

Chapter 8

Comparing Performance Management Systems¹

Louis Naudi

Introduction

This paper describes some of the salient performance management systems practised in two medium sized organisations in Malta. The emphasis shall be on HR practice and there shall be an attempt to discuss the systems in terms of differences and possible similarities. The analysis and ensuing discussion are based on the author's experience and observations made whilst working within the Human Resources Departments of both organisations. The comments made during these comparisons shall be seen in the light of local context and culture, as observed by a Maltese HR practitioner.

The two organisations referred to are:

- Baxter (Malta) Ltd. Subsidiary of a multinational U.S. manufacturing firm, employing 385 employees in Malta and 45,000 employees worldwide.
- Island Hotels Group. A totally Maltese-owned chain of small hotels in Malta, employing 750 employees.

¹ My thanks to Mr. Winston J. Zabra, Director of Operations, Sales & Marketing, Island Hotels Group; Mr. Sergio Vella, Director of Manufacturing, and Mr. Kenneth Formosa, HR Manager, both at Baxter Malta Ltd.; and Dr. Johnny Sung, Centre for Labour Market Studies, University of Leicester, U.K.

This paper shall first describe the performance management systems present in each of these two organisations. This will be followed by a discussion explaining that, while the overall management principles are similar, a difference can be observed in the manner and attitude with which such techniques and tools are designed, introduced and practised. It is the belief of the author that this manner or attitude also bears an influence on one's level of performance. The curious and overall positive element is the fact that both organisations can be termed as highly successful despite the differences. More research is required locally on different performance management systems in Maltese organisations and their influence on various success factors.

Performance

The concept of performance tends to imply measurement against an expected result. One measures performance by determining to what extent a person or organisation has actually achieved the pre-determined standards, expectations, results or objectives. The tools or methods used to arrive at achieving these standards and results are referred to as performance practices. Studies have been made on determining high performance practices in organisations. Ashton & Sung (2002:11) analyse different definitions and conclude by stating that:

“After some initial confusion, there is now a growing consensus on what we mean by high performance working practices. What runs throughout all the literature is the concern on the part of employers with developing their labour force and making use of practices such as team working, job redesign, employee involvement in decision making, extensive communication and performance-related pay to enhance organisational performance.”

Ashton & Sung (2002) suggest that a set of four dimensions can be found in almost all the lists of characteristics of high performance in the literature they reviewed. These are: employee autonomy

and involvement in decision-making; support for employee performance; rewards for performance; and the sharing of information and knowledge. One can see that HR plays a significant role in these four dimensions. Hence, the relation between good performance and specific practices that are strongly HR focused.

Human Resources Management is concerned with how employees perform since the skills and the competencies of the employees, together with the related individual motivation, are very much part of the agenda of the HR manager.

Management

Now that the concept of Performance is clearer, we need to have a quick look at what Management is all about. Mullins (1995:366) defines management as follows:

- Taking place within a structured organisational setting and with prescribed roles;
- Directed towards aims and objectives;
- Achieved through the efforts of other people;
- Using systems and procedures.

And goes on to state: “Management is seen best, therefore, as a process common to all other functions carried out within the organisation. Management is essentially an integrating activity” (Mullins, 1995:368).

Drucker is more practical and links his definition to the function carried out by a manager:

“A manager can be defined only by that person’s function and by the contribution he or she is expected to make. And the function that distinguishes the manager above all others is the function no one but the manager can perform. The one contribution a manager is uniquely expected to make is to give others vision and ability to perform. It is vision and moral responsibility that, in the last analysis, define the manager” (Drucker, 1989:58).

Stewart (1986:12) attempts to summarise the manager's job, as: "... deciding what should be done and getting other people to do it. A longer definition would be concerned with how these tasks are to be accomplished. The first task comprises setting objectives, planning (including decision-making), and setting up formal organisation. The second consists of motivation, communication, control (including measurement), and the development of people."

Mullins (1995) explains that, in order to carry out the process of management, the manager requires a combination of technical competence, social and human skills, and conceptual ability. As the manager advances up the organisational hierarchy, greater emphasis is likely to be placed on conceptual ability, and proportionately less on technical competence.

