

Think India Journal

ISSN: 0971-1260 Vol-22, Special Issue-21

National Conference on

**Recent Advances in Commerce, Management and
Computer Science (NRCACMC-2020)** organised by
Department of Commerce, VEL TECH Ranga Sanku Arts College,
Avadi, Chennai-62
Held on 4th January 2020



Role of Employees Performance in Management System

G.Narayana Moorthy,

Assistant Professor,

Department of Commerce,

Vel Tech Ranga Sanku College, Avadi.

Abstract

Performance Management System (PMS) is a system used to enhance employees productivity through managing their performance. A well-managed performance management system is vital for Organisation growth. PMS is installed formally and informally in various organizations. Performance management is about enhancing the employee's performance which ultimately helps an organization to achieve organizational objectives successfully. This paper analyzes the Overview of Performance Management System, advantages and disadvantages of implementing PMS in the organization.

Key Words: Management, Organisation, Performance, Employee, Standards

Introduction

Performance Management is understanding about how on individuals contribute to an organizational goal. System was implemented in Botswana public service from 1999 as a result of recommendations from the evaluations of other performance improvement initiatives that failed to yield the desired results. The main aim of PMS is to improve service delivery within the public service. Specifically, PMS intends to improve accountability, performance, communication, efficiency and productivity among civil servants. It was introduced with the conviction that it will resolve problems in the different ministries and departments some of



Think India Journal

ISSN: 0971-1260 Vol-22, Special Issue-21

National Conference on

**Recent Advances in Commerce, Management and
Computer Science (NRCACMC-2020)** organised by
Department of Commerce, VEL TECH Ranga Sanku Arts College,
Avadi, Chennai-62
Held on 4th January 2020



which were; inadequate planning and management of projects resulting in unforeseen costs, resource wastage and inconsideration to the public's needs. An effective performance management and appraisals process focuses on aligning your work force, building competencies, improving employee performance and development and driving better business results.

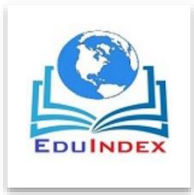
Objectives of PMS

- To assist in the achievement of enhanced standards of work performance of an employee or class of employees.
- To assist employees to identify knowledge and skills to perform their job efficiently
- For employees to work towards defined goal
- For employees to receive regular feedbacks
- For employees to achieve personal growth through acquiring relevant knowledge and skills and attitudes

Scope of PMS:

- Identifying the parameters of performance and stating them very clearly
- Setting performance standards.
- Planning in participative ways where appropriate performance of all consistence
- Identifying competencies and competency gaps that contribute to performance
- Planning performance development activities.
- Creating ownership
- Recognizing and promoting performance culture .

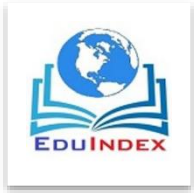
Pre-requisites of PMS process



Policy specific procedures to be followed in order to manage performance company shall adopt performance management practices that are consistent with the company policy , best fit nature of the work performed and the mission of the organization. PM as comprising three main processes-planning improving and reviewing. These three processes could be applicable at all levels-organisation, business unit, department, team, individual, etc. The three-step cycle-performance planning; assessment of performance; and corrective and adaptive mutual action via mutual feedback discussions. Guinn (1987) proposed a three-step process-planning, managing and appraising. Torrington and Half (1995) have also suggested three stages-planning, supporting and reviewing performance. The common thread here is that the manager and man. Get should have a shared view of what is expected of the employee which may be achieved through involvement and participation of a direct kind. Supporting performance is seen as a responsibility of the line manager who also has a particular part to play in reviewing performance. Hartle (1995) developed the 'mixed model' which stressed on planning, managing, reviewing and rewarding. Most organisations follow this 4-stage model now-a-days, which can be further detailed as Setting Individual Business Roles and relating them to the job objectives of work groups and business through Performance Planning, Performance Measurement and Review, Rewards and Performance Dev loprieni (Armstrong and Baron, 2007).

Role of performance management system.

- Developing clear job descriptions and employee performance plans which includes the key result areas (KRA') and performance indicators.
- Selection of right set of people by implementing an appropriate selection process.
- Negotiating requirements and performance standards for measuring the outcome and overall productivity against the predefined benchmarks.
- Providing continuous coaching and feedback during the period of delivery of performance.



