Exploring The Problems Associated with Performance Management in Project Based Organizations: A Research Survey in Karachi

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Abstract

At the verge of fourth industrial evaluation regular and formal job markets are rapidly shrinking whereas on the other hand demand has increased for Project-Based employment catering to services, engineering, construction & development sector etc. This has also been in Karachi with increasing contractual engagements being offered for short-, mid- and long-term projects. On the other hand, with increasing competition for jobs in almost all industries, evaluation of performance and getting optimum human resource output is also a challenge. This research survey is an effort to find out and analyze the challenges associated with Performance Management in Project-Based Organizations (PBOs) in Karachi. Through convenient sampling, a sample of twenty (20) Project-Based Organizations was selected covering five distinct industries / sectors with four PBOs from each industry / sector working in & from Karachi with two (02) respondents from each PBO, i.e. one from management cadre and one from core workforce (senior technical person) deployed on any project running under that organization at the time of this research, making a total of forty (40) respondents for the study. A semi-structured questionnaire comprising of close-ended and open-ended questions was developed and filled out by respondents. The findings reveal that there are huge gaps in understanding of Performance Management systems and Project Management methodologies across various organizations operating in different industries and sectors in Karachi. The challenges of legislation & compliance, regulation & monitoring, lack of effective communication in organizations and lack of research oriented practices are some of the major problems faced by employees and employers across PBOs in Karachi.

Keywords: Performance Management, Project Based Organizations, Project Management, Strategic Human Resource Management

1. INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Performance Management has been perceived as one of the most difficult and resource exhaustive areas of human resource management. Every employee and employer sets down periodically to review the performance and decide the way forward. The fate of all employees,

their career ladder and the employer's consideration and decision are the part and parcel of this activity.

According to Buckingham & Goodall (2015), performance management has remained an area of concerns where organizations put in huge sums of time and resources in form of man hours and opportunity each year. Yet, as Van Dooren et. al. (2015) puts it, performance management at the end is perceived as an exercise to achieve the pre-decided results. The research of Kloot & Martin (2000) suggests that the performance management is a highly context oriented area and mostly implies different philosophies in different organizations.

In light of the growing economic activities of Karachi, Pakistan and the overall industrial competitiveness and global scenario, a trend of project based portfolios have increased in the local, national and international organizations in diverse industries. Different researches including Davies (2002) have pointed out how the success of projects is a function of planning and controlling strategies, which also include performance management as an essential component of project life cycle and organizational sustainability.

The research aims to explore different problems that are associated with performance management especially in the context of project based organizations operating in Karachi.

1.2 SIGNIFICANCE OF THE STUDY
The study is significant especially with the context that project based organizations induct employees during project durations. However, with dynamics of extended projects transcending into formal programs with long-run sustainability, employees need clarity for their career paths while organizations seek stability.

The study looks into the problems from perspective of employees as well as organizations to help in better human resource management and for clarity of career paths for employees as well as organizational strategy.

1.3 OBJECTIVES OF THE STUDY
The broader objectives of this research study can be summarized as;
1.3.1 General objectives
To understand the problems associated with performance management in project based organizations in Karachi.

1.3.2 Specific objectives
i.   To identify the problems of overall performance management in light of the modern theories and research.
ii.   To establish a link between employee performance management and project success rate by analyzing employee perception towards risks and rewards of projects.
iii.   To examine the role of Strategic Project Management Units in Project Based Organizations and their efforts to safeguard and promote employee's interests.

1.4   JUSTIFICATION OF THE STUDY

Organizations that have project based portfolio and project based associations and engagement of employees are the core beneficiaries who can refer this study to better understand mutual problems and perspectives. From a perspective of policy and reforms, the employee relations and collective bargaining units may also refer to the findings of this study as employees hired on project terms tend to gain a vote from these ranks.

1.5   SCOPE OF THE STUDY

The scope of the study includes the project based organizations operating in and from Karachi that are of different industrial backgrounds.

1.6   DEFINITIONS OF THE KEY TERMS

Performance Management: Refers to the overall system of recording, reviewing and rewarding/penalizing the performance of an employee over a certain period of time in line with pre-set targets/objectives.

Project Based Organizations: Refers to the organizations whose portfolio comprise of projects and are mainly earning revenues as part of their project management expertise.

Strategic Human Resource Management: Refers to the revises human resource management philosophy that links Human Resource as a strategic function of the business.

Project Management: Refers to the overall methods, techniques, skills and qualifications for managing different projects in diverse businesses.

2.   LITERATURE REVIEW

2.1   PERFORMANCE MANAGEMENT

Performance Management has been perceived as one of the most difficult and resource exhaustive areas of Human Resource Management activities in any organizational setting. Every employee and employer sets down periodically to review the performance and decide the way forward in view of the respective performance evaluation. The fate of all employees, their career ladder and the employer's consideration and decision deeply linked with this activity.

According to Buckingham & Goodall (2015), performance management has remained an area of concern where organizations put in huge sums of time and resources in form of man hours and opportunity each year. Yet, as Van Dooren et. al. (2015) puts it, performance management at the end is perceived as an exercise to achieve the pre-decided results. The research of Kloot & Martin (2000) suggests that the performance management is a highly context oriented area and mostly implies different philosophies in different organizations.

According to Aguinis, H. (2013):
"Performance Management refers to continuous process involvement identification, measurement and development of the performance of individuals and teams and bringing the performance in line with the strategic goals of the organization".

2.1.1   Performance Management Process

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According to DeNisi, A. S., & Kluger, A. N. (2000):

"Performance Management is an ongoing process. It encompasses a continuing process of goal and objective setting, observing individual and team performance and giving as well as receiving feedback and coaching in a continuous manner".

This overall process of performance management usually comprises of performance planning, performance execution, performance assessment, performance review, performance renewal and re-contracting. According to Aguinis, H. (2009):

"Before implementing a performance management system, it is essential that two prerequisites are met, i.e. firstly, organizational knowledge in terms of understanding of goals and mission and secondly the understanding of the scope and nature of job and its related parameters".

