

Managing Performance in Civil Society Organizations (CSOs) in Bhutan

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Abstract: This paper attempts to analyze that many organizations with the motivation to accomplish better organizational results institute Performance Management System (PMS) formally and informally in their organizations. However, organizations have difficulty implementing a performance management system because its different dimensions are not considered while in practice. The paper outlined the preliminary picture of the current situation of performance management appraisals generally and particularly applied by CSOs in Bhutan. The study further describes the findings of comparative analyses between the Management by Objectives (MBO) model and 360° feedback as applied by different organizations. Data were collected by desk reviewing past studies, reports, books, and journal articles on PMS by different researchers, authors, and writers to establish the interconnections and distinctions. The paper concluded with the results that barriers to implementing effective PMS, recommendations, and viable solutions exist.

Keywords: Performance management, appraisal, MBO, 360° feedback, and CSOs in Bhutan

1. Introduction

Performance management is one of the key Human Resource Management (HRM) processes for improving organizational performance by nurturing the performance of employees (Kanaslan and Iyem, 2016). Well-designed policies and plans are not only a touchstone for an organization's dynamism, growth, and gain competitive advantage in the global market, but will recognize and enhance proficiency, competency, and performance of employees resulting in a dramatic influence on employee performance.

Although many organizations use performance management practices as a means to appraise and oversee the performance of the employees against the goals of the organizations, yet many organizations are still struggling to implement effective PMS that can help them to achieve good performance results (Samwel, 2018). According to Civil Society Organizations Authority (CSOA)¹ of Bhutan (2019), most CSOs² do not have formalized Performance Appraisal System (PAS) for assessing and rewarding the performance of staff, resulting in staff leaving the organizations on the ground of unclear reward, increments, career positions, and success of the organizations. Therefore, it is observed that there is a need for efficient PMS for CSOs in Bhutan to appraise the employees and organizational performance in its entirety.

2. Objective

Withstand a competitive advantage, it is important for every organization to assess its position and should strive for improvement and become dynamic. The study aims to identify an efficient PAS to enhance employees' performance and the progression of CSOs in Bhutan.

3. Literature Review

There is no literature on the performance management of CSOs in Bhutan; however, for this study, the literature on performance appraisal of public and non-profit sectors of a few countries is reviewed to learn and know about the topic, findings, and results.

¹Legislation of CSO Act 2007 by National Assembly of Bhutan, CSOA was established on 20th March 2009 under MoHCA to promote institute and growth of CSOs.

²Of the 58 CSOs registered with CSOA, only 48 CSOs currently have valid registration while 6 have de-registered and 2 are under legal investigation and not operational.

3.1. Performance Management and Objectives

Performance management is an important process executed by organizations to direct and oversee the performance and ensure towards maximization of employees' productivity. According to Briscoe and Claus (2008), performance management is the system through which organizations set goals, determine performance standards, assign and appraise employees' work, provide feedback and distribute rewards, and determine training and development needs. Furthermore, performance management is a process of evaluating the performance and progress of employee(s) on a given job and his/her potential for future development (Bheemanathoni et al., 2019).

3.2. Performance Appraisal

Performance appraisal is a systematic process of obtaining, analyzing, and recording the performance of an employee during a given period of time and planning for the future too. Performance appraisal is an important management practice that is conducted to assess the skill set, ability, and commitment level of employees in any organization (Nsiah, 2020). Performance evaluation is an orderly process of measuring an employee's performance based on predetermined performance criteria (Clake, 2011). According to Khan (2013), performance appraisal is a formal system that evaluates the quality of an employee's performance, and appraisal should not be viewed as an end in itself, but rather as a key process within a broader PMS.

3.3. Appraisal through Management by Objectives

The book title, 'The Practice of Management' by Peter Drucker in 1954 coined MBO as a means of building teamwork and made it popular (Okolocha and Bonaventure, 2020). Sadiya (2019) stated that MBO is a management tool whereby the supervisors of an organization sit with their subordinates to formulate the goals of the organization and monitor and evaluate the targets. MBO provides a unique form of result-oriented appraisals (Newstrom, 2007), and Sadiya (2019) documented that MBO has proved useful in many organizations throughout the world and has adopted it for employee performance appraisal.

3.4. 360° Feedback Appraisal

360° feedback is also known as the 'multi-rater/source approach, and it focuses on giving good appraisal results by making the appraisal process more transparent, objective, and participative (Samwel, 2018). Likewise, 360° feedback is an appraisal device that seeks performance feedback from multiple sources (DeCenzo and Robbins, 1999). Consequently, Conway (1996) explained that 360° feedback enables the management to match the strengths and weaknesses from each perspective and gain a more accurate, and rounded view of a person's true performance.

360° feedback approach has been implemented by many organizations for development/performance evaluation objectives (Kanaslan and Iyem, 2016). According to Hosain (2016), 360° feedback is relatively a new concept, but a number of companies have used or are using it for their performance appraisal and have derived lots of benefits.