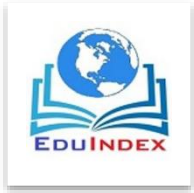
- Identifying the training and development needs by measuring the outcomes achieved against the set standards and implementing effective development programs for improvement.
- Holding quarterly performance development discussions and evaluating employee performance on the basis of performance plans.
- Designing effective compensation and reward systems for recognizing those employees who excel in their jobs by achieving the set standards in accordance with the performance plans or rather exceed the performance benchmarks.
- Providing promotional/career development support and guidance to the employees.
- Performing exit interviews for understanding the cause of employee discontentment and thereafter exit from an organization.

The Benefits of PMS

- Improved work performance
- Employees with potential for advancement are identified
- Planning for future HR needs is augmented Business objectives are realized Improved morale Improved customer satisfaction.
- A clear linkage between pay and performance is achieved A competitive advantage is obtained
- Improved quality of supervision .

Problems identified

Waal & Counet (2009) have identified 31 problems specific to the implementation of the PMS. They have also identified that there is huge gap between the problems as perceived by the academicians and the problems faced by the practitioners in the process of implementing the PMS. It was found that academicians rated the structural problems more and the practitioners

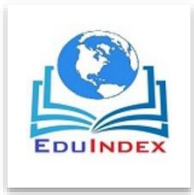


rated the behavioural problems more. In fact the problem that was rated as the most important by the academicians was not even existing in the top list of problems given by practitioners. The specific problems identified by them are as follows:

- There are insufficient resources and capacity available for the implementation
- The implementation requires more time and effort than expected
- Lack of management commitment
- Lack of Response from middle management and staff for PMS
- Organizational members lack a positive attitude towards the PMS

Literature review

A study on the impact and trend of PM has shown that it is an important business system; it makes a difference in organisational performance; approaches to PM are changing; and senior managers must be attentive to the PMSs in their organisations. Lingle and Schiemann (1996) concluded that measurement-managed companies--especially those that measure employee performance outperform those that downplay measurement. Successful industry leaders simply do a better job than non-leaders at measuring their workforce, which, the study said, is where real change is won or lost. A study by Hewitt Associates (1994) titled The Impact of Performance Management on Organisational Success substantiated that PMSs can have a significant impact on financial performance and productivity. The productivity of each and every employee influences the success of the company as a whole. However, it is difficult to quantify the worth of each employee unless a relevant Key Performance Indicator (KPI) is used which is in accordance with the goals and objectives set by the company (Alam and Kaushik. 2008). Sacht (2002) found that best practice organisations see PM as a dynamic, on-going process that helps them achieve business goals and helps individuals focus on high-payoff activities that improve performance. The study also showed that PM is used to establish and reinforce the competencies for the development of performance. It was found during a survey that new



employee training, in-house training and support for continuing education, each reduced the probability of employees being dissatisfied with the performance appraisal process (Spears and Parker, 2002). Gabris and Ihrke (2000) concluded from the results of a survey that attitudes change from before to after implementation of pmss

Indian scenario

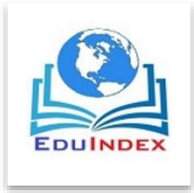
The socio-cultural context of India strongly influences its HRM policies and practices in general (Bud war and Sparrow, 1998). Indian society values strong family ties and extended family relationships, hence, there is a strong emphasis on collectivism, i.e., family and group attainments take precedence over work outcomes (Kanungo and Mendonca, 1994). Therefore, nepotism is common both at the lowest and highest levels (Sinhala, 1990) and, at times, selection, promotions and transfers are based on ascribed status, and social and political connections (Sharma, 1984). Thus, it becomes very difficult for non-family members to advance into upper management positions, particularly in private businesses. People orientation is paternalistic and consideration for social relationships and contacts overrides principles and rules (Kanungo and Jaeger, 1990). Employees' orientation is more towards personalized relationships than towards performance (Kanungo and Mellonca, 1994). Further, Indian work culture is characterized by the principle of "particularise" and "stability" (Sharma, 1984), such as life-long jobs, experience based career system and job tenure based compensation packages. Lack of objective PM practices in India has allowed Indian managers to over- and under-control employees (Lindsay and Patrick, 1997). There have been no major breakthrough in Indian potential appraisal and potential development practices; reward administration and promotion decisions are traditional~ Counselling and OD are being increasingly used but qualitative improvements are needed to feel the impact (Rao and Abraham, 1986). Need for effective performance counselling, with focus on employee skill development that will improve current performance and enhance career opportunities, has been felt (Sanyal and Alam, 2008). The prevailing absence of the mutual influence in India, especially managerial receptiveness to

