

Performance Management System

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Abstract:- Performance management is an integrated process of performance planning, performance appraisal, performance feedback, performance counseling or consolidates goal setting, performance appraisal into a single common system. It also enhances the career growth and development planning. The aim of such a system is to ensure that employee's performance is supporting the company's strategic aim. It should be linked with the organizations' goals and objective. Also, employees need regular feedback and timely appraisal on their performance and specific improvement area on which they can work upon and rectify it. Once that improvement area is identified employees can have clear picture of the skill set which they need to acquire to progress in their career. Rewards and recognition are the ways to boost the morale of the employees. It satisfies the fundamental need for praise and reinforces the accurate behaviors, culture, social engagement. Therefore, it is beneficial for retention and engagement. It provides the clarity also because sometimes employees are unsure of what exactly their role entails, what is expected of them, and who they are to report to. Their key area is not clearly defined to them. With the help of performance management company can make all of this very clear.

Keywords:- Performance Management, Appraisal, Compensation, 360-Degree Feedback, Counseling, Development Planning.

I. INTRODUCTION

Franco-Santos et al. (2018), gave a study on Reviewing and theorizing the unintended consequences of performance management systems. This paper presents a mixed review of the literature on the unintended consequences of performance management systems. It also develops a typology to explain how and why they take place. This study focused on explaining which performance management systems involving performance coming up with planning, measures, targets, incentives and other means of control. Alpena Agarwal (2020), gave a study on Investigating the design targets for having effective performance management system with the assistance of QFD. This paper ensure worker feedback on all aspects and ensure that the individual act on the information which they received. Also, it guarantee that accessibility of essential conditions is to be performed. Soewarno et al. (2020), gave a study on Mediating impact on strategy on competitive pressure, stakeholder pressure and strategic performance management (SPM). This paper ensure First, whether the strategy is linking the relationship between competitive

pressure and SPM. Second, whether the strategy linking the link between neutral pressure and SPM. Schleicher et al. (2019), gave a study on Evaluating the Effectiveness of Performance Management: A 30-Year Integrative abstract Review. This paper is focusing on the critical need of performance management. there are some necessary unanswered questions on the effectiveness of PM that actually affecting both research and practice as well. Manville et al. (2020), gave a study on Performance Management in hybrid organization: A study in social housing. This paper is focusing on the overarching research question that is what role does performance management play in the transition to a competitive hybridised social housing sector? Flapper et al. (1996), gave a study on Towards consistent performance management system. This paper is aiming on presenting a concrete method for constructing a consistent set of performance indicators forming the idea of a consistent performance management system where explicit attention is paid to the relations between PIs. Lebas (1995), gave a study on Performance measurement and performance management. The first section of the paper address the issue of why and what to measure in the pms, therefore defining the term of performance however second section review how the accounting model, the dominant model of economic performance measurement is evolving from a retrospective viewpoint of performance management. Bdareen (2020), gave a study on The Impact of the Administrative Empowerment on the Employees Performance Management Process. The study aimed to introspect the impact of the administrative empowerment on the worker performance. To achieve the objectives of the study, the researcher prepared a questionnaire that was shared with all employees in three managerial levels (high, middle, and low) total of 56 male and female employees. Bouloiz (2020), gave a study on Sustainable performance management using resilience engineering. The study focusing on the consistent improvement of the organisation performance however many other disturbances still occurring in their way because of various random failures. Ormilla (2021), gave a study on The Implementation of Results-Based Performance Management System. The study focused on identifying the implementation of Results-Based PMS (RPMS) in the public elementary schools in the Schools Division of Ifugao. The Stufflebeam named Input and Process model was used to determine the implementation of RPMS.

Research gap

Is Strategic Performance Management System (SPMS) is required to align with the Results-Based Performance Management System (RPMS) to run the organization more effectively?

Does Performance Management system of the organization is to be aligned with human resource management and reward system of the organization?
 organisation adopting some new ways to improve the performance management in the organisation?