2.1.2   Performance Management and Strategic Planning

According to Addams, H. L., & Embley, K. (1988):

"A processes defining an organization's destination, assessment of the barriers of the organization's journey towards destination and the methods & approaches selected to move forward is referred to as Strategic Planning. The main objective of Strategic Planning is optimum resource allocation and utilization for the organization in a way to provide it with a competitive advantage in every aspect".

An effective performance management system aligns the inputs and outputs of employees with the strategic goals of the organization subsequently giving it a competitive advantage.

2.1.3   Defining Performance and Choosing a Measurement Approach

In its simplest form, *performance* in the context of an organizational or work setting can be defined as a measure of *behaviours* of employees which includes the 'actual actions' of an employee and what he or she does. However, a typical performance management system takes into account both the 'actions' of the employee and the 'outcomes' of those actions.

According to Motowidlo, S. J., Borman, W. C., & Schmit, M. J. (1997), there are two more characteristics of *behaviours* that are usually covered under the caption of *performance;* first is 'evaluative' and second is 'multidimensional' which are defined by Murphy, K. R., & Shiarella, A. H. (1997) as under;

"E*valuative* performance refers to those behaviors which are judged as negative, neutral, or positive for an individual or/and organizational effectiveness. Alternatively, it means that the worth of such behaviors can differ on the basis of whether they contribute towards the fulfillment of individual, unit, and organizational goals. Secondly, it is imperative to establish that performance is *multidimensional.* It implies that there are many different kinds of behaviors that have the capacity to advance (or hinder) organizational goals".

After developing the understanding on *performance* it is imperative that the right approach

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of measuring performance is selected by concerned authorities in any organizational or work setting. According to Grote, D., & Grote, R. C. (1996), *performance* can be measured through three distinct approaches which are;

a.   Behavior Approach

This approach is a measure of 'how' an employee does the assigned job.

b.   Results Approach

This approach is a measure of employee's 'outcomes' for the assigned job.

c.   Trait Approach

This approach is a measure of employee's 'individual traits' linked with the assigned job and is not linked to isolated behavior, outcomes or situations.

Choosing the right approach in the context of an organization's internal and external dynamics translates to effective and efficient utilization of resources and achieving the desired outputs for informed decision making.

2.1.4   Gathering Performance Information

Information related to performance of an employee is usually gathered on different types of *forms* custom-designed to suit organizational requirements but generally referred to as *Appraisal Forms.* Regardless of whether these appraisal forms are circulated and filled in hard-copy (paper) form or completed through digital templates / software / platforms, a general appraisal form should comprise the following core components as highlighted by Grote, D., & Grote, R. C. (1996);

a.   Basic information of an employee
b.   Objectives, standards and accountabilities
c.   Employee competencies and performance indicators
d.   Developmental achievements
e.   Developmental needs, plans and goals
f.   Input of relevant stakeholders
g.   Comments / remarks of employee
h.   Signatures

Considering the fact that an appraisal form is generally custom-designed to suite the requirements of any organizational setting, still, there may be considerable variations and distinguishing characteristics in appraisal templates / forms of different organizations. However, at the same time, any appraisal form / system which encompasses above mentioned components should also reflect the following basic characteristics for ensuring effective and efficient gathering and recording of information for subsequent analysis and performance evaluation;

a.   Simplicity
b.   Relevancy
c.   Descriptiveness
d.   Adaptability

e.   Comprehensiveness
f.   Definitional clarity
g.   Communication
h.   Time orientation

2.1.5   Implementing a Performance Management System

According to Aguinis, H. (2013), implementing a performance management system requires an 'across-the-board' acceptability and support of all tiers of workforce and management in an organizational setting.

In order to ensure effectiveness of the system, it is also imperative to have an understanding of how the system works and what are the benefits and potential queries related to different segments within the organization. A basic roadmap for implementing a typical performance management system in any organizational setting can be reflected in the following model:
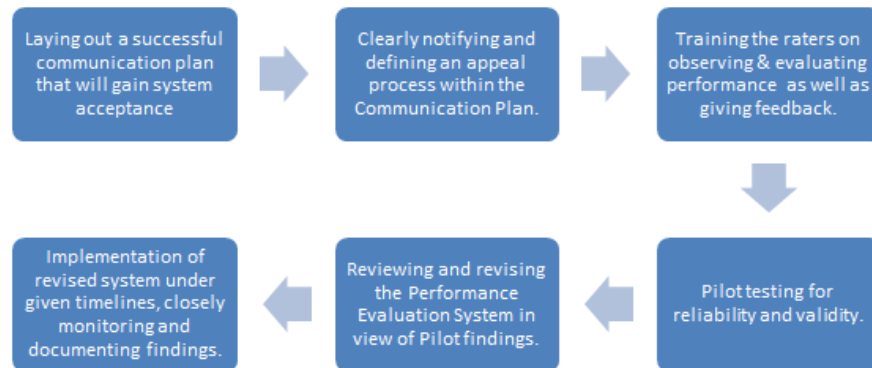
Model-1:
"Steps to be taken before implementation of a Performance Evaluation (PE) System"

As noted by Jawahar, I. M. (2005), a scientifically designed system with all the fail-safe measure is always prone to errors of rater such as situational bias, hence, training and pilot testing is essential in any PE System Implementation process.

Once the system is implemented and running, it is absolutely essential to have a measurement process implanted for PE System effectiveness measure as pointed out by Harper, S., & Vilkinas, T. (2005):

"After a PE system is in place and executed, there should be a gauging system to evaluate the level to which the system is working the way it should and yielding the results that were expected. Such measures comprise confidential employee surveys, assessing perceptions and attitudes about the system and whether there is a rising trend in performance scores in a given time. Other actions include number of individuals evaluated, allocation of performance ratings, quality of performance data gathered and quality of performance related meetings, end-user satisfaction with the PE system, overall cost/benefit standing, and unit- and

organization-level indicators of performance. Altogether, these indicators are a potent tool that can be used to establish the value of a performance management system”.

2.1.6   Performance Management and Employee Development
An effective Performance Evaluation System provides specific detailing regarding an employee's developmental needs which can then be covered in formal and personalized *developmental plans*.

