



ROLE OF INNOVATIVE MODELS OF PERFORMANCE MANAGEMENT: AN EMPIRICAL STUDY OF INDIAN ORGANISATIONS

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Abstract

Performance management is a critical component of organizational success, and new performance management models have arisen in Indian enterprises throughout the years. This analytical examination looks at some of these new models and how they affect organizational performance. The review uses scholarly publications and data to give insight into the numerous performance management models used by Indian firms, such as the Balanced Scorecard, 360-degree feedback, and Objective and Key Results (OKR) frameworks. The paper also analyzes the advantages and disadvantages of various models, as well as suggested topics for further research. The study had considered 206 respondents working in different organizations at different designation to know different role of innovative models of performance management. The study concludes that feedback model help to finding areas for growth, help firms to assess performance from several perspectives, Create clear, quantifiable, and time-bound goals and measure progress and Help to connect individual and team goals with corporate goals.

Keywords: organizational performance, employee performance, talent retention, performance management, innovative models.

Introduction

Performance management is a vital process in businesses that involves creating objectives, assessing performance, and delivering feedback to staff. The ultimate purpose of performance management is to increase organizational performance by matching individual and team objectives with the general objectives of the business. Innovative performance management strategies have arisen in

Indian firms in recent years, with the goal of increasing employee performance and generating corporate success. Adoption of novel performance management techniques has become increasingly crucial in India due to the country's fast rising economy, which has resulted in higher rivalry and a stronger emphasis on performance. Indian firms face issues such as a skilled workforce scarcity, talent retention, and the desire to increase

production and efficiency. New performance management models provide a solution to these issues by giving a more complete and effective method to controlling employee performance (Christiansen, Varnes 2009 and Chenhall, 2003).

The Balanced Scorecard is one of the most extensively used performance management frameworks in Indian enterprises. Kaplan and Norton established this approach in the early 1990s, and it incorporates the use of several performance indicators to analyse organizational effectiveness. The methodology enables firms to assess performance from several perspectives and discover opportunities for improvement. The 360-degree feedback technique is another new type of performance management used by Indian enterprises. This technique entails gathering feedback from a variety of sources, including as peers, subordinates, superiors, and customers, in order to offer a thorough appraisal of employee performance. The 360-degree feedback technique is very effective for finding areas for growth and giving employees a more comprehensive awareness of their strengths and flaws. Another performance management methodology that has gained traction in Indian enterprises is the Objective and Key Results (OKR) framework. OKRs entail creating clear, quantifiable, and time-bound goals and measuring progress towards them. The framework is intended to link individual and team goals with corporate goals, and it is especially beneficial in fast-paced, dynamic contexts. While these novel performance management strategies have various benefits, they also have limits. The Balanced Scorecard methodology, for example, might be hard and time-consuming to adopt, but the 360-degree feedback technique can be biased and may not always yield correct ratings. The OKR paradigm may also be difficult to execute,

particularly in hierarchical companies. To recapitulate, in Indian firms, novel performance management approaches have arisen to increase organizational performance by aligning individual and team goals with corporate objectives. In Indian enterprises, the Balanced Scorecard, 360-degree feedback, and OKR frameworks are among the most extensively used models. While these models provide major benefits, they also have limits, and more study is needed to discover best practices and possible areas for development (Demartini, 2014 and Bol, Moers 2010).

Literature Review

To maintain and/or enhance the organization's ability to be creative and innovative, it is necessary to understand how to design, implement and modify management processes. According to some researchers, management should continually address the needs of the organization that are different in the both early and late phases of the company's life. In this case, failure to achieve a good competition for failure to balance calls into question management and innovation. The link between firm performance and innovation has received considerable attention in business management and operations research. Although research results are ambiguous, innovation has been shown to provide competitive advantage by creating new products and product features and shorter lifetimes many studies (Adams et al., 2006 and Cardinal, Sitkin, Long, 2004).

The many approaches used by businesses to achieve transaction efficiency are referred to as efficiency-centered innovations. As a result, efficiency-centered business models describe the steps a company takes to increase transaction efficiency, particularly via cutting expenses. It has been demonstrated

that new business models are essential for commercialising scientific advances, fostering strategic flexibility, cutting expenses, and overcoming the limitations imposed by various societies, such as affordability. Business model innovations has been demonstrated to provide companies a greater competitive edge since they are less likely to be imitated by rival companies than product or process innovations are. Business model innovations may aid developing nations in increasing the productivity and effectiveness of service delivery in vital sectors including health care, energy, food security, and nutrition. Business model innovation has been shown to be successful in meeting the requirements of less wealthy populations by offering a good or service while altering the price-value ratio. This type of business model innovation promotes economic progress by empowering individuals. Additionally, in nations like India where there is a sizable scientific community, creative business models are necessary to enable the general public to benefit from scientific discoveries. Business model innovation is essential for growth and development in emerging markets because of these factors (Velu, & Khanna, 2013).