Think India Journal

ISSN: 0971-1260 Vol-22, Special Issue-21

National Conference on

**Recent Advances in Commerce, Management and
Computer Science (NRCACMC-2020)** organised by
Department of Commerce, VEL TECH Ranga Sanku Arts College,
Avadi, Chennai-62
Held on 4th January 2020



employee feedback, leads to resistance to the implementation of effective PMS (Kanungo and Misra, 1988). It can be taken care of by increasing employee involvement (Amba-Rao, 2000). PM in India has been a contentious issue, yet it is fundamental to other HRM activities that involve developmental (e.g., coaching and training) and evaluative (e.g., pay and promotion) aspects (Mendonca and Kanungo, 1990). TV Rao (2008) suggested the following changes in order to improve PMS as a system : • Change from 'Appraisal' to 'Management' and focus on "Contributions and Improvement" Recognize the comprehensiveness of PMS as a system Recognize the complexities of the multi-dimensional PMS Allocate adequate time and legislate the same and if required plan it into the company calendar Take HR managers out of PMS, decentralize and shift PMS to Performance Managers developed from line jobs Make PMS a part of the budgeting process and integrate with other systems of the company Create a new Index- "Performance Index"-for each employee and make it quarterly and annual Use technology to support the work Implement PMS rigorously and give it the seriousness it deserves.

Modern Trends

Since PMSs involve in minimum amount of paperwork, writing and exchange of documents. In fact, evaluations of automated PMSs, which applicable due to the boom of information technology in current scenario. So the development shows the costiveness in workmen's who are in high level commandants and middle level employees. It automatically decrease employee workload and ensures widespread access to PMS tools and provides a standardized, structured approach to collecting and storing performance data (Candela, 2005).

Conclusion

The main objective of this study was to investigate challenges of PMS. The author used qualitative, explanatory approach and collected data through focus groups, key informants and analysis of existing documents through various sources. This objective could only be achieved by answering the four research questions posed in relation to the research problem. According to

Think India Journal

ISSN: 0971-1260 Vol-22, Special Issue-21

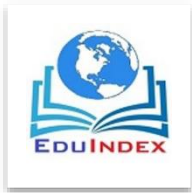
National Conference on

Recent Advances in Commerce, Management and Computer Science (NRCACMC-2020) organised by

Department of Commerce, VEL TECH Ranga Sanku Arts College,

Avadi, Chennai-62

Held on 4th January 2020



the researcher, this was realised up to some limited extent. It is recommended that a more comprehensive exploratory study should be undertaken on a wide scale but in narrow approach for developing a more comprehensive research study that will allow for generalisation of the research findings. It would appear that the major hindrance regarding successful implementation of PMS was failure from the management to start with change management, communication and training of employees about the whole process. This could have ensured buy-in from the employees. Beside all the challenges raised and the negative perceptions alluded to by members of the certain focus groups, there is a general consensus from all those interviewed that it is possible to ensure that the system is successfully implemented if what has been raised as concerns and suggested as solutions can be addressed by the management. PMS is an important tool for not only measuring but also it managing the performance of individual employee as well as the teamwork building. An organization which is aiming at improving its performance cannot ignore the performance of the individuals and the teams. PMS should be designed keeping in mind all the hurdles that may come in its way during the implementation. A strong bond and cooperation by all the stakeholders will definitely contribute to the success of the PMS and thus contribute to the success of the organization and also to the global economy enrichment.

Reference

1. <http://www.managementparadise.com>
2. <http://www.businessworld.in>
3. <http://www.outlookindia.com>
4. <https://www.entrepreneur.com>
5. <http://www.encyclopedia.com>
6. <http://www.business-standard.com>