According to Reyna, M., & Sims, R. R. (1995);
“In order to improve an employee performance, the relevant course of action prescribed to achieve this target is encompassed in the Personal Developmental Plan. Attaining the objectives stated in the developmental plan enables employees to be up-to-date with changes in their fields or professions. These plans provide a reflection of the strong areas of an employee and also indicate the weaknesses in terms of areas which require development while at the same time giving an action plan for improvement based on the identified strengths and weaknesses”.

According to Boswell, W. R., & Boudreau, J. W. (2000);
“Other than highlighting the performance and the areas reflecting strengths and weaknesses of the employees as well as their developmental needs through the personal development plans as part of the overall performance management system, another innate advantage of developmental plans is that the employees are highly likely to express their satisfaction with the system”.

The overarching purpose of a *developmental plan* for employees is to promote ‘continuous learning’ while focusing on enhancing performance and providing opportunities for personal growth. Some of the other implied and explicit objectives of *developmental plans* can include;
a.   Improving performance in present job
b.   Sustaining performance in present job
c.   Preparing employee for career advancement
d.   Enriching employee's working knowledge and experience

The overall objective of a developmental plan is to encourage continuous learning, performance improvement, and personal growth. The Developmental Plans are implemented through various *developmental activities* can including;
a.   On-the-Job (OTJ) / Hands-on training
b.   Capacity Building Courses
c.   Self-Guided / Self-focused reading
d.   Mentoring or Scaffolding
e.   Participating in Conferences and Symposiums
f.   Continuing Education (Professional Degree)
g.   Job Rotation
h.   Consultancies and Temporary tasks / assignments
i.   Memberships of professional bodies

j.   Leadership or strategic role in trade organizations or bodies etc.

Furthermore, within the overall context of policy backed developmental plans and practices in an organization, the role of the direct supervisor or line manager for performance management and development of an employee can never be undermined. According to Dunning, D. (2004):
"The direct administrator or line manager has a significant role in the formation and completion of the employee's developmental plan. Due to this key role of the direct supervisor in the employee development process, it is better for the supervisor to have his/her own development plan. This will assist the supervisor in grasping the process from the employee's perspective, anticipate possible bottlenecks and defensive tactics, and create a plan in a collaborative manner".

Another strategy (rather a tool) used and implemented by different organizations for performance evaluation and employee developmental planning is the 360 Degree Feedback System. According to Toegel, G., & Conger, J. A. (2003):

"360-degree feedback systems help employees acquire new skills and enhance their performance in general by collecting and examining performance information from various sources, including peers, superiors, subordinates, and oneself. Performance information accumulated from oneself is cross-matched to information gathered by other sources to perform a gap analysis reflecting discrepancies between how one sees one's own performance in relation to how others see one's performance. Such types of systems are also effective in identifying performance dimensions for which all, or most, performance information sources agree there is some or substantial room for improvement. Accordingly, this information can be utilized in creating a developmental plan".

2.1.7   Reward Systems and Legalities
Reward Systems are typically designed for extrinsic and intrinsic motivational factors of employees that may or may not be directly linked with the overall performance evaluation system in any organizational setting and can also be an isolated function in some cases where Reward Systems are linked to time-scale or are position oriented.

According to Pfeffer, J. (1998):
"Pay is not the single factor which motivates people. People seek more out of a job than just money. People look for an environment based on respect and trust, where they can have a pleasant time and establish relationships with others, and engage in positive and interesting work. Rewards systems must transcend explicit pay or compensation and consider rewards as anything that improves the chances that specific behaviors and results will be repeated, or that the employees will adopt desirable attitudes and behaviors which produce required outcomes in the future".

According to Aguinis, H. (2013):
"An organization's compensation framework classifies jobs into categories based on their

relative value. There are three widely used job evaluation methods that allow organizations to scheme a pay structure: ranking, classification, and point. The ranking method comprises of comparing job descriptions and grading jobs based on overall relative worth. The classification method comprises of first creating classes or categories of jobs (based on relative worth), and then placing all jobs into an appropriate category. The point method consists of identifying compensable factors and assigning scores to all jobs based on their standing for each compensable factor. The point method is the most accurate of the three, but it is also the most time-consuming and difficult to administer. Ultimately, salaries are assigned to the various jobs or types of jobs dependent on information obtained through compensation surveys.

According to Malos, S. B. (1998) following are the characteristics of a legally sound Performance Management System;
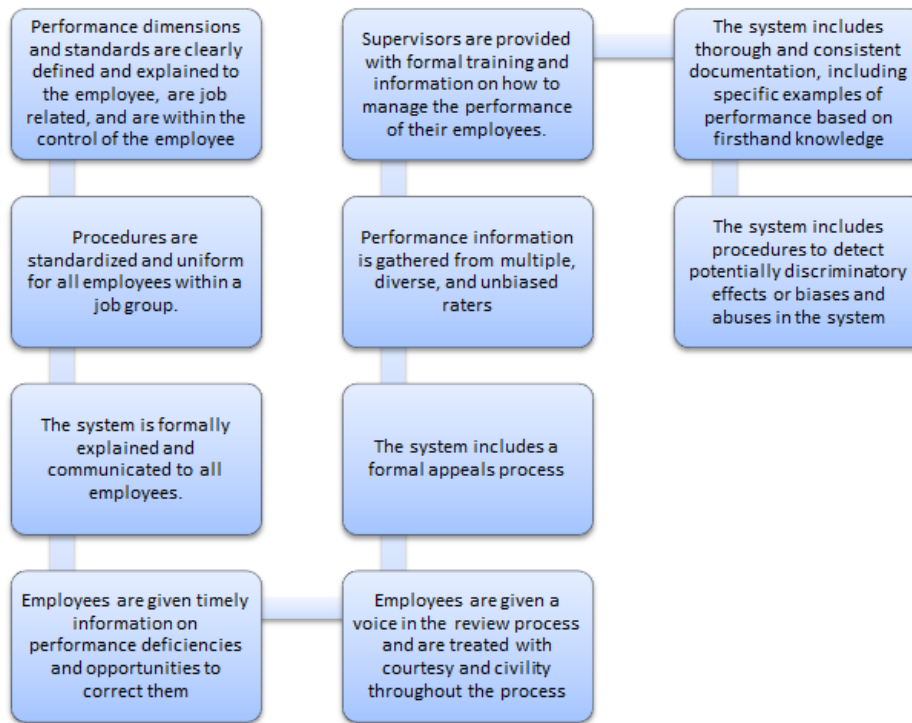
Model-2:
"Characteristics of a legally sound Performance Management System"

2.1.8   Managing Team Performance

Reilly, R. R., & McGourty, J. (1998) gives the definition of a team in the following manner:
"A team is in place when two or more people interact interdependently and dynamically and share a common goal, objective, or mission".