Whilst technical competence relates to the application of specific knowledge, methods and skills to specific tasks, social and human skills refer to interpersonal relationships in working with and through other people, and the exercise of judgment. This involves effective teamwork as well as direction and leadership of staff to achieve coordinated effort. This includes the ability to be sensitive to particular situations, and flexibility in adopting the most appropriate style of management. At the same time, conceptual ability is required to view the complexities of the operations of the organisation as a whole. It also involves decision-making skills. The manager's personal contribution should be related to the overall objectives of the organisation and to its strategic planning.

Performance Management

Performance management involves integrating the concepts of management and performance described above. Though performance management is not exclusively an HR Manager's function, each manager's role involves managing human resources and there are key HR techniques which have a direct influence on

the management of performance in any organisation. These HR techniques include:

- Recruitment Process (Job descriptions, Personnel Specification, Interview)
- Training (Induction, On The Job, Training Needs Analysis, Training plan/budget, Technical training, Personal Development training)
- Performance Appraisal
- Recognition Schemes
- Performance Related Pay and/or Bonus
- Communication Process/Procedures
- Discipline Procedures

These are all tools that are being used (to different extents) within the two organisations being referred to. I shall now briefly explain how I perceive and have experienced these tools being applied in both companies.

Profile 1: Baxter (Malta) Ltd.

Starting over 60 years ago, in Chicago, U.S.A., Baxter has been responsible for many medical breakthroughs, which are taken for granted today: I.V. medicine; kidney dialysis; heart-valve replacement and blood component therapy.

This is achieved through the constant practice of the company's shared 3Rs: the values of respect, responsiveness and results.

Baxter is today a global company, with products and services used to care for people in more than 100 countries. The Malta plant is the main Baxter supplier of IV sets for the European market.

To be the global leader in providing critical therapies for people with life-threatening conditions. We will achieve this vision by reaching our goals of:

- Best Team: Building the best global team in healthcare
- Best Partner: Creating sustainable win-win customer relationships
- Best Investment: Consistently delivering significant shareholder return
- Best Citizen

The overall result is that Baxter will be recognised as one of the most admired companies in the world.

(Baxter Vision Statement)

The Malta Plant's Vision is:

We will be the most admired manufacturing team that integrates ease of conducting business, talent, quality, innovation and velocity.

The Mission Statement is:

Our Team will develop, manufacture and supply medical devices, providing customers with best value and services whilst consistently meeting all our commitments.

Within the local context, the Malta operation is a large manufacturing plant, employing 385 employees. The Malta plant operation involves manufacturing of plastic components and the assembly of these components to form Intra-Venous (IV) sets.

With respect to HR, the local HR manager reports directly to the General Manager and indirectly reports to the Vice-President HR, Europe. The European VP (HR) in turn reports to the Vice-President (HR) in Chicago, U.S.A.

In practice, this set-up creates a two-level HR operation. First, there are the exclusively local HR issues, such as recruitment, training plans, industrial relations and negotiation of collective agreements, employee relations in general, recognition schemes,

the day-to day operations, the payroll administration including compensation and benefits. Then, added to these on a corporate level, there are specific practices that are applicable to all businesses in the Baxter global community. These include a detailed and comprehensive performance appraisal system referred to as the Baxter Talent Management process. This is the core of the performance management process in Baxter.

With respect to recruitment at Baxter, there is a clear local procedure which includes the need to have clear employee requirements, job design, as well as the job-description and a proposed training programme in place as part of the selection process. The need for this procedure facilitates performance management because, if the right employees (with the required qualities) are recruited, there is a much better chance of their performance being according to the expected standard.

At Baxter, Talent Management includes different stages. It starts off with the actual performance appraisal through which the employee's performance is assessed against specific performance management objectives (PMOs) that are pre-established with the specific employee. Performance is also assessed with respect to specific Baxter Success Factors. These success factors are pre-determined at a corporate level and specify the standard expected behaviour of the employee i.e. if he/she shows respect and integrity; communicates effectively; promotes teamwork; demonstrates leadership; develops talent; drives innovation and risk taking; builds customer loyalty; demonstrates business acumen; creates value-added results. As part of the Talent Management Process, a multi-source feedback process is performed across all administrative employees for self-development purposes.

