



PERCEPTION OF PERFORMANCE MANAGEMENT SYSTEM: A STUDY AMONG MANAGERS

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The Performance Management Systems are widely recognized as a key business strategy for creating performance-driven culture in the Organization and in turn, for driving strong business result. Process in evaluating the performance of employees is one of the most important determinants of organizational justice. Studies indicate that fair practices in human resource management, particularly in terms of performance appraisal has a predictive role in the employees' attitude. The present study aims at understanding the perception of Managers about Performance appraisal system in pune, India. Performance appraisal system was assessed by a scale consisting of 11 dimensions. In general the agreement constitute relatively a high percentage in all dimensions. Among the dimensions performance feedback and procedural justice have a high mean score. However, disagreement is observed more in 360 degree appraisal.

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INTRODUCTION

Performance Management is a process which measures the implementation of the organisation's strategy. It is also a Management tool to plan, monitor, measure and review performance of indicators to ensure efficiency and effectiveness. Performance appraisal is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives.(Manasa & Reddy, 2009). The Performance Management Systems are widely recognized as a key business strategy for creating performance-driven culture in the Organization and in turn, for driving strong business result. Process in evaluating the performance of employees is one of the most important determinants of organizational justice.

Studies indicate that fair practices in human resource management, particularly in terms of performance appraisal has a predictive role in the employees' attitude such as the organization's commitment. (Jehad & Farzana, 2011). Performance appraisal is viewed as an important mechanism for changing employees' attitude and behaviors such as affective commitment (Morrow, 2011).

With the advent of globalization and liberalization, Organizations today believe that every individual has potential and strength and those human capabilities could be sharpened, developed and utilized better for achieving Organizational goals. However, in spite of the attention and

resources applied to the practice, dissatisfaction with the process still abounds and systems are often viewed by employees as inaccurate and unfair (Church, 1985).

The present study aims at understanding the Perception of Performance appraisal system among managers in pune.

Objectives and Hypotheses

- To know the perception of the managers regarding performance management system and its dimensions.
- It was hypothesized that the perception of Performance Management System will be favourable among managers.

METHODOLOGY

- Employees at managerial levels in the industries at Pune constitute the universe of the study. Twenty Companies from five segments viz Auto OEM & Auto Component Industries, Manufacturing, Research & Development, FMCG & Information Technology & Service and pharmaceutical were selected randomly from the list of major Industries. Ten managers from each industry were selected and 200 respondents constituted the sample.
- Perception of Performance Management System was assessed by a scale developed by Freinn- von Elverfeldt, A.C, von (2005) consisting of 11 dimensions - instrument validity, distributive justice, procedural justice, goal-setting, performance feedback, performance based pay, employee participation ,360-degree appraisal, Rating techniques, Rating accuracy and training.

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Findings

Demographic details disclosed that majority of the managers are males, very few are female in the organization. The managers are well experienced and are from the background of social sciences and management. Majority of the organizations are Indian companies and a few are multinationals.

Table No 1 shows the mean and Standard deviation for the dimensions of performance appraisal system. In general the agreement constitute relatively a high percentage in all dimensions showing support to our hypotheses. Among the dimensions performance feedback and procedural justice have a high mean score. However, disagreement is observed more in 360 degree appraisal followed by almost a similar trend as far as rating accuracy, rating techniques, employee participation and procedural justice.

Table 1 Mean and Standard Deviation for Dimensions of Performance Management System

Sr No	Particulars	Mean			Standard Deviation		
		Agree	Undecided	Disagree	Agree	Undecided	Disagree
1	Instrument Validity	124.29	39.43	36.29	17.62	12.37	11.31
2	Distributive Justice	117.25	51.5	31.25	17.82	12.04	10.34
3	Procedural Justice	125.14	30.71	44.14	16.41	10.29	7.06
4	Goal Setting	129	34.13	36.88	21.04	8.59	16.95
5	Performance Feedback	134.29	33.43	32.29	10.69	10.03	2.69
6	Performance based pay	109.4	45.2	45.4	25.58	9.15	17.5
7	Employee Participation	122.67	31.33	46	21.22	10.6	19.7
8	360 degree appraisal	96.2	48.8	55	8.87	9.71	9.25
9	Rating Techniques	119.8	33.8	46.4	7.69	8.7	10.83
10	Rating Accuracy	106.25	49.25	44.5	10.9	14.97	4.43
11	Training	110	38	52	17.37	8.05	13.34

Performance management is an ongoing responsibility of top management which is integral part of HR management and its responsibility. Performance management is a daily supervisory responsibility. Performance management begins by setting specific purpose. The following are the observations regarding perception of managers about Performance appraisal system.

