

Performance Management - A Pivotal Part of Human Resource Management

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Abstract

Performance is an important variable associated with individual employees which differentiates them from one another. 'Performance' of an individual is very flexible variable which can be adjusted and improved through training and development. It is essential to evaluate the performance of the employees to motivate, train and develop them and so the organization. It is crucial because skills become absolute and obsolescence is an indication of less or unproductive organizations. Hence performance management is indispensable tool of HR and maintained in each organization. Performance management includes measure performance, evaluation and review, appraising performance, giving feedback. Giving feedback to the employees is a sensitive thing as it shows impact on employee morale.

The feedback may be positive or negative which shows the performance suitability of employees to their respective jobs.

The key performance areas vary from job to job. These KPAs can be found by using indicators, i.e key performance indicators KPIs. The significance of identifying KPAs in the jobs of the employees leads to the designing of the performance appraisal formats and templates for a particular organization. This is continuously tailor-made supported the requirements of the organization and their nature. The significance of KPAs in the appraisal forms of software organizations were observed in the present study. This includes the appraisal templates of few software firms and also the methodology they follow to offer the appraisal. The present paper focuses on the performance evaluation in software industry and the significance of identifying KPAs in relevance to their job tasks/work by taking three companies TCS, CTS, Wells Fargo to debate the performance management in them. This paper also throws light on some important components of performance management that contribute to the development of performance of an individual employee. This paper also provides information for further researches in this regard.

Keywords: *performance management, performance appraisal, performance analysis, key performance areas, key performance indicators.*

Introduction:

HRM is a crucial functional area in any organization because it deals with human resources are called as assets of the organizations. Every organization are going to be trying to find the most effective performance of those assets for the event. HR may be trained, motivated, evaluated and rated according to their performance levels.

Hence 'performance' is a factor which identifies the next planning and decision making.

People contribute additional to their organizations with their leadership and skill like TCS, CTS, Wells Fargo etc by the virtue of their performance in numerous levels. Hence the performance Management is extremely organized in such corporations. Companies are coming up with several methods of appraisal systems based on their need and suitability. For the whole performance management system, it is very the key performance areas and key performance indicators are the most important aspects because these are the two which identifies the performance to be evaluated and measured. Hence for any job, key performance areas are to be identified and measured by using key performance indicators. It

is nothing but evaluating performance by developing a proper performance template or performance evaluation form. For evaluating the performance the templates are developed for the companies even by the software available for example isuccess, icount, performance next etc. whatever the method followed either it may be traditional or modern, first the key performance areas to be identified and then measured by any method that is flexible for the organization.

KEY PERFORMANCE AREAS AND KEY PERFORMANCE INDICATORS:**KPA's:**

Key performance areas are defined as the primary responsibilities or the core areas in which all the employees are accountable.

Generally, these KPA's originate from organization's mission and represent the specific areas where the organization expects results.

KPI's :

Key performance indicators are defined as the unit of measure used to assess whether or not the key performance areas have been achieved.

KPI's clarify how performance will be judged against each KPA. They provide framework for generating targets and are the core of all performance management systems.

NEED FOR THE STUDY:

The present study is needed to understand the concept of KPA's and KPI's in the performance management system in the IT sector by taking few examples. This paper also studies about the performance appraisal forms and the different parametres in them. This study is needed to identify the role of KPA's and finding them using KPI's before making any performance evaluation form or a template for the company based on its need.

OBJECTIVES:

1. To verify the performance Management System of few IT companies
2. To observe the importance of KPA's and KPI's in the performance evaluation.
3. To give a conclusion about the performance management system in the IT sector.

RESEARCH QUESTIONS:

1. Discuss the Performance Management System of few IT companies.
2. What is the importance of KPA's and KPI's in the performance evaluation?
3. What is the conclusion that can be given about the performance management system in the IT sector?

REVIEW OF LITERATURE:

KAKUL AGHA, in his “**Key performance indicators (KPI’s): A, concluded successful tool for Performance Management in the education industry in the Sultanate of Oman, 2007** that

The importance of KPI’s to measure the effectiveness and efficiency of the members of the organization can be understood which in turn directly contribute to the Performance Management System. KPI’s are important for the analysis of performance and they help in judging not only individuals but also departments’ leadership as well as the performance of the overall organization. They also help as catalyst for change in the organizations.

According to **ADITYA GAUTAM**, in his research “**Performance Management System: A strategic tool for Human Resource Management “**, 2014

It can be said that the Performance Management System is the vital key in Human Resource Management (HRM). In other words, PMS is a crucial business driver that helps to achieve business result. An efficient PMS will boost the companies to maximize the employee performance. An effective system ought to be specified it will encourage the organizational climate of trust, autonomy, collaboration, communication and teamwork etc. it's necessary for a company to own such system that not solely determine and recognize the top performers rather help the employees and organization to achieve sustainable growth. Most of the modern day organizations identify this need and are spending an enormous quantity of cash to develop and implement an efficient Performance Management System still a huge amount of variation can still be noticed in the employees’ performance. In order to gain the competitive advantage, the organization’s performance management system should be designed in such a way that it can connect the employees’ performance expectations to that of the organization’s goals. While terminal, it can be summarized that the performance management system is not only a mean of knowing that if the employee’s’ behaviour is consistent, but also an important and strategic structure tool to link the worker activities with the goals of the organization.