Another phase of the Talent Management Process is the Organisation Talent Review, through which the employee's progress and potential is discussed with respect to his/her position and potential within the organisation.

The outcome of the various stages of the Talent Management

Process is compiled to form the training and development plan and corresponding budget for funding and sponsorship for the fulfilment of the individuals' and the organisation's training needs.

So, although the actual tools and systems are presented from Baxter Corporate, the Talent Management Process is totally managed locally and the data is stored on one, global software system.

Baxter's training procedure also includes a detailed induction course, a compulsory quality focus course, and strong procedure-related (including environmental health and safety procedures) training programme for each position in the organisation. A highly equipped Learning Centre was set up with all the facilities for formal trainer-led learning sessions as well as personally paced individual computer-based training sessions. As can be witnessed from the above, both individual and organisational training needs are performance driven.

With respect to performance related pay, Baxter Malta adopts a system through which a pay increase on an individual level is determined on merit that, in its turn, depends on the achievement of one's PMOs, the Baxter success factors, and the individual's overall performance. Other incentives are designed to motivate and sustain positive performance at different levels.

For industrial employees, performance management is based on production levels, achieved quality targets and attitude. Even bonuses are influenced by these same factors.

Baxter has a highly developed Employee Recognition Scheme (ERS) which incorporates different awards including the suggestion scheme, department's recognition, employee of the year, best team, best cost saving award and seniority awards, applicable to all employees.

With respect to communication it is worth mentioning that the General Manager's door is rarely closed. The message which is communicated to all employees is that the General Manager is accessible to anyone in the organisation.

On a more formal level, the Baxter communication process is made up of the following processes. The plant is led by the Plant

Executive Team (PET); and following monthly PET meetings, each departmental manager holds a monthly meeting with his/her departmental employees to communicate, monitor and discuss departmental progress or performance. This is also enhanced by a quarterly communications meeting chaired by the General Manager with all sections of employees. Apart from communicating about overall performance, these meetings are excellent opportunities to communicate further about new projects and new product information, offering an opportunity to employees to ask questions directed at management about any issues they would like to clarify. All employees can also resort to an intranet based facility through which they can ask the General Manager any questions directly, maintaining anonymity if they so desire. This communication process is further complemented by an in-house quarterly magazine which is distributed to all employees, as well as by the intranet facility where employees can find any information about Baxter globally.

The relationship between performance management and communication is evident in that appropriate monitoring, discussion, feedback exchange, mutual understanding and clarification of direction can improve both individual, as well as departmental, performance. Furthermore, the more information an employee knows, the easier for him or her to feel part of the process and be motivated towards work in general. The overall communication process provides a two-way flow which also contributes towards one's overall satisfaction and hence improved performance at work.

Another level of performance management is the issue of employee behaviour and its monitoring. The issue of employee discipline in the context of HR management cannot be underestimated. At Baxter, the disciplinary procedures for all industrial employees are laid out in the collective agreement. In practice, there is normally a joint discussion with the employee and the union steward whenever a discipline-related decision needs to be taken.

At Baxter, there is also a continuous improvement culture which amongst other initiatives includes regular customer satisfaction surveys which are analysed and action for improvement is taken accordingly. On the same lines, a regular Employee Satisfaction Survey is carried out with the support of Corporate Baxter in the designing and presentation of data, and benchmarking between different operations in the global Baxter community is performed. The local data is later analysed and further action is planned and taken locally to continue enhancing performance in general.

Profile 2: *Island Hotels Group*

Island Hotels Group commenced operations during 1987 with the Bugibba Holiday Complex, incorporating two hundred beds and with 40 employees. By 1989, the Complex had expanded to include no less than 1,000 beds and various catering outlets. During 1992 the company began venturing into outside catering and events. This was the birth of one of Malta's leading outside catering companies, Island Caterers. The Group also bought a 4-star property in St. Paul's Bay. This property was totally refurbished and doubled in size and is today the 440 bed, four-star, Coastline Hotel. In 1995, construction began on the third property of the group, the 520 bed, five-star deluxe, Radisson SAS Bay Point Resort which commenced operations in May 1997. In February 2003, the deal was finalised for the purchase of yet another property, this time in Ghajn Tuffieha: the Golden Sands Hotel. At the time of writing, this property still needed to be demolished and rebuilt and it is estimated to be open for guests by summer of 2005. This will increase the total number of beds in the Group to 2,500 and the total number of employees to 1,000. At present, there are 750 employees (450 full timers and 300 part-timers). The company is jointly owned on an equal basis by two Maltese families, with one family responsible for the overall management of the Group.