- Majority of departmental managers made their own perception about the specific purpose of the performance management instrument and firmly believe it has accurate and clear cut standards and have Clear & Valid measures of job related activities. It is found that more than half of the departmental managers stated that PM instrument accurately measures what it is supposed to measure.
- One half of the departmental managers understand the measures used to evaluate performance. Most important task of their job performance are emphasized in their performance management process. It is observed that departmental managers and supervisor agree together on standards set for good job performance. It is found that maximum number of departmental managers agree on the rater's role regarding a common conceptualization of the performance standards.
- It is evident that a good number of departmental managers agree that the performance management process results in a clear and unbiased appraisal. It is found performance management process results in better communication between them and their supervisor. It is found that performance evaluation

helps the employees to receive the highest evaluation scores.

- It is a fact that well designed PM leads to better performance and work quality. Supervisor possesses adequate knowledge and training to implement performance evaluation in most of the organizations. Supervisor utilizes the system to assess performance objectively and without bias. Further, subordinate openly communicate to supervisor regarding any problem in performance evolution in proper working environment.
- In organizations, the Superior /supervisor has to be ethical in measurement of employee performance. Supervisor takes the performance management procedure seriously. It is found that most of the departmental manager agree employees are treated fairly during PA process.

Further it is evident that supervisor clearly expresses goals and assignments to the subordinate. The managers perceive that the goals developed for performance acts as meaningful measures. More than one half of departmental managers agree on goals developed for performance period and goals assigned are accepted by employees.

- A majority feel that that the performance goals set are reasonable Employees are determined to achieve their performance goals if proper course of action would be taken in order to accomplish the performance. Further, supervisor allows choosing the goals that they want to achieve. Goal setting gives a broader picture of the work unit & the organizational objectives. It is found that Performance feedback received is helpful in improving the job performance and attaining goals. Regular and timely performance feedback besides the annual performance review helps in motivating the employees. Information provided by supervisor during performance feedback is sufficiently lucid & sufficiently detailed.
- It is found that level of involvement in performance evaluation is adequate. There is a clear, direct and compelling linkage between performance and pay in the performance management system so forming performance evaluation is valid. Clear and reasonable process established for giving both evaluation and performance-based pay results in good employee motivation. Amount of performance-based pay & high evaluation ratings will make a noticeable difference in future performance of the employees. It is found that performance-based pay based on performance ratings is the most effective method for motivating employees

to improve/sustain performance. Departmental managers are willing to participate in developing a new PA system. According to managers, Participation of employees in the development of performance standards leads to a better PM instrument.

- The analysis revealed that employees are appraised by several sources (supervisor, peers, customers etc). A good proportion feel comfortable with the scientific scales used to evaluate their performance. It is found that scientific scales allow an accurate assessment of different dimensions of performance.
- It is apparent that departmental managers feel that there is a need for more training in conducting performance management interviews and expects training in all skills needed in appraising performance. It is found that maximum number of departmental managers are able to give useful feedback to the employees.
- Departmental manager feels that existing form is too complex and feel that they have sufficient opportunity to observe the employees for evaluation. It is further observed that managers have enough information regarding performance standards to make accurate judgments on each performance dimension.

CONCLUSION AND IMPLICATIONS

- When people are appraised properly by a good and reliable technique they feel fairness in the system and can foster commitment. If they do not have confidence it can negatively affect and obviously result in less commitment. The data shows that Process in evaluating the performance of employees is one of the most important determinants of organizations.

- It is noteworthy that the procedure followed is acceptable to them but they have less faith in rating accuracy and rating techniques. 360 degree is perceived relatively undesirable. The findings are indicative that modern methods need to be implemented with caution by communicating the employees in an acceptable manner.

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