According **D.B. BAGUL**, in his “**A research paper on Employee Performance Management System” -2012.**

Performance appraisal program would be designed in such how that the appraiser would be ready to analyze the contribution of the worker to the organization timely and every one the employees who are performing well would be rewarded appropriately either by a rise within the earnings or a promotion. Through this the appraiser may also encourage workers the staff} who felt that that they had no growth within the organization and serves the aim of employee development. Thus performance appraisals are often used as a major tool.

According **Mukesh Kumar, 2017** in his **Research Paper on “Employee’s Performance Appraisal System and its Implication for Individual and Organizational Growth”** coOrganizations should face realities that performance appraisal is incomplete unless the appraise is told what his strengths are and weaknesses, his performance cannot improve in the subsequent future, which obviously defeats the very objective of periodic appraisals. Such a process of discussion with the subordinates focusing on the entire performance (tasks and

behaviour) during the particular period is called performance appraisal counseling included that It is also vital for organizations to have a periodic reviews or audits of all personnel policies, programme and procedures; compensation, recruitment and staffing, job analysis, job evaluation, grievance process and communication channels etc. It has to be remembered that performance appraisal could be a means that not an end. And as means that human resource development would be higher of if performance appraisal is genuinely conducted.

METHODOLOGY:

Secondary data about the performance management system in three IT companies, Infosys, Wipro and Accenture was collected and studied. Sample appraisal forms of performance were presented to show the KPA's and KPI's and their importance in measuring and evaluating employee performance.

PERFORMANCE MANAGEMENT IN FEW IT COMPANIES:

PERFORMANCE MANAGEMENT IN INFOSYS:

The performance assesment is done bi-annual at Infosys. The performance system at Infosys is called 'Performagic' which is completely online. The individual performance with peer group is calculated. The consolidated rating for the performance is given from 1+ to 4. 1+ is star performer and 4 is for under performers.

Steps followed by Performagic tool:

1. Self appraisal by the appraise
2. Review by the team leader ie appraiser
3. Final review by project manager. Reviewer

It's completely online process.

PERFORMANCE MANAGEMENT IN WIPRO:

360 degree feedback is followed by Wipro .

PMS fact sheet

Table 1: showing phases of PMS in company

Phases of PMS	Performance Appraisal Year	Objective Setting	Performance Review Period	Training & Development	Salary Review
WIPRO	1 st Jan- 31 st Dec	Existing employees: Jan-Feb New Joinees: Within 30 days of joining	April – March	Training calendar is released at the end of performance appraisal period	By Jan

Table 2: showing a few parameters of PMS

Parameters	WIPRO
Identification of KRAs	G & O setting (Jan – Feb)
No. of meetings	Min. one
Tools used for reducing biasness	Normalization
Part of PMS	Career management, T & D
Assessment of T & D needs	SLDP
Rating scales	GP rating
Succession Planning	By the suggestion of managers
Strategy linkage	Retention strategy, T & D
percentage promotions	10%

PERFORMANCE MANAGEMENT AT ACCENTURE:

Accenture appraisal is also done twice a year. It applies My performance tool to evaluate performance in online.

Sample appraisal forms of performance in IT industry:

Performance Appraisal Form

Reviewing Date: _____
 Employee Name: _____
 Employee ID #: _____
 Position: _____
 Current Salary: _____
 Date of Next Review: _____

Performance Category	Scores	Remarks
Ability at the position		
Attendance		
Leadership Ability		
Ability to meet deadlines		
Organizational Skills		
Quality of Work		
Team Work Ability		
Team Player Abilities		

Future Goals Discussed: _____

Supervisor / Appraiser Comments: _____

Employee Comments: _____

Supervisor/ Appraiser Signatures: _____

Employee Signatures: _____

GENERAL PERFORMANCE EVALUATION FORM

Employee: _____ **Driver Number:** _____

Job Title: _____ **Date of Last Evaluation:** _____

Evaluation:

EVALUATION FACTORS		S	A	NI
Dedication	Reports to work on time.			
	Uses time constructively.			
Performance	Good working knowledge of job assignment.			
	Organizes and performs work in a timely, professional manner.			
Cooperation	Willingly accepts work assignments.			
	Willingly accepts changes in assignments not directly related to job.			
Initiative	Performs assigned duties with little or no supervision.			
	Performs assigned duties with little or no supervision, even under pressure.			
	Strives to meet deadlines.			
Communication	Communicates clearly and intelligently in person and during telephone contacts.			
Teamwork	Works well with fellow employees without friction.			
Character	Accepts constructive criticism without unfavorable responses.			
Responsiveness	Handles stressful situations with tact.			
Personality	Demonstrates a pleasant, calm personality when dealing with customers and fellow employees.			
Appearance	Well groomed. Clean. Neat.			
	Dresses appropriately for work.			
Work Habits	Maintains neat and orderly workstation.			
	Maintains neat and orderly paperwork.			