To continue evolving within the local and international hospitality industry, while nurturing proven core family values, which are driven by the personality of our people, delivering service with passion to our customers.
(Island Hotels Group - Vision Statement)

The Group's Mission Statement is:

"IHG is a diversified hospitality player, reputed for best industry practice in the areas of people, operations and customer-care, targeting a diversified international market through the delivery of a cutting edge service promise".

Values

A service promise emerging from our core family values:

Passion - Persona – Persistence

Excellence - Energy – Empathy

Ambience - Ability – Action

Reputation - Relationships – Reliability

Loyalty - Leadership – Life

A particular characteristic of IHG is the fact that all senior managers are Maltese and 70% of them 'came up through the ranks' by being appointed to top positions as these positions were created through expansion.

The performance management practices at IHG also start with recruitment. The designing of jobs, job descriptions, together with the clearly specified personal characteristics of the 'right person' for the vacancy are given a lot of importance and are obvious components of the HR policies, procedures and practice. High level of importance is given to personality due to the front line nature of most staff and the hospitality aspect. The concept continuously kept in mind is that, in the hospitality service industry, the product IS the people. All this occurs within a tacit

recommendation process, whereby an existing employee recommends IHG as a good employer; while the same employee recommends the applicant as a good worker (Boella, 1988:67-8).

This also leads to the training of all new employees. There is the standard induction course which is made up of various topics including a formal training session as well as a show-around of the hotel in question. Just as with the induction, all employees attend the IHG Customer Care Course. The emphasis here is on the word 'care'. In the hospitality industry, the success in performance depends entirely on the employee's attitude, personality and on the relationship to the customer. Hence a lot of importance is given to this aspect. It is imperative that at an early stage the employee is exposed to the expected high-level standards of service. The departmental on-the-job training is then carried out by the supervisor/manager responsible for the relevant department. The rest of the training plan and budget is related to the outcome of the performance appraisal process. All IHG employees receive formal feedback about their performance and have an opportunity to formally give feedback to management during the mid-probation appraisal, at the end of one's probation, and at least once a year. The local IHG HR team has designed the appraisal form as well as the training on conducting performance appraisals.

Apart from the formal performance appraisal process, the management, starting from the Group Managing Director, practise two management styles which effect performance directly or indirectly. As in the case of Baxter, there is an 'open-door policy': however, there is also a 'walking the property' style of management. All employees at induction are formally told that all managers' doors are always left open purposely so that any employee can feel free to talk directly to the manager or General Manager concerned. There is very little 'red tape' involved if any employee wants to talk to the top person.

Another practice is that each General Manager walks through the property a number of times during a day, just greeting people,

listening to people, observing and monitoring that the operation is doing fine. This encourages employees to talk to him/her, ask questions and even receive immediate feedback on performance from the top person, based on immediate observation.

One performance indicator is the Customer Service Questionnaire (CSQ). The results of customer feedback are regularly communicated to all concerned and performance is recognised or amended as necessary. In many cases the customers mention individual employees by name, and the supervisor concerned gives feedback to these employees immediately.

With respect to formal recognition schemes, a simple suggestion box exists in each property of the Group. However, there is no 'prize' or award given to the 'best suggestion' as a rule. At the same time, depending on the needs at the time (e.g. post 9/11/2001), *ad hoc* competitions are launched and a prize given to the best suggestion submitted during a specific period. Otherwise, all employees know that due to the 'open-door' and 'walk-about' management style, anyone can table suggestions to the manager concerned or discuss any ideas when they see them. Another form of recognition for performance may sometimes be a personal letter of congratulations from one of the Directors of the Group. Despite the large number of employees, the directors show an interest in and are kept informed about any outstanding performance of employees via the HR managers, the GM, through their observations during 'walk-about's', as well as via direct feedback from customers.

