



Making Performance Management System Effective

Dr. Sathyapriya.J

Assistant Professor, MBA Department, Periyar Maniammai University, Thanjavur

Dr. Deepa Ittimani
Tholath

Assistant Professor, Loyala Institute of Business Administration, Chennai

ABSTRACT

Performance management is one of the most researched areas in the domain of human resource management. It is critical in terms of affecting the organizational performance on one side and employees' motivation on the other. Present conceptual article aims at discussing the factors which can make the performance management work for the organization and produce the intended results. The factors discussed are based on literature review and experts opinion and may be subjected to validation in further research.

KEYWORDS : Performance Management System, Effectiveness.

INTRODUCTION

Performance management is a comprehensive process of identifying, encouraging, motivating and rewarding the employees' performance (Mathis and Jackson, 2007). It essentially includes whatever is done to improve the performance of employees. The researcher has identified factors of effectiveness of performance management. These factors are mainly related to five aspects of performance management system (PMS) including organizational factors, characteristics of PMS, factors related to design of appraisal tool, factors related to processes of PMS and the factors related to use of appraisal results. A comprehensive literature survey was conducted to identify these factors. Following sections discuss these factors along with the considerations to make all these factors work to make the organizational performance management effective.

FACTORS OF EFFECTIVENESS OF PMS

Category wise factors of effectiveness of PMS are as discussed below:

a. ORGANIZATIONAL FACTORS

- Effective leadership
- Management's commitment and support for PMS
- Existence of performance oriented culture
- Involvement of stake holders in PMS
- Adequately trained and prepared evaluators

b. FACTORS RELATED TO CHARACTERISTICS OF PMS

- PMS being consistent with the strategic mission of the organization
- Clarity of PMS objectives
- Cost effective and less time consuming PMS

OBJECTIVITY OF PMS

A biased appraisal may result into employees' dissatisfaction which in turn may result into grievances. So it is very important that the ratings are objective. The ratings may be biased due to either favoritism by the raters or their inadequate training. Taking care of these aspects can increase the objectivity of appraisals.

PMS BEING A CONTINUOUS PROCESS

In spite of volumes of literature and practical experience about the performance management advocating frequent appraisals, majority of the organizations even today have annual appraisals. It has two fold problem; one, it does not provide any opportunity for mid course correction in performance and relooking at the objectives and two, it is not possible to remember the unrecorded performance if any till the end of year.

PMS PROVIDING EQUAL OPPORTUNITY FOR ALL

The performance management system of the organization should ensure equal opportunity to all the employees in terms of availability of resources and working conditions. There should not be any discrimina-

tion on these two aspects of performance.

PMS PROMOTING TEAM WORK AND COOPERATION

Due to complexities in working and technological advancement, no individual or department can work in isolation. The organizational success depends a lot on the team work and collaborations. Therefore the PMS should help in promoting the team work. One of the possible ways to do this may be team appraisals wherever possible.

LEGALLY DEFENSIBLE PMS

An ineffective PMS in terms of biased ratings and inadequate linkage to appropriate rewards may result into litigations. Though this problem is more severe in western countries as compared to rest of the world, It is however important that the performance management system is legally defensible in terms of content and procedures both, apart from objective ratings.

FACTORS RELATED TO DESIGN OF APPRAISAL TOOL

Many a times the appraisal form is too complicated for the employees to understand and fill it correctly. A good appraisal form should be simple to understand with appropriate weightage for all the performance dimensions in the job. It should measure what is performed. The measurement criteria of performance should be clearly defined with a clear rating scale discriminating good performance from the poor performance. It should also specify the expected standard of performance in each performance dimension with a focus on results rather than personalities.

FACTORS RELATED TO PROCESSES IN PMS

The processes in performance management include 'goal setting', 'performance appraisal', 'communication', 'feedback' and 'grievance redressal'.

GOAL SETTING

Achieving the preset goals becomes easy and effective if the stake holders are involved in the process of goal setting. Management by Objective (MBO) approach goes handy in the process. It enhances the clarity about the goals as well as the sense of ownership is high. Goal setting by mutual agreement includes deciding on performance standards, criteria for measurement and weightage for various dimensions of performance in the given job role. Each employee in the organization has his/her own goals for career progress along with the organizational goals to achieve. If the individual goals are aligned with the organizational goals, it becomes a win-win situation for both the parties, the organization and the employees. In such situation, the employees would feel more belonging to organization, the sense of ownership of goals will be higher and urge to achieve would therefore be higher which would ultimately result into higher contribution of individuals in achieving the organizational goals. Good organizations allow revision of goals in between depending upon the experience about employees' performance, working conditions and business needs. However it

is possible only where the frequency of appraisal in more than once in a year.