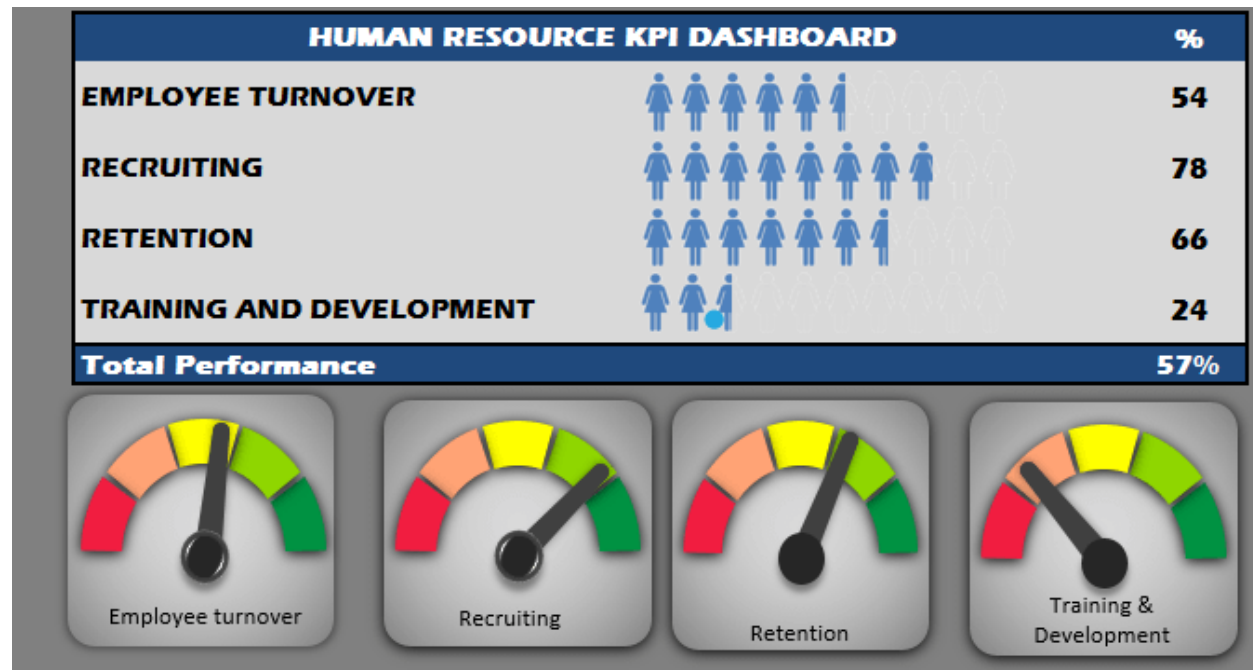
LEGEND: S = Satisfactory A = Adequate NI = Needs Improvement

Comments and Recommendations: _____

This performance evaluation has been reviewed with me, and I understand that I may attach my comments, if desired.

Employee Signature: _____ **Date:** _____

Evaluation Performed by: _____ **Date:** _____



The KPI's should be selected SMART ie. Specific, Measurable, Achievable, Relevant, Time-bound. Key performance indicators should always align with the structure success factors and additionally its vision and strategy. KPI's should cascade down in the organization as shown under.



SCOPE OF THE STUDY:

This study covers KPI's and KPA's and their importance in evaluating performance of the employees and also in developing an appraisal form or a template for a particular position.

LIMITATIONS OF THE STUDY:

The information is collected from the corporate websites regarding the various IT firms. This study won't cover the performance appraisal strategies. As the appraisal forms of the companies are confidential, the data that is available only collected through internet. It can provide general information about appraisal forms which can be used for further researches.

Conclusion

Performance Management have a great role to play in any organization because growth of any organization depends on the performance of its human resources. It is like a control function of the organization but at the same time it motivates the people by giving promotions and rewards. The performance Management focuses much on measuring, developing, rewarding and giving feedback to the performance of its human resources. All the process begins with 'measuring' performance because the performance is needed to be measured even to establish standards to compare. Any technique of appraisal and reviews for analysis square measure supported the quantitative and qualitative measures of varied areas of performance.

These areas, the key performance space units (KPA'S) area unit needed to possess metrics to work out informed or reward.

These metrics are known as KPI's, key performance indicators. These are to be selected carefully based on the job tasks, especially they vary a lot in the software industry. Developing KPI's to develop a good appraisal form to evaluate employee performance is crucial. As IT sector is most vulnerable due to the changes in the economy and need of up to date adoption of technology and human skills, the impact of appraisal feed back will be more in the IT sector when compared to other sectors. Hence a sample of such templates were also observed in this research.

References:

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