There is no formal performance related pay (PRP) system in place as such. However, there is a performance-related bonus which is available to all line managers. The amount is usually not known beforehand; but it is based on the Group's financial performance on the whole during one particular year. This bonus is not tied directly to the individual's performance but to the Group's performance as a whole. It is only recently that a scheme is being devised/designed to also include a percentage of this performance

bonus based on individual performance. At the time of writing, this scheme was at its design stage.

With respect to the communication strategy of the organisation, there are monthly Board meetings, monthly Group Executive Team (GET) meetings, monthly Line Manager's meetings, and six-monthly meetings in which the GM and the HR manager meet all employees, department by department. These meetings serve as decision-making, consolidating and discussion fora at strategic and executive levels, as well as a formal opportunity for communication with all employees. Apart from these formal meetings, the GMs coordinate daily operational briefings with their management teams, and each member of the GET, including all company GMs, has weekly operational meetings with the Group Director of Operations. The weekly meetings and daily briefings are further tools for closely monitoring operational performance of both teams and individuals. Apart from the 'open door' policy and the 'walk-about' style of management (which both give opportunities for regular communication) these formal weekly and monthly meetings ensure that there is a strong alignment between the performance objectives set and the overall actual operation.

During the monthly meetings, the company's financial performance, compared to forecasts and budgets, is communicated and ideas for improvement discussed. Additionally, there is regular communication on company performance (such as sales figures) on a weekly basis.

There is also a quarterly in-house magazine which is distributed to all IHG employees. This includes staff-related news from all the IHG companies and operations, plus a regular update on ongoing work at the Golden Sands Resort & Spa (GSR). The GSR is being seen as an opportunity for advancement or development for many employees.

The relationship between the communication process and performance has already been explained. It is a standard belief at IHG that a virtuous cycle is in place: the more employees know

and are given an opportunity to communicate with/to their management, the more interested they are bound to become in furthering their career within the Group, and, if so, the more likely to make that extra effort to ask questions, communicate suggestions, make changes, continue improving performance and achieve objectives.

With respect to the disciplinary code, IHG's written procedure states that:

"In cases of verbal and written warnings, an action plan specifying objectives to be reached and target dates is drawn up as a follow-up to monitor improvements in the employee's behaviour. This action plan is to be drawn up by the line manager, or delegate, of the employee concerned and the employee" (Island Hotels Group Human Resources Policies and Procedures, 10/01).

This, in itself, reflects the link between discipline and performance management.

Discussion

After describing the main performance-related activities in these two organisations, the discussion below touches upon some emerging issues:

Manufacturing versus Services

The glaring difference is the nature of the business of the two companies. One is a manufacturing operation producing exclusively for export. Baxter's product is an essential medical accessory in the administration of therapies via IV systems. The implications on quality of performance in such a business are tremendous yet not immediate. Basically poor performance cannot only result in lowering sales, but even worse, it may result in threats to human lives. Yet, since there are a number of stages between the completion

of the product and the actual product usage, there are a number of checks and quality assurance systems in place to trace any defect before use. The other key difference is the fact that the vast majority of Baxter employees only have remote contact with the end customer (i.e. the hospital and/or ultimately the patient) via videos, training materials, or magazines, or indirectly by visiting or being a patient, but no direct contact as such.

On the other hand, in the hospitality industry, the service offered to the guests by the employees IS the product. The vast majority of the employees in IHG are facing the client/guest on a regular daily basis. At the same time, the effect of this service on the client is immediate. The client will give immediate feedback to the employee depending on how he/she is treated. Contingency, in both worker-manager and worker-client encounters, is thus very much the norm (Wood, 1992). Service-sector employment generally lends itself better to a more fluid and flexible, less technological, incorporation of human skill and initiative (Baldacchino, 1997:52).

This explains the greater importance given to personality during recruitment and the development of relationships in IHG. At the same time, this does not mean that the personality and attitude of employees at Baxter is not important, but that the direct influence on the end customer may be different. So, for example, if a front office employee has had a worrying situation at home, s/he cannot sulk at the guests at the reception desk of a hotel, whilst if a production associate at Baxter was going through a similar situation, there will not necessarily be a similar negative effect on the end product.

Foreign versus Local

A second set of general comparisons relate to the ownership of both organisations which is bound to exert an influence on their respective performance management systems.