Research objective

Therefore the purpose of this study is to make the pms more effective in organisation by adopting new technologies and thinking about more strategies .Aligning the PMS with the HRM and reward strategy is the way to engaged the employees. Some new ways are to be find to improve the performance management by analyzing the annual appraisal system in the organization/also link them with the organisations’ objectives. PMS helps individuals through consistent improvement of individual performance as well as the organization .Also helps employee to advancing the career growth to grow up in the organisation .By using tools like kpis in different kra we can evaluate the candidate performance ultimately it will help employees to see where they are lacking. Thus PMS is needed to be improved more by adopting new trends to attain the productivity.

Hypothesis of the Research

- H0: Performance Management System does not have any impact on reward and compensation system.
- H1: Performance Management System have high impact on reward and compensation system.
- H2: Performance assessment does not helps in advancing the career of the employee and in improving the employee engagement.
- H3: Performance assessment helps in advancing the career of the employee and in improving the employee engagement
- H4: Continuous performance management is not improving the productivity of the organization.

H5: Continuous performance management is improving the productivity of the organization.

II. RESEARCH METHODOLOGY

A quantitative research design was used in this study. Primary data collection method was used for collecting data It is a type of data which is collected directly from main sources through surveys, experiments and interviews etc. In this study, questionnaire method was used. Group of questions were being asked and sent to respondents. Online survey carried out here using internet and the questionnaire was created by google form. As it is the cheaper method also free from bias. Respondents have adequate time to give responses.

This survey questions covering all the aspects of the study which is required in this research. The questionnaire consisted of following: which type of performance appraisal method is used in your organization, linking PMS to compensation and reward strategy is a good way to motivate the employee, why your organization conduct PMS etc.

The sample size of this survey is 15. The data gathered from the different industries’ employees and HR. Target population was the people working in any industry for instance automobile, education, ecommerce, fmcg, IT, etc. but should be 18 year above. Respondents were priority informed on the nature and goal of the study and assuring that their identity will be kept confidential. Confidentiality of the data was kept. Those results will be used for academic purpose only. During the conduct of study no respondents were harmed or abused, physically or psychologically.

III. DATA ANALYSIS & INTERPRETATION

Descriptive statistics					
var X		var Y		var Z	
Mean	4.333333	Mean	8	Mean	23.33333
Standard Error	0.210819	Standard Error	0.654654	Standard Error	1.593638
Median	5	Median	10	Median	20
Mode	5	Mode	10	Mode	20
Standard Deviation	0.816497	Standard Deviation	2.535463	Standard Deviation	6.172134
Sample Variance	0.666667	Sample Variance	6.428571	Sample Variance	38.09524
Kurtosis	-1.02198	Kurtosis	-2.09402	Kurtosis	-0.40385
Skewness	-0.74023	Skewness	-0.45508	Skewness	-0.31157
Range	2	Range	5	Range	20
Minimum	3	Minimum	5	Minimum	10
Maximum	5	Maximum	10	Maximum	30
Sum	65	Sum	120	Sum	350
Count	15	Count	15	Count	15