4. Analysis and Discussion

4.1. Role of CSOs and PAS

Over the years, CSOs play an increasingly influential role in setting and implementing development agendas (UNDP, 2006). With the establishment of CSOA in 2009 (Dorji, 2020), Bhutan witnessed a steady development of CSOs³ with legality and mandate to play their rightful role in supplementing the government's efforts on improving social welfare, rural livelihoods, good governance, and environment conservation by means of greater outreach. While much progress has been achieved by CSOs in representing the voices and concerns of society, most CSOs are stuck with institutional strengthening and employee performance management. The greatest potential for career advancement and growth comes through building a record of performance. The Constitution of an efficient PAS will ensure to the promotion of better understanding and achievement of organizational goals and objectives, performance appraisal takes place annually, fairness in career advancement opportunities, and

³38 CSOs are Public Benefit Organizations and 10 CSOs are Mutual Benefit Organizations.

promote competence, meritocracy, productivity, morale, and enhanced professionalism and accountability.

4.2. Management by Objectives

MBO is a process where employees and supervisors jointly set objectives for the employee, periodically evaluate the performance and progress of each employee against the established objectives, and reward according to the results. The practical utility of MBO is well recognized and it encourages supervisors, not to guesswork but to work for a defined goal in a systematic manner. Steps shown in **Figure 1** can be applied while executing MBO, and appraisal has both advantages and disadvantages.

4.2.1. Advantages

The appraisal is job and work requirement-oriented rather than personality and provides clear objectives as it is based on facts and accurate information. It is based on principles of communication, job expectations, and motivations. The appraisal is innovative and future-oriented whereby employees are encouraged to experiment for advancement.

4.2.2. Disadvantages

The appraisal is pressure-oriented as it demands active participation and strong organizational directions. It is costly and time-consuming. The appraisal is a goal and objectives setting problem oriented due to the resentful attitudes of most subordinates and managers' over-emphasized or hesitant attitudes.

4.2.3. Resistance and Acceptance

The introduction of MBO in the organization might have resistance by the newly established CSOs as it requires qualified and experienced management and managers to provide organizational directions while setting goals and objectives. However, MBO is the most widely accepted appraisal and it ensures improvement of employee performance in the workplace and gives employees a greater sense of identity. MBO is suitable for program/project measurement and management within a system of continuous improvement. Therefore, MBO will be acceptable to management as it is the best appraisal for measuring and comparing the actual performance with the set targets.



Figure 1: MBO Appraisal Framework by Peter

4.3. 360° Feedback Appraisal

360° feedback is a most comprehensive appraisal whereby feedback comes from multiple sources. It is a fairly holistic assessment as it offers both superiors and subordinates an opportunity to give and receive accurate

feedback, which improves the superior-subordinate relationship. Steps shown in **Figure 2** can be applied while appraising 360° feedback and appraisal entails both advantages and disadvantages.

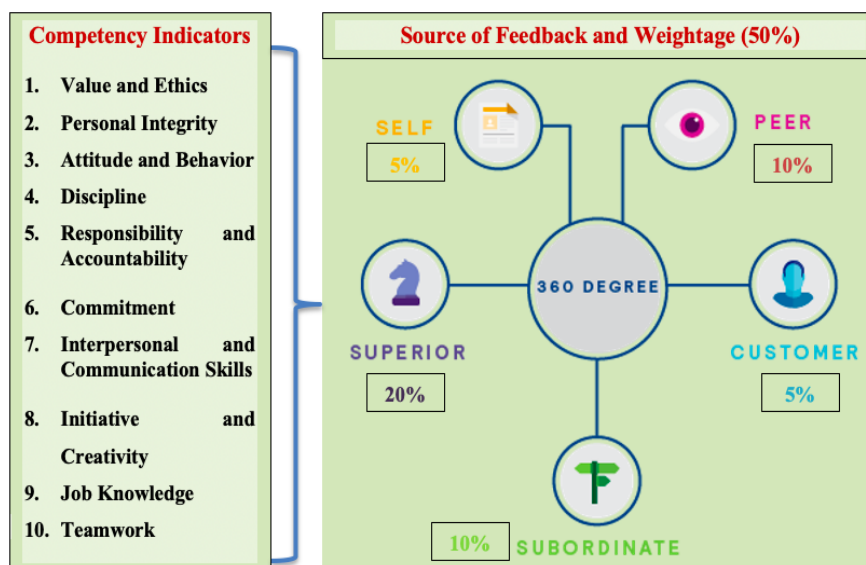


Figure 2: 360° Feedback Framework

4.3.1. Advantages

360° feedback improves the credibility of performance appraisal, and employee tends to be more persuasive with opinion from more people. Employees feel more responsible and motivated and enhance their self-esteem through positive feedback, and enhance organizational dynamism by projecting a better working environment.