The new needs for management as the mechanism of guaranteeing the sustained goal-oriented growth of organisations are determined by the current operating conditions, which are characterised by a high level of dynamism, unpredictability, and uncertainty. It concerns a significant and rising lack of time and information resources for decision-making, which heightens the risk of a slow or insufficient reaction to changes in the operational conditions of businesses. Due to its rapid changes and transformations, the modern, globalised corporate environment is pushed to evolve and demands managers at all levels to make choices in the shortest amount of time possible. Managers and

professionals are increasingly confronted in the present working conditions with data that is not clear, intelligible, or has insufficient content, necessitating proper analysis and interpretation. These informational messages are viewed as weak indications of possible occurrences in the corporate environment. to provide the best management performance possible. Application of a management technology that has been completed, is supported by appropriate data, and requires the appropriate amount of time and money to be achieved is called an activity. One method of resolving this issue is to use anticipatory management as a genuine addition to the organization's management system from the standpoint of improving the organization's interaction with the internal and external environment on the basis of raising the level of enterprise readiness to any potential changes in operating conditions (Shpak, 2013).

Current organizational management literature suggests that PMSs play a different and contradictory role in preventing rather than promoting innovation. According to Robert Anthony's concept of management control, PMSs are considered blockers of innovation because performance levels inhibit innovation drivers such as ownership eight, employee motivation, and trust. It has been shown to inhibit innovation when compared to the experimentation and simplicity required to create new ideas, concepts, products, and processes. In addition to the conflicting views, there is more consensus that PMS and innovation coexist for two main reasons. Some future research will be based on a review of the existing literature on the role of executive control and executive function in encouraging/limiting innovation efforts. Instead, he argued that authoritarianism stifles creativity. In fact, mainstream literature sees management

and creativity as opposite concepts. Planning and management are often associated with conservation-like approaches as they influence the creation of new products or the search for new business opportunities; both are innovation businesses (Davila, Foster, & Li, 2009).

Other studies have found a simple link between management, performance management, and creativity. Management encourages innovation by identifying the need for additional effort when sales or profits fall below limit values. First, innovation (product, process, management) is considered by type of management (formal or informal, administrative or operational, etc.) to test the hypothesis of the relationship between PMS and innovation, as research results are mixed. Second, new studies on the type of relationship between PMS and innovation (main effects versus intermediate effects) need further research. The use of different control systems, control systems design and management acceptance. On the innovation decision that has previously been seen to be influenced by management, for example, usability strategy, physical effort, and level of experimentation and change. Additionally, certain types of management, such as those related to cooperation, generate creativity and other types of management. It is necessary to understand how to design, implement and modify management systems in order to maintain and/or enhance the organization's ability to be creative and innovative. According to some researchers, management should continually address the needs of the organization that are different in the early stages of the company's life than in the later stages of the company's life. In the case, management and innovation are questioned as good 'competition' is not achieved to avoid balance. Fourth, there is a lack of research on the relationship

between MCS/PMS and innovation in developed and developing countries. Further research in this context can help identify different processes at work at different job levels (Davila, Foster, Li, 2005).

Objective

1. To know different role of innovative models of performance management.

Methodology

The study had considered 206 respondents working in different organizations at different designation to know the factors that determines the role of innovative models of performance management. The data of this empirical study was collected through "convenient sampling method" and analyzed by "Explanatory Factor Analysis".

It is found from the table that males are contributing 62.6% of total 206 respondents and rest 37.4% are female. 33.5% of the respondents are below 34 years of age, 39.3% are between 34-41 years of age rest 27.2% are above 41 years of age. 25.7% of them are postgraduates and below, 32.0% are having professional degree, 34.0% are diploma holders and rest 8.2% are having other educational qualification. The table also shows that 18.4% are managers, 25.2% are assistant managers, 14.6% are team leaders, 23.8% are other employees and rest 18.0% are working at other designations.

Variables	Respondents	Percentage
Gender		
Male	129	62.6
Female	77	37.4
Total	206	100

Age (years)		
Below 34	69	33.5
34-41	81	39.3
Above 41	56	27.2
Total	206	100
Educational Qualification		
Post Graduates and below	53	25.7
Professional degree	66	32.0
Diploma	70	34.0
Others	17	8.2
Total	206	100
Designation		
Managers	38	18.4
Assistant managers	52	25.2