According to Naquin, C. E., & Tynan, R. O. (2003), the existence and importance of team work in an organizational or workplace setting can never be denied. In today's competitive work

environments, it would be literally impossible to find an organization that has not devised even at least its core functions based on different teams. Hence, a department, a unit, a wing, a project office or an entire division, all heavily rely on cohesiveness and coordinated efforts of a team of employees making it more than significant to manage the performance of a team as a collective unit.

Salas, E., Burke, C. S., & Fowlkes, J. E. (2006) state that a performance management system capable of gauging team performance can be designed by incorporating the following six principles;
a.   Making sure that the team in focus is really a team
b.   Making sure that there has been investment to measure
c.   Ensuring that measurement goals have been clearly defined
d.   Using variable method approach to measurement
e.   Focusing on processes along with outcomes
f.   Measuring short- to long-term changes

After incorporating the design principles MacBryde, J., & Mendibil, K. (2003), establish that using the following four dimensions of performance, the performance of a team can be scientifically measured;
a.   Effectiveness
b.   Efficiency
c.   Learning and Growth
d.   Team member satisfaction

Based on the findings of the team performance measurement, the decisions regarding renewal or re-contracting is taken by the Competent Authority in any organizational setting.

2.2   PROJECT MANAGEMENT
In light of the global economic and business scenarios, the overall industrial competitiveness in different markets and especially the commercial and non-commercial formal activities in Karachi, Pakistan, a trend of project based portfolios have increased in the local, national and international organizations in diverse industries. Different researches including Davies (2002) have pointed out how the success of projects is a function of planning and controlling strategies, which also include performance management as an essential component of project life cycle and organizational sustainability.

2.2.1   Project Life Cycles and Project Management Maturity
According to Kerzner, H. (2017), the Project Life Cycle may encompass the following stages;
a.   The Concept Stage – implying preliminary evaluation of an idea
b.   The Planning Stage – refinement of the idea and elements in conceptual stage
c.   Testing and Validation – standardization and finalization of efforts to be put in for implementation of the system after project closure time.
d.   Implementation Phase – integrating product and / or services and completing documentation.

e.   The Closure phase – this includes relocation of resources.


Kerzner, H. (2017) further states that:
"Project-oriented businesses have a well-defined start and finish points and are not self-perpetuating. Business must be yielded on a project-by project basis rather than by creating demand for a standard product or service".

According to Kerzner, H. (2017):
"The foundation for achieving excellence in project management can best be described as the project management maturity model (PMMM)".
Before the inception of any project, there certain 'Critical Success Factors' (CSFs) finalized with proper milestones of deliverables. Throughout the life-cycle of any project, the 'Key Performance Indicators' (KPIs) are measured against the pre-set CSFs and the milestones agreed in the Project Charter (PC) or the Project Initiation Document (PID) which forms the part and parcel of any Project Environment and can be referred to as a bible for any particular Project.
Dr. Harold Kerzner in his book 'A Systems Approach to Planning, Scheduling, and Controlling" (9th Edition), prescribed 16 points to project management maturity which are quoted below;
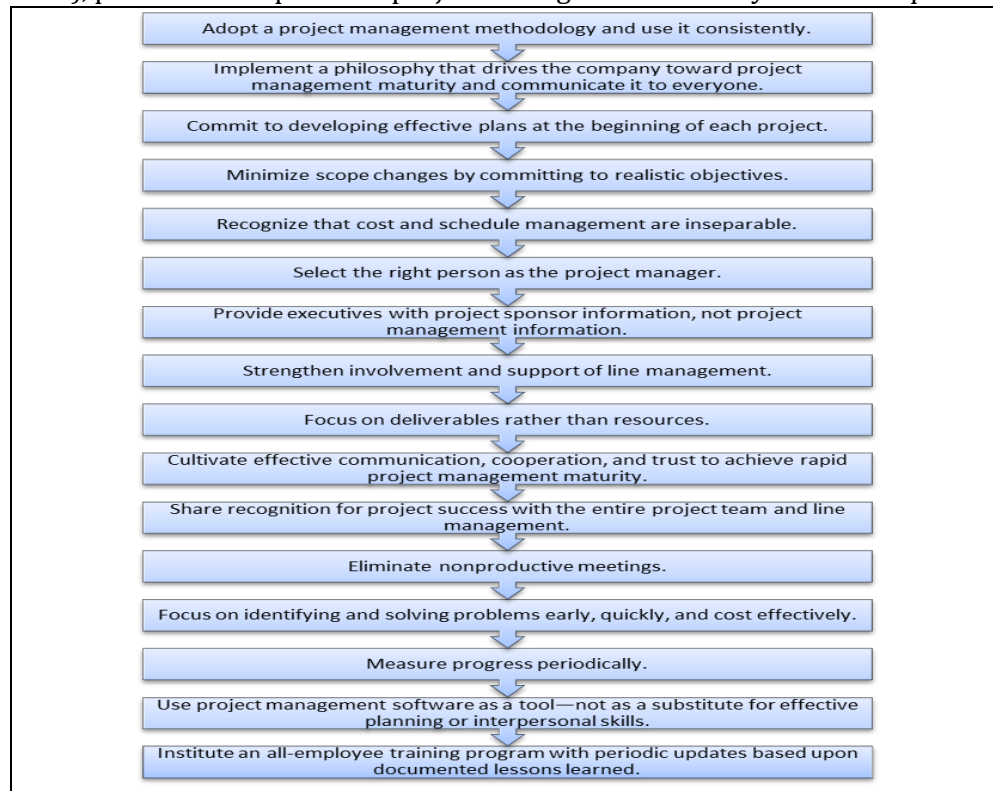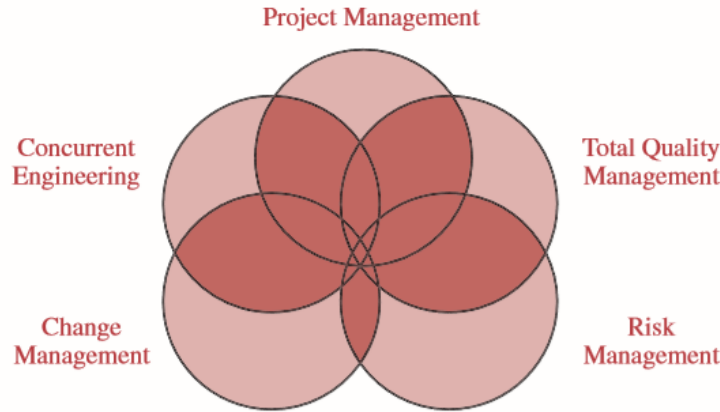