4.3.2. Disadvantages

The appraisal cannot guarantee the accuracy of feedback as employees can be completely dishonest in providing feedback to certain individuals. It is often time-consuming and resources overwhelming and anonymity is not promised.

4.3.3. Resistance and Acceptance

At the initial stage of the institution of 360° feedback in the organization, management and most of the employees are expected to be reluctant to accept and participate as they might find the process impractical and sensitive to give and receive feedback. However, literature has found that 360° feedback is valued by employees as it helps in their career growth and development and helps with higher organizational performance. 360° feedback also opens a way toward success for the organization. Therefore, 360° feedback is applicable for CSOs whereby the management and employees will accept the Human Resource Division/Department (HRD) disseminating and educating on the benefits of the appraisal.

4.3. Performance Management Cycle

The performance management cycle enables the leaders of an organization to help the employees to achieve their objectives. There is evidence from the literature that it is important to plan and appraise the performance annually in accordance with the prescribed framework shown in **Figure 3**, which in turn will ensure checking, measuring, and recording the performance of employees. Efficient use of the management cycle by the management will empower employees in the organization.

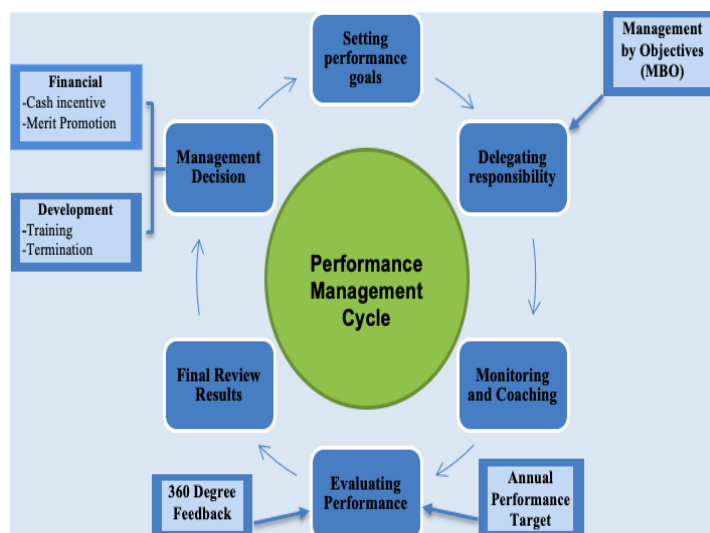


Figure 3: Performance Management Cycle Framework

4.3.1. Steps of Performance Management Cycle

- All employees prepare the Annual Individual Performance Target in the prescribed format, endorsed by the respective supervisors, and submitted to HRD.
- HRD conducts performance appraisals annually using the prescribed performance appraisal form.
- Individual Performance evaluation rated by immediate supervisor and feedback rated by all employees and submitted to HRD for computation.
- HRD properly recorded and maintained the confidentiality of employee performance appraisals.
- HRD Chief presents the final results to the management for the final decision.

4.4. Performance Appraisal Action

Performance action is the important and final appraisal results, and employees are either incentivized or disincentivized in accordance with their performance. Royal Society for Protection of Nature⁴ (2020) and Druk Green Power Cooperation⁵ (2018) in Bhutan have appraised the performance actions as follows:

- An employee achieving excellent ratings in two consecutive years can be considered for meritorious promotion and financial incentive as a token of reward and motivation.
- An employee with satisfactory ratings in two consecutive years can be automatically put under the poor performance category and provide guidance and training.
- An employee with poor ratings for two consecutive years can be compelled to avail of compulsory resignation with benefits as per service rules and regulations.

There is evidence from two organizations that the above actions have positive and progressive effects on enhancing employees' proficiency, and organizational dynamism and development.

5. Recommendations

Many organizations globally rely on efficient PMS to appraise the performance of their employees and to determine the progress of the organization in today's competitive market environment (Samwel, 2018). The study observed that most of the CSOs in Bhutan do not have PAS, and several CSOs adopted the Royal Civil Service Commission's PMS to assess the performance of the employees; therefore, a formalized PAS is essential and the study recommends:

⁴Environmental NGO established in 1987 under the Royal commend of Fourth King of Bhutan to supplement the government to conserve unique environment, and registered with CSOA in 2010.

⁵Largest government-owned electricity generating company established in 2008.

All CSOs in Bhutan should have a formalized and efficient PAS to appraise the feedback and performance of employees to ensure the proficiency of employees, the organization's dynamism, and growth.

360° feedback for performance and development is likely to produce completely different results (Maylett, 2009). Therefore, to get the optimum and accurate results of employee feedback and performance and organizational progression, CSOs should adopt 360° feedback and MBO performance appraisal methods together.

It is important for CSOs in Bhutan to appraise employees' feedback and performance annually in accordance with the prescribed Performance Management Cycle Framework to enforce management action based on the performance appraisal outcomes.

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