Table 1:- Descriptive Statistics

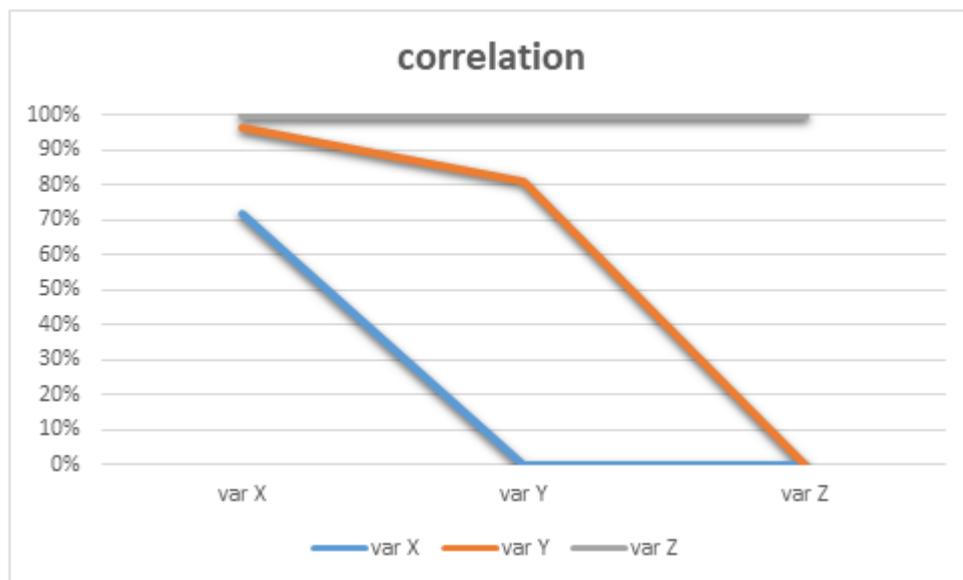
This table 1 is representing the descriptive statistics summary of the data which has been derived by using data analysis tool in excel. here in this table I picked up the responses of three questions and scaled them in order to find out the descriptive summary. Var X representing the question How valuable are PMS at your organization ,in this respondents have given responses between 1 to 5. Var Y representing the question- what are your thoughts on employee self appraisal, here respondents answers were not

in numeric form so I have scaled it as 10,20,30 , Highly beneficial is denoted as 30,at some extent it is beneficial is denoted as 20,not beneficial at all denoted as 10.Var Z representing the question- linking PMS to rewards and compensation is good way to motivate the employees, in this I modified the responses in numeric form like strongly agree as 10, agree 5 .Mean is 4.333 ,Mode 5,Median 5 for Var X and 8,10,10 for Var Y respectively and 23.3333,20,20 for Var Z respectively. Descriptive statistics

correlation			
	var X	var Y	var Z
var X	1		
var Y	0.345033	1	
var Z	0.047246	0.228217732	1

Table 2: -Correlation Analysis

This table 2 is representing the correlation analysis of the 3 variable x,y and z .correlation among var x and y is 0.345033, among var y and z is 0.228217732,among var z and x is 0.47246.This analysis helps us to to determine whether it is possible here for the value of one to predict the potential value for the other one.



Above graph is representing the correlation of all the three variables on line chart.

Regression Statistics	
Multiple R	0.34503278
R Square	0.119047619
Adjusted R Square	0.051282051
Standard Error	0.795285252
Observations	15

Table 3: Representation of Regression Analysis

This table 3 of regression statistics is predicting the output for the regression analysis of the two variable i.e. var x and y. Here in this table the value named as R –Square is the actual coefficient of determination. Here R-Square is 0.119047619 means 11.9%. higher the coefficient of determination better is the model. Our is considered as good because it is above 0.8.

ANOVA								
	df	SS	MS	F	Significance F			
Regression	1	1.111111111	1.111111111	1.756756757	0.207851771			
Residual	13	8.222222222	0.632478632					
Total	14	9.333333333						
	Coefficient	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	3.444444444	0.701375666	4.910983671	0.00028448	1.92921444	4.95967445	1.92921444	4.95967445
var Y	0.111111111	0.083830426	1.325427009	0.20785177	-0.0699935	0.29221574	-0.0699935	0.29221573

Table 4: - Anova

In table 4 ANOVA ,3.4444 ratio showing how the value of x, if all the variables of the model would be equal to 0.the value of the analyzed parameter is influenced by the other factors which are not has been written in the model.0.11111 ratio predicting the weight of variable y to x .the -ve sign indicates the negative effect.