Model-3:
"Dr. Harold Kerzner's 16 points to Project Management Maturity"

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2.2.2   Project Management Methodologies

The P. M. B. O. K. Guide (2004) highlights that;

"Achieving project management excellence, or maturity, is more likely with a repetitive process that can be utilized on each and every project. This tedious process is referred to as the project management methodology. It is desirable for organizations to maintain and support a single methodology for project management. Good PM methodologies integrate other processes into the project management methodology".

Model-4
"Integrated Processed for the 21st Century"

(Kerzner, H. (2017), Project management: a systems approach to planning, scheduling, and controlling. John Wiley & Sons)

2.2.3   Project Based Organizations

Project Based Organizations or Pure Product (Projectized) Organizations can be described as those organizations that thrive on taking up and completing Projects and / or Programs for their organizational sustenance. According to Powell, W.W. (1996);

"A project-based organization includes the meaning of an organizational structure specially formed for a temporary period to enable a PBO to execute a specific task"

Bourouni, A., Noori, S., & Jafari, M. (2014) highlighted different researches in their paper which differentiated Project Led Organizations and Project Based Organizations, however, the latter incorporates the former as a component from theoretical aspects.

2.2.4   Project Manager and Organizational Staffing Process

The P. M. B. O. K. Guide (2004) highlights that;

"Generally, project office personnel are allocated full-time to projects and work from the project office, whereas the project team members work out of the functional units and may spend only a fraction of their time on the project. Usually, project based officials report directly to the Project Manager but they may still be consistently engaged with their line function more focusing administrative control. Usually, a project office is not needed on small projects, and sometimes the project can be completed and the targets met by just one or two

personnel who may fill all of the project office positions".

According to Kerzner, H. (2017):
"Effective project management, regardless of the organizational structure, is only as good as the individuals and leaders who are managing the key functions. Streamline Project Management is not a one-person operation; it needs a group of individuals dedicated to achieving specific goals and milestones of the Project. The Project Management includes a Project Manager, an Assistant Project Manager, a Project (home) Office, a Project Team".
                According to Zeitoun, A. A. (1998):
"Project management is ultimately expectation management. Negotiation ultimately involves the art of stepping into the shoes of another, of understanding the *what's-in-it-for-me* factor of the other side, and then making decisions based on that alternate perspective. Relationship comes above all else".

Hence, a good Project Manager needs to be a good listener, a good observer, a good analyst, a good negotiator and a good leader.

2.2.5   The Functional Team of the Project Office
The P. M. B. O. K. Guide (2004) highlights that;
"Selecting the project manager is only one-third of the staffing problem. The next step, selecting the project office personnel and team members, can be a time-consuming chore. The project office consists of personnel who are usually assigned as full-time members of the project".

According to Zeitoun, A. A. (1998):
"Cultural Sensitivity Skills are crucial for the Project Managers and Project Management Teams. There needs to be an understanding of the large and small issues that could cause offense to individuals on the team with different backgrounds".

According to Kerzner, H. (2017):
"The project office is an organization developed to support the project manager in carrying out his duties. Project office personnel must have the same dedication toward the project as the project manager and must have good working relationships with both the project and functional managers".

2.2.6   Team building as an on-going process
The P. M. B. O. K. Guide (2004) highlights that;
"Team building is a never-ending process and in Project based environments, team building requires dedicated attention. The project manager is continually monitoring the functioning and performance of the team to see what corrective action may be needed to prevent or rectify various team problems".

According to Kerzner, H. (2017):
"Project leaders must have regular meetings with Project Teams to evaluate overall team

performance and address team functioning problems. The objectives of these meetings can be directed toward "what we are doing well as a team" and "what areas need our team's attention." This approach often brings positive surprises in that the total team is informed of progress in diverse project areas (e.g., a breakthrough in technology development, a subsystem schedule met ahead of the original target".

2.2.7 Performance Measurement in Projects
According to Larson et.al. (2014), managing performance is more critical in Projects and Projects Based Organizations than it is in conventional organizational settings.

The P. M. B. O. K. Guide (2004) highlights that;
"An effective project manager will make it crystal clear to all new functional employees that if they perform well in the project, then he (the project manager) will share their progress and achievements with their functional managers as well. This assumes that the functional manager is not providing close supervision over the functional employees and is, instead, passing on some of the responsibility to the project manager—a common situation in project management organization structures".

2.2.8 Training and Education
Cooke-Davies, T. (2002), highlights the significance of knowledge sharing and learning as one of the most important factors for successful Project Environments;
"In project environments, ''learning from experience'' is an effective source of learning. It combines the explicit knowledge with tacit knowledge in a manner that motivates people to learn and to embed that learning into continuous improvement of project management processes and practices".