Since Baxter Ltd is essentially a foreign-owned organisation, the many senior managers (including the General Manager) were foreign until the early 1990s. Apart from the language barrier, there may have been also a culture hurdle to overcome and which may have had some influence on ensuing relationships. Coupled with this is the fact that some managers were appointed temporarily; hence there were changes in some management positions after a specific period. However, during the past 8-10 years, local senior managers were trained to take over. Many processes (even manufacturing processes) were actually brought over from other manufacturing plants in France and U.K. with the result that the locally strong Research & Development Team, together with the necessary technical expertise, were involved in enhancing their design, installation and improvement in Malta. This process continues on a regular basis.

It was mentioned earlier that the Talent Management Process was cascaded to Malta from USA and Europe. A number of local standard operating procedures are identical to those which exist in foreign Baxter plants. The Malta plant tends to be aggressively objective-driven and is guided from overseas with respect to its performance.

On a different note, like all small family businesses, when Island Hotels Group started with Bugibba Holiday Complex, the Maltese owner and Managing Director knew all the employees by name and there was a 'bond' between employer and employee based on mutual loyalty and respect. This value of loyalty and other 'family values' are still important to the owners; though, as the workforce and operation keeps on growing, the relationships between the owners and the employees were bound to change. The role of the Group HR function together with the team of HR managers and all the rest of the management team, in this situation, is to try and maintain these values because there is a belief that the success of the group is very much driven by values and relationships. There are two phrases that are repeated by the Group Managing Director

which emphasise this: “The employees are our greatest asset” and: “Unhappy Employees = Unhappy Customers”. This mutual loyalty is demonstrated in the way employees still wish to talk to the owners in cases of discontent or even personal problems. It is also a fact that, in time of need, most employees will give more of their time willingly to cope with the pressure of work.

To substantiate this family atmosphere, the IHG owners themselves try to visit employees who are held up in hospital; insist that HR follow-up on issues brought up by individual employees; find ways of supporting (even financially) families of employees who are sick or terminally ill; ensure that no employees are made redundant in any way; and assign priority to competent internal applicants to fill vacancies. It is enough to say that the three existing General Managers of the hotels have all worked their way up the ranks.

Trust & Internal Controls: Acceptance versus Suspicion

Related to the value of loyalty is the issue of ‘trust’. In Maltese-owned companies, in normal operations, it is understandable and accepted that one is checked and the fact that there are control procedures in place is more or less accepted by employees. Even in a company like Baxter, controls and audits are regularly carried out to ascertain the quality of every step of the manufacturing process and the operation in general. It is also a fact that line managers have a stronger relationship with the owners/senior managers. However, from my experience in both companies, when it comes to IHG there seems to be a high level of sensitivity to the extent of sometimes misinterpreting new controls or procedures as being expressions of a doubt in trust. In a more corporate-led environment such as Baxter, having a process or operation ‘audited’ or controlled is something more acceptable as part of the traceability process rather than a situation of mistrust.

An example would illustrate this difference. When IHG tried to

introduce the practice that all employees (including managers) 'punch' in, there was big disapproval from the manager's side; in fact, an alternative means of recording time and attendance for managers was found. The author was present when exactly the same change took place at Baxter. In Baxter, when a new time and attendance system was introduced, and the managers (who never punched-in before) were asked to start punching in, just like all other employees, there was very little disapproval (if any). Since Baxter staff is used to applying new changes and having more procedures, and the emphasis is on the objectives, 'punching in' was easier to accept. In a company like IHG, where the emphasis is still heavily influenced by personal relationships, the nature of procedures is still questioned, and 'punching in' can be misconstrued as a personal affront.

On the same theme of trust, one can compare and contrast attitudes to the departure of employees. In the case of IHG, owners and managers may be seen to behave as if the company has been 'let down'. In the case of Baxter, there is a natural feeling of disappointment; however, the decision is not taken so 'personally'.

The good news is that both companies register very low staff turn-over (if any) in middle and senior management levels. In fact, in both companies, there are various examples of employees who have resigned but decided to return, after a short period of having tried to adjust and work in another organisation. The link to performance in all this is evident in the issue of loyalty. A loyal employee is bound to perform more in line with organisational objectives than a less loyal employee. Hence this feeling of loyalty, which exists in both companies, is enhanced and nurtured.