RESIDUAL OUTPUT		
Observation	Predicted var X	Residuals
1	4.555555556	-1.555555556
2	4	-1
3	4.555555556	-0.555555556
4	4	-1
5	4.555555556	0.444444444
6	4	1
7	4.555555556	0.444444444
8	4	1
9	4.555555556	0.444444444
10	4.555555556	0.444444444
11	4.555555556	-0.555555556
12	4.555555556	0.444444444
13	4	0
14	4	0
15	4.555555556	0.444444444

Table 5: -Residual Output

Residual are the differences between the one step predicted output from model and measured output from the validated data set. It represents the part of validated data. Note that which is explained via model.

which type of performance appraisal method is used in your organisation?

15 responses



Figure 1: - Horizontal Histogram representing the different different appraisal method

In figure 1, horizontal bar graph is indicating that maximum of the organization is following checklist scale method and graphical rating scale method for appraising their employees. 53.3% of the organization use checklist scale method and 46.7% use graphical rating scale. Some use two to three methods, it is not compulsory to use only one method. Appraisal plays a vital role in the performance management system of the organization. It is something which actually helps the employee to understand their performance.

does your organisation use 360 degree feedback appraisal method if no then why so?

15 responses

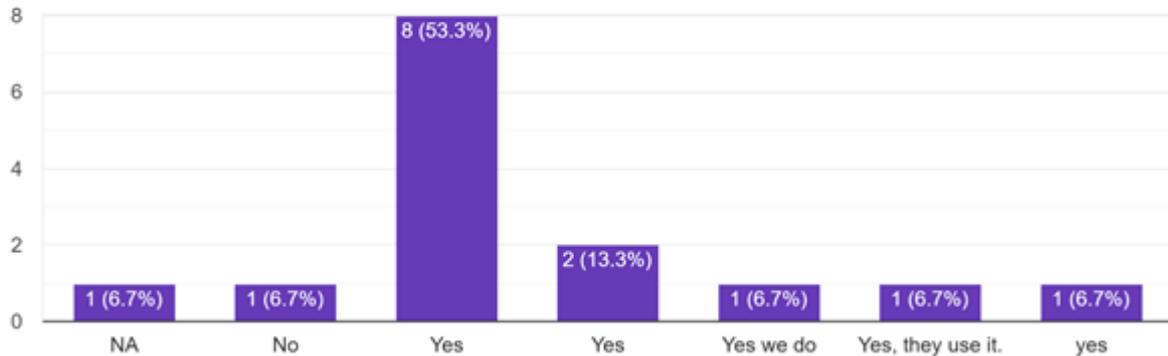


Fig 2: - Responses showing who all use 360-degree feedback method or not

In figure 2, as we all know about 260-degree feedback,360-degree feedback is the appraisal method which some organization use for appraisal. It is method in which employees does not get feedback only from the manager rather get from their peers, subordinates, manager, supervisor, top management and itself does. It is very useful method; employee gets an insight what exactly his performance in hierarchy. As per my survey 53.3% organization use this method and other two which has 6.7%, they don't use it at all. It is helpful in IT sector mostly.

linking PMS to rewards and compensation is good way to motivate the employees?

15 responses

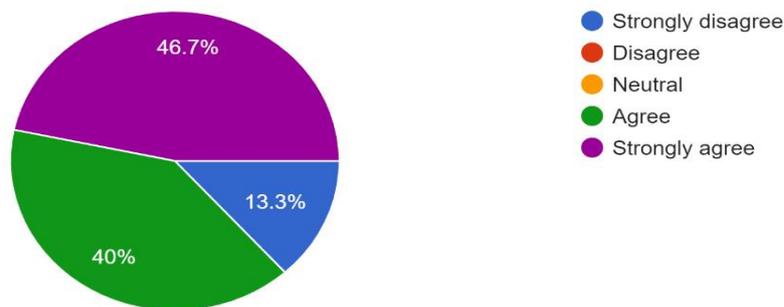


Fig 3 : - Pie chart showing responses of respondents who all are agree or disagree with the statement

Here figure 3 is depicting , survey 46.7% people strongly agree with this statement.40% thinks that yes it is useful somehow.only 13.3% people strongly disagree with this Organisation now finding very important to link their pms strategy with the compensation and reward.It includes monetary benefits like incentives ,bonuses and performance based bonus.rewards are given to employees when they attain some targets.Also,It includes non monetary benefits also like vouchers,vacation off,one day off etc.It actually motivates the employees .

does your organisation linking the PMS to training & development ?