According to Kerzner, H. (2017), there can be six different ways of evaluating functional employees in a project management setting;

1	The project manager prepares a written, confidential evaluation and gives it to the functional manager.
2	The project manager prepares a non-confidential evaluation and gives it to the functional manager.
3	The project manager provides the functional manager with an oral evaluation of the employee's performance.
4	The functional manager makes the entire evaluation without any input from the project manager.
5	The project manager makes the entire evaluation for the functional manager
6	All project and functional managers jointly evaluate all project functional employees at the same time

Model-5
"Six ways that a functional employee can be evaluated on a project"
(Extracted from Kerzner, H. (2017), Project management: a systems approach to planning, scheduling, and controlling. John Wiley & Sons)

Kerzner, H. (2017) also points out that:

"Ideal knowledge of project management would be acquired by allowing each employee to be well-educated on the results of the organization's lessons learned and internal studies including risk management, benchmarking, and continuous improvement efforts. Unfortunately, this is hardly practiced and ideal learning is rarely ever reached. Even-more-so disappointing and to make matters worse is the fact that actual learning is less than most people believe because of lost knowledge".

2.2.9   Handling Multiple Projects

The P. M. B. O. K. Guide (2004) highlights that

"As organizations mature in project management, there is a propensity toward having one person handle multiple projects. The initial emphasis may come either from the organization sponsoring the projects or from the project managers themselves. There are several factors supporting the handling of multiple projects. Firstly, the cost of sustaining a full-time project manager on all projects may be prohibitive. Secondly, line managers are now sharing accountability with project managers for the successful completion of the project. Project managers are now managing at the template levels of the Work Breakdown Structures (WBS) with the line managers accepting accountability for the work packages at the detailed WBS levels. Third, senior management has come to the realization that it is imperative for the organization to deliver high quality training to their project managers if they are to yield the benefits of managing multiple projects. Senior managers must also change the way that they function as sponsors".

3.   RESEARCH METHODOLOGY
3.1   RESEARCH DESIGN

The research is designed primarily as a 'Survey' form of research which is aimed at exploring the different problems associated with performance management in project based organizations.

3.2   POPULATION

The project based organizations that operate in and from Karachi, Pakistan form be the population for this study.

3.3   SAMPLING

For this particular study, twenty (20) different project based organizations were selected through convenient sampling technique. However, the composition of the sample encompassed organizations from five different industries including Information Communication Technology – ICT Industry, Non-Government / Autonomous Organizations – NGO Industry, Marketing and Advertisement Industry, Education Management Industry, Construction & Engineering Industry, Banking & Finance Industry. The composition of sample (respondents) was also selected on convenient basis as access to all industrial players was a major limitation in this research design. In order to conduct the survey, *four* organizations were selected from each industry mentioned above. Finally, two (02) respondents / participants were selected from each organization; one from management

cadre and one from core workforce (senior technical person) deployed on any project running under that organization at the time of this research.

3.4   RESEARCH INSTRUMENT(S)
3.4.1   Tool
In order to collect the data from the respondents, a research questionnaire was developed encompassing two components; namely the quantitative (Rating-scale) and qualitative part. The 'Research Survey Tool' is attached at **APPENDIX**.

3.4.2   Pilot Testing
The questionnaire was pilot tested using a focus group of from the sample representing around 20% of the respondents. The survey questionnaire was explained thoroughly and disseminated to the participants. A few tweaks were made in the survey questionnaire based on the discussions held during the pilot run while overall the responses showed consistency and relevancy endorsing the reliability of the tool.

3.5   DATA COLLECTION
For the primary data collection multiple sources were used including physical hardcopy survey in-person (or couriered) and web-poles (whichever was convenient).

3.6   DATA ANALYSIS
Data was compiled and analyzed in two phases. In the first phase, the quantitative data was analyzed using descriptive statistics through percentage composition technique. In the second phase, the qualitative data was grouped into *themes* and analyzed using text analysis technique where reoccurring and similar themes were clubbed and responses were analyzed to develop conclusive interpretations.

4.   DATA ANALYSIS
4.1   DATA ANALYSIS OF SECTION-A & B
This section-A of the questionnaire mostly aims to record the biodata and demographic data of the respondents in order to depict the uniformity or variety of respondents across different industries and sectors covered in the survey. On the other hand, section-B aims at getting direct input of the respondents on the research questions for quantitative analysis. The results are summarized below:

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Process of Performance Management

Statement	Agree	To some extent	Disagree
The performance management system should be different for different levels/groups of employees? (i.e. Senior Management, Middle Management, Workers etc.)	48	17	35
Quantifiable measures of performance are essential to successful performance management	65	22	13
It is essential that performance management is backed by extensive communication to ensure its aims are fully understood	76	20	
Performance management distracts people from more important core activities	11	23	66
Every project team member must be trained in performance management techniques for a PM system to be successful	28	20	52
The effectiveness of performance management is easier to measure in qualitative rather than quantitative terms	32	28	40
Performance management is an essential tool in the management of organizational culture	67	27	6
The main objective of perfromance management should be to motivate individuals	46	41	13
Performance management should be continuous and integrated part of the employee - line manager relationship	58	31	11
The focus of performance management should be developmental	17	69	14
It is essential that line managers own the performance management system	76	18	6
Performance-related pay is an essential part of performance management	24	54	22
Performance management will only succeed if it integrates the goals of individuals with those of the organization	28	62	10
Performance management is bound to inevitably become a bureaucratic chore	23	51	26
The most important aspect of performance management is the setting of challenging and stretching goals	40	45	15

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4.2   DATA ANALYSIS OF SECTION-C
4.2.1   Analysis of responses against item # 16
<u>"Do you think labor laws and employee welfare organizations/associations advocate for regular reviews and continuous improvement in Performance Management Standards in your industry? Your suggestion?"</u>

The analyses of relevant responses for the above mentioned item of the survey questionnaire can be summarized under the following reoccurring themes;

a.   Ineffective compliance monitoring
The responses reflect that there is insufficient compliance monitoring from regulatory authorities. Only reported cases are taken up from employee unions and Employee Rights Activists Organizations.
b.   Insufficient legal regimes for officer cadre
The responses reflect that although labors laws apply across the board for all organizations, these laws are explicitly formulated by keeping the labor class in mind. However, there is not much cover for officer level professionals which are usually governed by HR Manuals and Regulatory Authorities' Service Rules, which are generally not aimed at securing the employees.
c.   Lack of awareness of rights and forums for grievance redressal
The results reflect that employees are not much aware about the forums where they can have their service related grievances redressed. Most of the employees only see Court of Laws is their only respite and that in case of severe conflict between the employee and the employer especially as far as performance management is concerned.

d.   Unavailability of unified and widely accepted standards
The results also reflect that there is a dearth of unified and widely accepted standards for Employee's performance management. Every other organization has a different standard for performance management of an employee which makes it difficult to have inter-industrial employee unions fighting for employees.