Performance Management: Local Ownership versus External Support

In the IHG reality, what actually happens with respect to the performance management process is that whereas, originally an

employee's motivation to perform was heavily dependent on the type of relationship that existed with the owners, today the element of objective measurement of performance is given more importance. The new challenge being faced by IHG is to find ways of maintaining the values and the relationships by strengthening the 'people skills' and overall leadership qualities of the managers and heads of departments. Each manager thus becomes more of an 'HR person' and, through the policies and procedures, as well as through the HR manager in each hotel/operation, they have the necessary support to help them achieve the required performance from their people.

Another difference emerges in this respect. In the case of IHG, the managers were directly involved in consolidating and determining the HR procedures: a common best practice was suggested and agreed upon by all. This element of participation and 'ownership' over the procedure should elicit more commitment and ownership from employees. On the other hand, in the Baxter case, the Talent Management Process is limited and determined by Baxter Corporate. The challenge for the local Baxter HR team is to find the best way of applying it in Malta. Hence the performance management approach is bound to be different, even though the same overall business objectives are still being sought. The positive side at Baxter is that, in establishing standards, designing procedures, determining the necessary training or agreeing on the required IT support, there is direct guidance by Corporate HR. Thus, implementation takes place in a supported environment, and is not a mere 'in-house' exercise.

Conclusion: Person versus Process?

This paper has described the key features of the performance management systems in place in two different organisations in Malta. Whereas both organisations can be termed as highly successful in local terms, the 'drivers' of performance differ. For

the foreign-owned company, performance is more strongly driven by 'operational objectives', whilst for the local company, performance seems to be more strongly driven by values such as loyalty, relationships and commitment.

All in all, and generalising beyond the two cases, the data suggests that, with larger size and a stronger corporate drive, a firm is likely to lose personal relationships as the bond connecting managers to employees and as the essence of performance management. Would this be an inevitable condition of growth or of operational specialisation? And, if so, is it a desirable one? These questions are especially pertinent to us Maltese and the manner in which most employees and managers are used to relate locally on the basis of personal, at times fairly intimate, knowledge. There are practitioners who resent the excesses to which personal bonding is sometimes taken locally – especially in very small firms. Procedural compliance can thus provide some cherished anonymity and impersonality to operations, especially in manufacturing. On the other hand, even big international brands with thousands of employees scattered in many subsidiaries still strive to maintain a family or founder ethos to drive their corporate vision and provide a commonly humane stamp that motivates their workers, identifies them from their competitors and reassures their clients. Especially so in the services sector, where a normal and generalised business function is often 'disguised' as the specific satisfaction of a specific guest request (Shamir, 1978; Wood, 1994:71). The client's emergency is really a waiter's routine (Mars & Nicod, 1984).

As Malta and the Maltese continue to operate in increasingly global environments, they cannot avoid engaging with this 'person versus process' dilemma at the heart of the HR function.

References

- Ashton, D. & J. Sung (2002) *Supporting Workplace Learning for High Performance Working*, Geneva: International Labour Office.
- Baldacchino, G. (1997) *Global Tourism and Informal Labour Relations: The Small Scale Syndrome at Work*, London, Mansell.
- Boella, M.J. (1988) *Human Resource Management in the Hotel and Catering Industry*, 4th edition, Cheltenham, U.K., Stanley Thornes.
- Drucker, P. F. (1989) *The Practice of Management*, Oxford, Heinemann Professional.
- Mars, G. & M. Nicod (1984) *The World of Waiters*, London, Allen & Unwin.
- Mullins, L. J. (1995) *Management and Organisational Behaviour*, 3rd edition, London, Pitman Publishing.
- Shamir, B. (1978) 'Between Bureaucracy and Hospitality: Some Organisational Characteristics of Hotels', *Journal of Management Studies*, Vol. 15, No. 2, pp. 285-307.
- Stewart, R. (1986) *The Reality of Management*, 2nd Edition, New York, Pan Books.
- Wood, R.C. (1992) *Working in Hotels and Catering*, London, Routledge.
- Wood, R.C. (1994) 'Hotel Culture and Social Control', *Annals of Tourism Research*, Vol. 21, No. 1, pp. 65-80.