15 responses

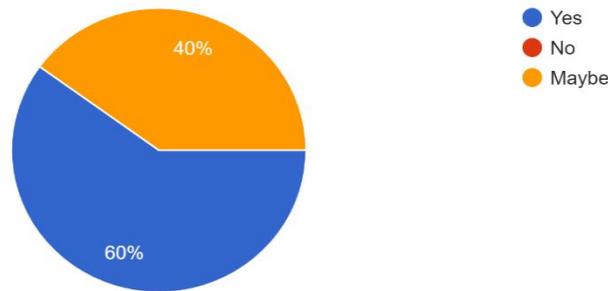


Fig 4:- Pie chart showing in how many organization T & D link to PMS

As figure 4 depicting the result for T&D, Training & development plays a vital role in enhancing the performance and prepare them for their future growth. As per survey 60% people finds that yes linking pms with T&D actually the great strategy which organization are nowadays adopting.40% people still confuse it should be linked or not.

what are your thoughts on employee self appraisal?

15 responses

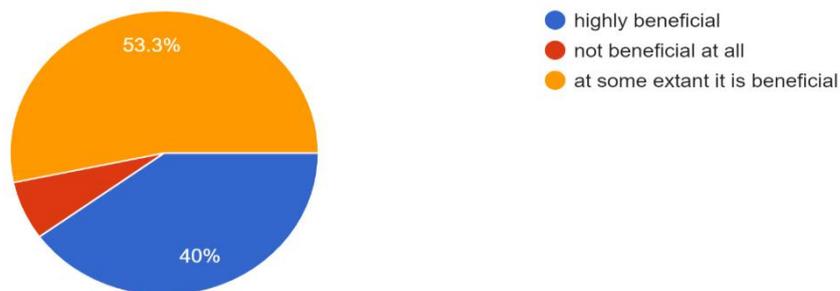


Fig 5: - Representaion of thoughts of employees

As per this figure 5, we can interpret that 53.3 % people find it at some extent beneficial. Self Assesment is necessary to understand the inner strength and core values ,also helps to find where we actually lacking.40% are those who really finds it highly beneficial .Actually make them know what is the area of improvement ,accordingly they can work on that.

How valuable are PMS at your organisation?

15 responses

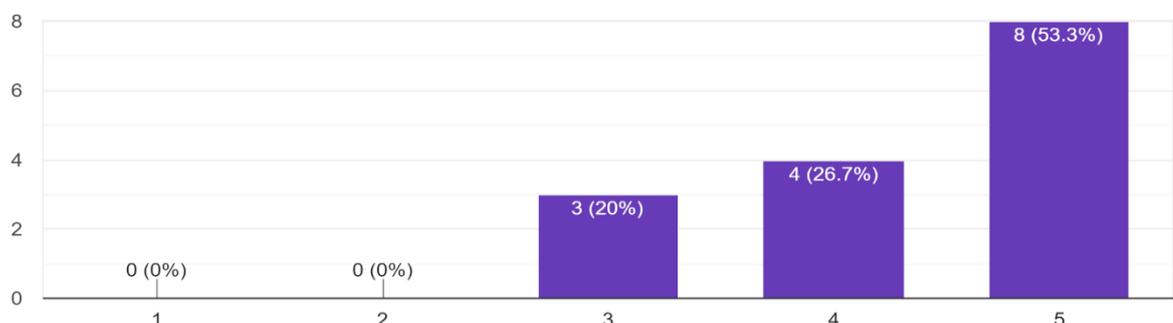


Fig 6: - Vertical bar graph depicting how valuable the PMS in different organization