4.2.2   Analysis of responses against item # 17
<u>"What should be the frequency and scope of employee appraisal in a project based organization? Should the appraisal be more decentralized for decisions of salary, benefits and career ladder?"</u>

The analyses of relevant responses for the above mentioned item of the survey questionnaire can be summarized under the following reoccurring themes;

a.   Employee appraisal must be formative and continuous in project environments
The responses reflect that there is a need for continuous and on-going performance analysis especially in the project based organizations. Getting business and funds through projects means that there is very little margin for error. Hence, decisions relating to reward and

penalization cannot afford to be delayed in project environments.

b.   Employee Key Performance Indicators (KPIs) must be linked with project milestones to be tracked by Project Managers

An interesting trend of responses reflects that Key Performance Indicators for employees must be carefully linked with the success criteria and milestones of any project. In this way, the Project Manager can better manage performance of the employees and track the progress of the project itself.

c.   There may not be a need for a formal appraisal in projects and decisions can be taken by management on real-time inputs of Project Manager

The responses reveal that if the performance management and the appraisal of institute project milestones as Key Performance Indicators of employees' performance then technically formal appraising of employees by management may not be required and the instantaneous input of line-managers can be used for tracking and management performance.

4.2.3   Analysis of responses against item # 18

"How can a line manager budget and control the process of Performance Management in a rapidly changing business environment (e.g. Karachi) while not undermining the organizational gains?"

The analyses of relevant responses for the above mentioned item of the survey questionnaire can be summarized under the following reoccurring themes;

a.   It is very difficult to have control and authority of performance management at line supervision without clarity from Senior Management

Results reveal that this strategy may require extensive testing and fail-proofing through confidence and backing of Senior Management. The line manager would need the trust of the Senior Management in order to implement and follow this strategy in letter and spirit with any prejudice or nepotism.

b.   A little budget for rewards and some powers of penalty can give leverage to line managers.

Results reveal that delegating a certain authority to line managers can be tested. Some discretionary powers regarding reward and penalties, if vested with the Project Manager, may allow for expeditious decision making, hence, saving precious time and corrective cost.

c.   This may not be practical in the organizational dynamics of Karachi

Some factions of the respondents point out that this strategy may not be entirely practical in the organizational and work dynamics of a city like Karachi. There may be several factors associated with this inference including the bureaucratic nature of bosses, references and taking onus of responsibility.

4.2.4   Analysis of responses against item # 19

"What are your views of outsourcing the Performance Management in your organization? Do you think that a third-party will better execute the performance evaluation system?"

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The analyses of relevant responses for the above mentioned item of the survey questionnaire can be summarized under the following reoccurring themes;

a.   Outsourcing sounds good but would not necessarily work
Findings reveal that performance management might not be the function to play through outsourcing. Performance Management at its core is not something which can be done in isolation but requires context for reference. However, outsourcing this function would technically isolate it from other functions which may lead to complete failure.

b.   Outsourcing performance management would require critical documentation and dissemination of information without any guarantees
Results reveal that if an organization is depending on outsourced performance management system, it is under the wrong impression that this would cut down on internal home work. In fact there would be a critical need to document each and every activity that happens in terms responsibilities and TORs.

4.2.5   Analysis of responses against item # 20
"What are your views on retention or retrenchment of project staff during critical phases of large scale projects? Should quality staff be retained or let go with each project?"

The analyses of relevant responses for the above mentioned item of the survey questionnaire can be summarized under the following reoccurring themes;

a.   Retaining quality staff is always good.
Project environments require close coordination and understanding of work force. It is imperative that, if a set of employees are performing well, the organization should sustain them and train them to go for similar projects or projects of similar scope of jobs in new opportunities.

b.   Retrenchment should always be avoided. Risks should be fairly worked out and elaborated for all.
Retrenchment or downsizing should always be avoided. In fact at the end of tenure, the employer should encourage the officers under report to share the true picture so that the organization can sustain good resources in a longer run and train them on new projects saving cost of hiring. The contract of employment would play a vital role in order to process and provide legal & technical cover therefore all the risks as regards to effective human resource and organizational policy are concerned, should be included in the Employment Contract.

c.   If the mistakes and blunders of employees affect the performance of others to meet the deadline, then such resources should be let go.
Results reveal that all the respondents agree in tandem that continuous failure should not be let go without any punitive action. In this regard, line manager can also exercise his powers while making sure that one bad employee does not change the omen of working at any level and that motivation levels of well performing employees are kept high.

5.   SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1   SUMMARY OF FINDINGS

The research survey included respondents from backgrounds of different organizations and projects having considerable experience of working on different projects and project based organizations. During the survey it was revealed that respondents, although had technical knowledge and have been working in project environments and on different projects, did not know much about the philosophies of Project Management.

It was also revealed that performance evaluation also remains a problem and an area that spawns conflict in almost all organizational settings where projects are run. At the same time, there is lack of understanding between stakeholders on performance evaluation systems suited to project management environments.

The research survey also concludes that Project Based Organizations operating in Karachi face numerous challenges and problems and there are huge gaps in policy structures that regulate those Organizations. The findings suggest that not only there is unawareness in organizations at large regarding standards of practices pertinent to Project Based Organizations but there is unavailability of legal regimes defining best standards and appropriate procedures for handling projects and executing performance evaluation in project environments.

