeated follow-ups to obtain an equal number of participants from each group however was not possible.

V. RESULTS

Table I shows a summary of means and standard deviations for items related to the performance planning stage of the appraisal process. The statement, ‘identifying my objectives and behaviors help me focus my efforts’ showed the highest mean of 4.8 on the five-point scale. ‘My manager and I update my goals/objectives as business needs change.’ showed the lowest mean (3.21).

TABLE I: SUMMARY OF MEAN PERCEPTIONS OF PERFORMANCE PLANNING (IN ORDER OF HIGHER MEAN)

Performance Plan	Mean	Std. Deviation
Identifying my objectives and behaviors helps me focus my efforts.	4.28	1.05
Behaviors/Skills are directly related to achieving goals/objectives.	3.97	1.14
I have a clear idea of what is expected of me.	3.96	1.32
My performance plan consists of end results (goals/objectives), plus behaviors/skills.	3.94	1.21
Organizational values are reflected in my performance plan.	3.93	1.12
My goals are linked with the goals of others with whom I regularly work.	3.85	1.22
I have strong ownership of my performance plan.	3.60	1.34
I develop my goals/objectives jointly with my manager.	3.49	1.42
My manager and I update my goals/objectives as business needs change.	3.21	1.40

N = 350

Measurement based on 5-point scale, 5 = strongly agree to 1 = strongly disagree

TABLE II: MANN-WHITNEY U TEST (M-WU) PERCEPTIONS OF PERFORMANCE APPRAISAL PRACTICES BY MANAGERIAL LEVEL

Performance Planning	Mean		Z Value	P Value	Rank	
	Non-Managers (n= 137)	Managers (n = 213)			Non-Managers (n= 137)	Managers (n= 213)
1. I have a clear idea of what is expected of me.	3.7883	4.0657	-1.710	.087	164.78	182.39
2. My performance plan consists of end results (goals/objectives), plus behaviors/skills.	3.7153	4.0845	-2.255	.024*	161.22	184.69
3. Behaviors/Skills are directly related to achieving goals/objectives.	3.9708	3.9671	-.148	.882	176.45	174.89
4. Identifying my objectives and behaviors helps me focus my efforts.	4.3139	4.2582	-.672	.502	179.49	172.93
5. My goals are linked with the goals of others with whom I regularly work.	3.7226	3.9390	-1.355	.175	166.79	181.10
6. I develop my goals/objectives jointly with my manager.	3.3431	3.5915	-1.466	.143	165.94	181.65
7. My manager and I update my goals/objectives as business needs change.	3.0000	3.3380	-2.161	.031*	161.31	184.62
8. I have strong ownership of my performance plan.	3.4818	3.6808	-1.235	.217	167.47	180.66
9. Organizational values are reflected in my performance plan.	3.8102	4.0094	-1.618	.106	165.13	182.17

N = 350 (137 Non-Managers, 213 managers). A p value <.05 (\*) significantly difference Measurement based on 5-point scale, 5 = strongly agree to 1 = strongly disagree

The Comparative analysis was done primarily to address the hypothesis. A Mann Whitney U-test was performed to compare the scores of managers and non-managers as two

The Hypothesis (H1) predicts that managerial employees will show greater participation in setting their performance objectives than will non-managerial employees. Three statements (items 6, 7, and 8) have relevance to the hypothesis with a Cronbach alpha coefficient of .75. As shown in Table II, the probability (p) value for items 6 and 8, were not significant (p > .05). Thus, no statistically significant differences exist between non-managerial and managerial employees for the statements ‘I develop my goals/objectives jointly with my manager’ (p = .143) and ‘I have strong ownership of my performance plan’ (p = .217). However the p- value (p = .031) for statement 7, ‘My manager and I update my goals/objectives as business needs change’ is significant (p<.05) thus, a statistically significant differences exist between non-managerial and managerial employees. Therefore, of the three statements related to this hypothesis three, one supported the hypothesis while two were contradictory to the hypothesis. In general, there was no support for the hypothesis. The other six items were considered important to help identify differences in perception on actual behaviour that takes place in the interaction between managers and their subordinates during performance planning.

VI. DISCUSSION AND CONCLUSION

In performance planning, a set of goals/objectives and behaviors/skills for which an individual is accountable for and will be evaluated against are established. The study found that employees of organizations in Papua New Guinea that participated in this study engaged in desirable practices in the performance planning stage with mean scores mostly above 3.50. For example, respondents in this study perceived that the practice of identifying their performance objectives and behaviour helps them to be more focused in their efforts because they have a clear idea

independent groups. An independent-samples t-test was also conducted to observe and satisfy any curiosity for difference that may affect the results of the investigation. A summary of the Man Whitney U- Test is presented below in Table II.

of what is expected of them enables them. Employees develop their objectives jointly with their managers instead of simply being assigned objectives by their managers. This practice supports [15]’s argument that employees can more often attain their objectives when they participate in setting them. The hypothesised comparison that managerial employees will show greater participation in setting their performance objectives than will non-managerial employees (H1) was not confirmed. This finding suggests that employee, regardless of organizational status, do participate in settings their respective performance objectives. Such practice in the performance appraisal reflects the country’s collectivist cultures.

Performance appraisal is an important managerial tool for driving both individual and organizational performances. The degree of communication between individuals in the workplace plays a fundamental role in the effectiveness of such management practices. However, the management systems and processes in the workplace are almost exclusively developed in individualistic countries [12] where the nature of communication is low context. Therefore, the applicability of management practices such as performance appraisal in collectivistic countries where the nature of communication is high may not hold. It is therefore important for organizations to understand and appreciate the values of performance appraisal and engage in practices that are appropriate to their locations and cultures.

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