COMMUNICATION

The organizations which have an effective communication mechanism are likely to succeed more than those which lack it. Effective communication is characterized by clarity and timeliness. If the employees are clearly communicated about the performance expectations including the performance standards; the chances of their being successful in achieving the goals are higher than others. Communication also includes giving feedback in an objective manner with a positive mindset. Two channels of communication are suggested, One making the deliverables structured and measurable and two, including the employees in performance management process (Shubha Sharma, 2012).

FOCUSED APPRAISAL PROCESS

Appraisal of performance is the process of assessing the employees' performance against the preset goals and making the employees aware of the same. There are different methods of appraisals with their own pros and cons along with their suitability and applicability in particular situations. However the basic process remains the same. To enhance effectiveness of appraisal; it is important that the performance parameters are quantifiable as far as possible, so that there are no rating problems and goals are clear from the beginning to avoid surprises at the end. It should measure what is performed. Another aspect of appraisals is that it should be completed on time. Delayed appraisals result into impatience and anxiety among employees. While completing the appraisals, the supervisors should ensure that the appraisals are accurate with minimum rating errors and bias. The focus of appraisal process should be on winning human values viz. integrity, commitment etc and not merely completing a mechanical process. Skill sets of the employees should be given due weightage while assessing the performance. It is something which is 'portable' from one organization to another (Rumjhum Chaterjee, 2012). On the employees part, to deal with poor appraisal ratings, they should first accept the ratings and then set clear development goals for themselves, identify a mentor and take his help time to time and keep meeting the supervisor to review the progress (Bhatia and Nair, 2012).

FEEDBACK PROCESS

The feedback can either be formal process undertaken at the time of appraisal or informal and continuous. In a formal feedback process the employee and the supervisor seat together to discuss the employee's performance and the employee is given the feedback about his/her performance during the appraisal period. The problem with this approach is that it is just a post mortem of past performance and thus does not provide any opportunity to the employee for improvement. In a continuous feedback process on the other hand, the employees are given the feedback on a continuous basis mostly in an informal manner. In case of continuous feedback being practiced, there is hardly any

thing which remains to be discussed at the time of appraisal meetings. But continuous feedback process also has got its own shortcomings like difficulty in monitoring, complication in making decisions about rewards and perceived lack of motivation without yearly targets (Sengupta, 2012).

APPEAL PROCESS

A performance management system having provision for a well defined appeal process will be more effective than the one without it. The employees should always be given due hearing about their grievances particularly the grievances related to performance appraisal.

FACTORS RELATED TO USE OF APPRAISAL RESULTS

At the outset it is presumed that the appraisals are done to make decisions about revision of salaries, providing for bonus and incentives etc. Whereas the fact is that it goes way beyond merely the financial compensation. Good performance management system would provide for rewarding not only the tangible outputs but also the efforts put in by the employee in pursuit of achieving the goals (Priya Nair and Yasmin Taj, 2012) because sometimes the employees put in best of their efforts but without being able to convert them into tangible results due to various constraints like unavailability of resources on time, working conditions etc. The attitude of the employees as reflected in their behavior should also be given due weightage. The appraisals should not focus only on numbers (Grote Dick, 2011).

OUTCOMES OF PMS

There are different approaches to look at the net outcome of the organizational performance management system. It could be performance improvement and employee development which is generally the case, it could be increased employee satisfaction which is likely to result into enhanced performance or it could even be development of positive relationships between appraisers and appraisees. The objective of the performance management system may vary with the organizations and industries. However, the basic aim should be to improve the employees' performance and help in providing a good happy, healthy and pleasant work environment to them.

CONCLUSION

Various strategies and efforts required to be made to enhance the effectiveness of performance management system in the organizations have been discussed. By taking care of all the aspects, one can expect the performance management system to be effective enough to meet the expectations of the stake holders. But one thing to remember here is that in spite of taking all care about the performance management system, its acceptability should be checked time to time through surveys and necessary changes may be incorporated as per the suggestions received from the stake holders.

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