In figure 6, it is found that 53.3% people really find PMS valuable at the workplace. 26.7% find that yes it is useful but not at that extent, 20% think it is so-so at their workplace. It really needs to be more valuable. PMS is the system which actually evaluates the employee journey from the day of his joining to ending. It encourages them to involve more, provides them the autonomy to set their targets and attain them.

how frequently you give appraisal to your employees?
15 responses

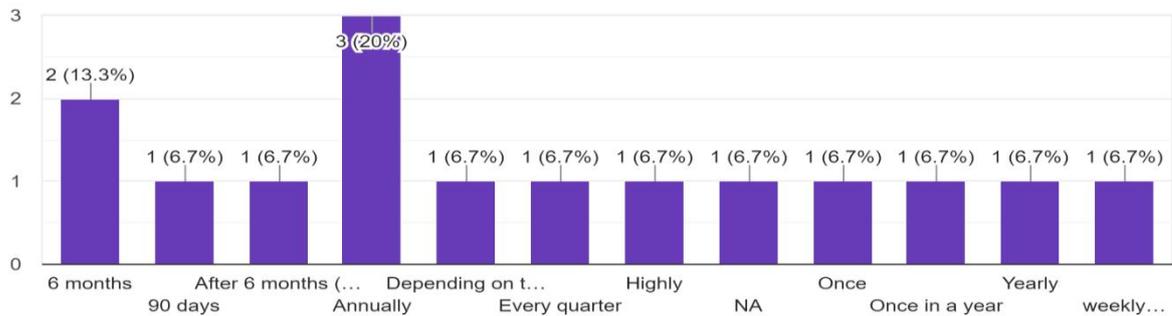


Fig 7: - Responses showing how frequently appraisal is given to employees

As per this figure 7, we can easily interpret that only 20% of people get annual appraisal and 13.3% get it in 6 months. Others think it should be once in a year or after 3 months or it can be weekly. So, it varies organization to organization. People have different perceptions.

do you conduct Performance Improvement Plan for low performer?
15 responses

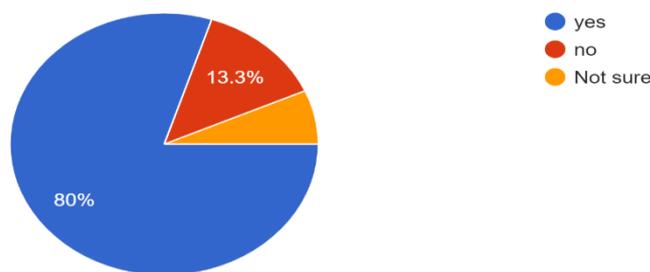


Fig 8: - How many organizations conduct PIP

In this figure 8, data is about PIP, it is known as performance improvement plan. Rare are the organizations who do not conduct this; otherwise, most of the organizations conduct it for those who need improvement, who are low performers. Then they put them under PIP, which usually comprises of 90 days. 80% conduct this, 13.3% do not conduct it. It varies industry to industry.

are you planning to make some changes in your performance management system in next 8-12 months?
15 responses

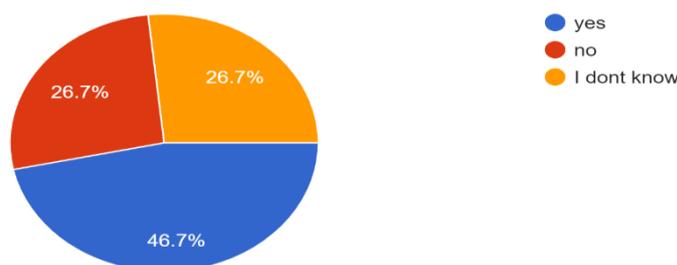


Fig 9: - No. of organizations want to make changes in their PMS

From figure 9, we can easily interpret that 46.7% organisation really thinking that it should be changed in next 8-12 months. with the changes in technology and market structure pms should be changed, so it should be flexible in nature. 26.7% thinks they don't need to change their strategy. 26.7% are still confuse whether they should change or not.