The overall findings can be summarized as under;

i.   At large, only Conventional Performance Evaluation methods are in practice even at Project Based Organizations which kills time and resources to carry out and usually result in undesired outcomes.

ii.   Employees are not aware of Project Management basics and Performance Evaluation principles except for Project Managers and HR Managers who lack the technical knowledge for projects.

iii.   Projects are usually not long-term which make it a challenge for embedding effective reward and recognition systems in Project Based Organizations especially in the context of Karachi.

iv.   There have been trends in outsourcing organizational functions but outsourcing performance evaluation in Project Based Organizations is not advisable especially in the context of Karachi, where employees are little aware of their legal rights and are not well versed with grievance redressal processes related to outsourced activities.

v.   Findings suggest that designing and planning the execution of performance management system is not done very intelligently in the context of Karachi's PBOs lacking adequate fail-safe measures because the performance evaluation process tends to become a bureaucratic chore in those organizations.

vi.   In organizations handling multiple projects, employees tend to perceive performance evaluation as a developmental tool as they consider themselves regular employees and not project based resources.

vii.   Respondents tend to be very skeptic over the efficiency and effectiveness of the

Performance Evaluation systems of their respective organizations as it hinders their performance and is usually an exhausting exercise.

viii.   The overwhelming agreement of employees that communication is essential in ensuring efficacy of a performance management system and at the same time they are skeptic about the system and are unaware of their rights and regulations reflect that a poor communication plan is in place across various organizations.

ix.   It was found that employees consider Project Managers as key personnel in their project settings and their role is critical in optimizing performance of employees, developing them, safeguarding their positions and disseminating knowledge for organizational learning while meeting the project, employees' and organizational goals.

x.   Human Resource Departments usually tend to use similar parameters of evaluation in *Appraisals* of different tiers of organizations whereas the findings suggest that employees tend to be very critical for their specific areas of performance which different in scale and scope from other designation tiers within the project or project-based organization.

xi.   During the secondary data analysis it was found there is virtually no data and literature available for easy access of public and researchers planning to review the situation of performance management in project based organization and project environment in organizations operating in Karachi. Even more critical is the fact that there is very little information available of Project-based organization operating in and from Karachi which is the commercial hub of the country.

xii.   Instead of engaging project staff in exhausting paper work related to performance management at any particular time, there is huge scope for digitizing the performance systems especially in project based organizations which operate project management charters on digital platforms such Primavera and Microsoft Project.

5.2   CONCLUSION & RECOMMENDATIONS

Based on the findings of this research survey, it is evident that first of all there is massive scope for further research available especially given in the dynamics of Karachi and across Pakistan. Furthermore, the findings can be a key point of reference for policy makers and regulators as regards to employee rights, organizational best practices, benchmarks and standards of Project-based organizations are concerned. Moreover, some of the essential recommendations in consonance with the research findings can be concluded as under;

i.   Performance Evaluation across the world has evolved into a scientific process with innovative models being designed and launched to suit organizations in the context in which they operate. In this reference, there is a need for organizations operating locally, except for multinationals, to adapt new and efficient models of employee performance evaluation to save time and resources.

ii.   Senior Management in Project-based organizations and Project Environments need to inculcate relevant knowledge of Project Management and key information related to organizational Performance Evaluation System into the orientation programs of employees.

iii.   Project running in formal Project Management nodes are usually of mid-term duration. However, Project-Based organizations roll out projects in a perpetual manner which advocates for a need to design and implement a reward system which allows for a

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small budget to be given to Project Manager for performance reward of project team and also there is a need for HR Departments to define a career ladder within the organization which allows for promotions in project environments.

iv.   There is a dire need for raising awareness of policies, regulations, standards and legal aspects of jobs in Project as well as conventional organizations by Government and Non-Government players. Moreover, higher education institutions can also play a vital role in developing and launching programs for awareness raising and educating masses of workforce on employee rights and regulatory matters.

v.   The option of outsourcing may only be tapped in cases of inevitability while project-based organizations should rigorously train their employees on PE Systems and Complaint Redressal strategies and how to actively execute performance evaluation in order to avoid bureaucratic tendencies.

vi.   In organizations handling and running multiple and variable projects, it is important to use performance management systems for the purpose developing capacity of employee and enhancing organizational knowledge and skill set. This can be done by using an effective appraisal system like 360°-Feedback, through a digital platform enabling the organization to use data in a meaningful manner and for informed decision making.

vii.   Instead of making performance evaluation a periodic event consuming precious time and resource, using a performance management system like 360°-Feedback in a formative and continuous manner and dovetailing it with project monitoring and evaluation techniques embedded within digital platforms like Primavera and MS. Project can boost the organizational intelligence manifolds.

viii.   Policies and matters related to PE Systems should be communicated most effectively across all tiers of a project-based organization. In this reference, the local culture and other demographics should be keenly considered before making a plan disseminating and implementing it across the board.

ix.   Embedding an intelligent PE System should also imply a differentiating factor between employee of same level at different discipline and different levels in similar as well as different disciplines. This may be done by providing an intelligent *designation profiling* option to raters and or appraisers which considers and calculates job oriented factors and eliminates rater perceptions and biases automatically.

x.   There is massive scope of research organizations and universities to venture and develop not just custom solutions for Project-based organizations in Karachi and similar setting environments but also to delve into research of the various other aspects such as typologies, problems, success stories, case studies and documenting them for the purpose of research and policy considerations.

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APPENDIX

RESEARCH TOOL	
EXPLORING THE PROBLEMS ASSOCIATED WITH PERFORMANCE MANAGEMENT IN PROJECT BASED ORGANIZATIONS: A RESEARCH SURVEY IN KARACHI	**INDEPENDENT RESEARCH PROJECT** All/Any information provided by a respondent will be kept strictly confidential and will only be used for educational and research purposes.
Section C: Perceptions for improved Performance Management	

16	Do you think labor laws and employee welfare organizations/associations advocate for regular reviews and continuous improvement in Performance Management Standards in your industry? Your suggestion?
17	What should be the frequency and scope of employee appraisal in a project driven organization? Should the appraisal be more decentralized for decisions of salary, benefits and career ladder?
18	How can a line manager budget and control the process of Performance Management in a rapidly changing business environment (e.g. Karachi) while not undermining the organizational gains?
19	What are your views of outsourcing the Performance Management in your organization? Do you think that a third-party which is not aware of your organizational context will better execute the system?
20	What are your views on retention and retrenchment of project staff during crashing and post-completion of large scale projects? Should quality staff be retained or new staff for each project be hired?