Team leaders	30	14.6
Other employees	49	23.8
Others	37	18.0
Total	206	100

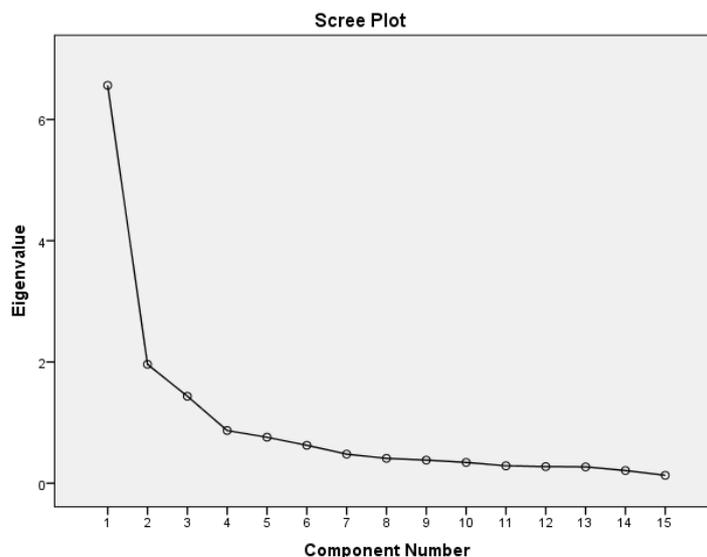
“Factor Analysis”**“KMO and Bartlett's Test”**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.863
Bartlett's Test of Sphericity	Approx. Chi-Square	1806.616
	df	105
	Sig.	.000

In table above “KMO and Bartlett's Test” above, KMO value found is .863.

“Total Variance Explained”

“Component”	“Initial Eigenvalues”			“Rotation Sums of Squared Loadings”		
	“Total”	“% Of Variance”	Cumulative %	“Total”	“% Of Variance”	Cumulative %
1	6.563	43.751	43.751	6.563	43.751	43.751
2	1.961	13.071	56.821	1.961	13.071	56.821
3	1.435	9.566	66.387	1.435	9.566	66.387
4	.869	5.794	72.181			
5	.759	5.061	77.242			
6	.626	4.174	81.416			
7	.480	3.201	84.617			
8	.410	2.733	87.350			
9	.382	2.546	89.896			
10	.344	2.290	92.186			
11	.287	1.915	94.101			
12	.275	1.831	95.932			
13	.270	1.798	97.730			
14	.210	1.397	99.127			
15	.131	.873	100.000			



S. No.	Statements	Factor Loading	Factor Reliability
	360-degree feedback technique		.891
1.	360-degree feedback model help to finding areas for growth	.868	
2.	Give employees complete awareness of their strengths and flaws	.833	
3.	Involves gathering feedback from a variety of sources	.822	
4.	Offer thorough appraisal of employee performance	.760	
5.	Provide constructive feedback to guide and create employee development plans	.686	
	Balanced Scorecard		.859
6.	Includes the use of several performance indicators to analyse organizational effectiveness	.799	
7.	Help firms to assess performance from several perspectives	.774	
8.	Discover opportunities for improvement of organization	.750	
9.	Help to measure past performance data for firm improvement	.698	
10.	Help to connect strategic aims to long-term target and yearly budget	.697	
	Objective and Key Results (OKR) frameworks		.805
11.	Create clear, quantifiable, and time-bound goals and measure progress	.851	
12.	Help to connect individual and team goals with corporate goals	.837	
13.	OKR framework is beneficial in fast-paced, dynamic contexts	.720	
14.	Works as a communicating tool for the leaders	.579	
15.	Help all the employees to be aware of organizational goals and work together to achieve them	.550	

Development of the factors

First factor is 360-degree feedback technique and its associated variables are 360-degree feedback model help to finding areas for growth, give employees complete awareness of their strengths and flaws, involves gathering feedback from a variety of sources, offer thorough appraisal of employee performance and provide constructive feedback to guide and create employee development plans. Second factor is named as Balanced Scorecard which includes the variables like Includes the use of several performance indicators to analyze organizational effectiveness, Help firms to assess performance from several perspectives, Discover opportunities for improvement of organization, Help to measure past performance data for firm improvement and Help to connect strategic aims to long-term target and yearly budget. Third factor is Objective and Key Results (OKR) frameworks which includes the variables Create clear, quantifiable, and time-bound goals and measure progress, help to connect individual and team goals with corporate goals, OKR framework is beneficial in fast-paced, dynamic contexts, Works as a communicating tool for the leaders and help all the employees to be aware of organizational goals and work together to achieve them.

Reliability Statistics

Cronbach's Alpha	N of Items
.903	15

Total reliability of 15 items that includes the variables related to role of innovative models of performance management is 0.903.

Conclusion

This article reviews current research on the relationship between 'Performance Management Systems' and 'Innovation' to identify cutting-edge technology and discuss future directions. Current research on organizational management highlights that PMS plays a different and contradictory role in influencing rather than promoting innovation. More study is needed to determine the association between PMS and innovation, paying attention to management style (formal or informal, managerial or business, etc.) and the nature of innovation (product, method, management). There has been minimal study conducted on the link between 'PMS' and 'Innovation' in developed and developing countries.

The study was conducted to know different role of innovative models of performance management and the study concludes that feedback model help to finding areas for growth, help firms to assess performance from several perspectives, create clear, quantifiable, and time-bound goals and measure progress and help to connect individual and team goals with corporate goals.

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