in which situation you find yourself uncomfortable when appraising
15 responses

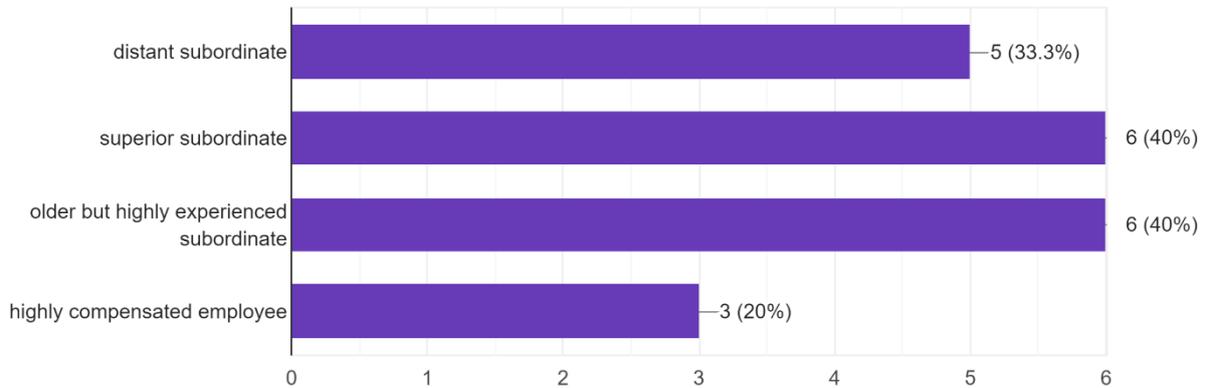


Fig 10: -Representing in which situation employees find themselves uncomfortable while appraising

According to the figure 10, When manager conducts the appraisal 33.3% find difficulty in conducting the appraisal for those who are distant subordinates. 40% thinks it is difficult for those who are the superior subordinates, other 40% thinks same for older people but highly experienced. only 20% thinks difficult for highly compensated ones.

why your organisation conducting performance management system?
15 responses

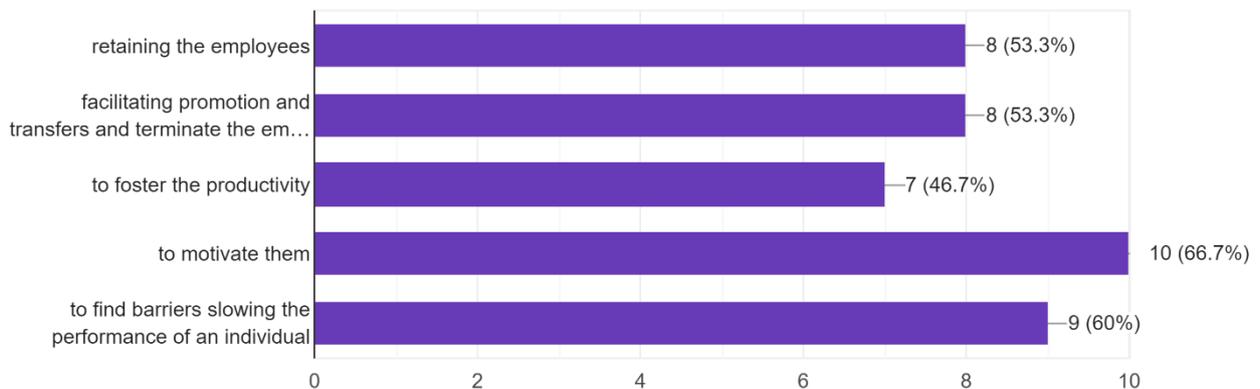


Fig 11: - Responses showing for what reason they conduct PMS

This figure 11, horizontal bar graph is interpreting that 66.7% people conduct pms to motivate the employees. 60% conducts to find the barriers slowing the performance of the employees, so that they can eliminate it. 53.3% conducts to retain them and other 53.3% to facilitates performance and terminate them, only 46.7% use this to foster the productivity. Organization use them for multi purposes as per their needs.

IV. CONCLUSION

As the pms is crucial part of the organization. According to the data analysis and interpretation I can say that organization finding linking compensation to pms quite impactful. It is the thing which really motivates the employees and make them engaged. so I am accepting hypothesis H1 pms have high impact on reward and compensation. As per the respondents answers I found that yes pms is helps in advancing the career i.e. promotions & make them engaged. Hypothesis H3 is accepted based on these responses. Hypothesis H5 is rejected because

respondents does not feel that pms improve the productivity of the organization.

LIMITATIONS

The empirical results reported herein should be considered in the light of some limitations. Due to the pandemic situation I could not conduct other secondary method of data collection. I have used a online survey method for data collection. Due to the limited access I faced a problem to collect responses from a large sample. This led difficulty in identifying the significant relationships from the data. In order to conclude a valid result, it is important to have sufficient sample size but it was little hard for me at this point of pandemic to collect responses from a large sample size. Normally statistical tests need a larger sample size but I had small sample size because of this I could not perform all statistical operations and testing.

FUTURE SCOPE

As this research was totally about the pms. Organizations can use this study to evaluate and rectify their performance system. Questions given in surveys those can be included in the performance system of organizations to make it more impactful and useful for the employees. Organizations find pms very useful in all aspects. There is no doubt in it that they are changing and growing from traditional ways to modern ways. Innovative strategies and ways adopted by the organization to make it more impactful. Also, it is very difficult to keep an eye over the performance of each and every employee. By using software's, tools and kpis organizations can easily evaluate the performance and make a record of it.so by keep adopting new trends and by using new technology pms can be more stronger and beneficial for the organization. I have contributed to the state-of-art of literature of performance management system that can be used by other researchers

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APPENDIX

Survey on Performance Management System

I am Preeti pursuing MBA Strategic HR from Chandigarh University. I am writing research paper on Performance Management System. I am collecting data through these questionnaires so that I can easily analyses it and use it in my further study.

* Required

1. Name *

2. Email id *

3. organization Name *

4. industry type *

5. why your organization conducting performance management system? *

Check all that apply.

- retaining the employees
- facilitating promotion and transfers and terminate the employeesto foster the
- productivity
- to motivate them
- to find barriers slowing the performance of an individual

6. Which type of performance appraisal method is used in your organization? *

Check all that apply.

- critical incident graphing
- rating scalechecklist scale
- essay rating
- MBO
- ranking

7. does your organisation use 360 degree feedback appraisal method if no then whyso? *

8. linking PMS to rewards and compensation is good way to motivate the employees? *

Mark only one oval.

- Strongly disagreeDisagree
- NeutralAgree
- Strongly agree

9. does your organization linking the PMS to training & development? *

Mark only one oval.

- Yes,
- No Maybe

10. How valuable are PMS at your organization? *

Mark only one oval.

1 2 3 4 5

11. how frequently you give appraisal to your employees? *

12. do you conduct Performance Improvement Plan for low performer? *

Mark only one oval.

- yes
- no
- Other: _____

13. are you planning to make some changes in your performance management system in next 8-12 months? *

Mark only one oval.

- yes
- no
- I don't know

14. 14. what are your thoughts on employee self-appraisal? *

Mark only one oval.

- Highly beneficial
- not beneficial at all
- at some extent it is beneficial

15. In which situation you find yourself uncomfortable when appraising *

Check all that apply.

- Distant subordinate
- superior subordinate
- older but highly experienced subordinate
- highly compensated employee
- Other: _____