

Effectiveness of Performance Management System among Employees with Special Reference to Indus Motors, Calicut

Jisha V J

M.COM, Department of Commerce and Management Studies

University of Calicut, Kerala.

ABSTRACT

This study has been undertaken to investigate the effectiveness of performance management system of Indus Motors in Calicut, Kerala. Performance Management System enable to track and monitor the performance of individual employees, departments and the organization overall. These systems are often based on organizational and job specific competencies which need to be obtained for successful job performance. Moreover, performance management system provides a completed and professional management process for organizations to assess the performance results of organizations and employees. Employee performance could be expected, assessed and encouraged. So this study was initiated to measure the effectiveness of performance management and also to know the factors affecting employees' productivity.

Keywords: performance management, effectiveness of performance management system, factors of performance system.

INTRODUCTION

Performance Management System enable to track and monitor the performance of individual employees, departments and the organization overall. These systems are often based on organizational and job specific competencies which need to be obtained for successful job performance it cannot be divorced from the management processes that pervade the organization. Performance Management can focus on the performance of an organization, department, employee, or even the process to build a product or service as well as many other areas. By establishing clear performance expectations which includes results, actions and behaviors, the role of HR in the present scenario has undergone a sea change and its focus is on evolving such functional strategies which enable successful implementation of the major corporate strategies. Today, HR works towards facilitating and improving the performance of the employees by building a conducive work environment and providing maximum opportunities to the employees for participating in organizational planning and decision making process.

RESEARCH PROBLEM

Performance Management is important for an organization, as it helps organizations ensuring employees are working hard to contribute to achieving the organization's mission and objectives. Performance Management sets expectations for employee performance and motivates employees to work hard in ways that is expected by the organization. Moreover, performance management system provides a completed and professional management process for organizations to assess the performance results of organizations and employees. Employee performance could be expected, assessed and encouraged.

This project is carried out on the topic "The effectiveness of Performance Management System among employees with special reference to Indus Motors" was initiated to measure the effectiveness of performance management and also to know the factors affecting employees' productivity.

OBJECTIVES OF THE STUDY

- To identify the importance of effective appraisal feedback
- To find out the influence and relevance of performance management system on employee performance
- Evaluating the effectiveness of employee performance in the organization
- To identify the factors affecting productivity of employees

SCOPE AND SIGNIFICANCE OF THE STUDY

The study is conducted for Indus Motors, targeting their employees as to measure effectiveness of performance in their organization for a period of potential to grow, develop and provide right climate to the company. All major activities in life of an employee right from the time of his appointment to an organization until he leaves come under the performance management system.

RESEARCH METHODOLOGY

The process used to collect information and data for the purpose of making business decisions. The methodology may include publication research, surveys and other research techniques and could include both present and historical information.

- **Research Design**

Here descriptive research design is used.

- **Sources of data**

- a. Primary source
- b. Secondary source

- **Tools for data collection**

- a. Primary source - Questionnaires were distributed among the employees.
- b. Secondary source- Magazines, Text books, Websites

- **Sample design**

- a. Sample size-50
- b. Sampling unit-comprises of employees of Indus Motors
- c. Sampling technique-random sampling

- **Data analysis tools**

- Chi-square test and percentage analysis method are used for data analysis.
- Graphs and pie diagrams are used for data presentation.

PERFORMANCE MANAGEMENT SYSTEM.

Performance management can be regarded as a systematic process by which the overall performance of an organization can be improved by improving the performance of individuals within a team framework. It is a means for promoting superior performance by communicating expectations, defining roles within a required competence framework and establishing achievable benchmarks.

According to Armstrong and Baron (1998), Performance Management is both a strategic and an integrated approach to delivering successful results in organizations by improving the performance and developing the capabilities of teams and individuals.

OBJECTIVES OF PERFORMANCE MANAGEMENT

- To enable the employees towards achievement of superior standards of work performance.
- To help the employees in identifying the knowledge and skills required for performing the job efficiently as this would drive their focus towards performing the right task in the right way.
- Boosting the performance of the employees by encouraging employee empowerment, motivation and implementation of an effective reward mechanism.
- Creating a basis for several administrative decisions strategic planning, succession planning, promotions and performance based payment.
- Promoting personal growth and advancement in the career of the employees by helping them in acquiring the desired knowledge and skills.

METHODS OF PERFORMANCE MANAGEMENT

1. Management By Objective (MBO)

It is a collaborative method, the MBO defines goals and future targets by consultation. Future tasks, productivity and behavior are discussed and a SMART plan is created so that both the manager and staff member are aware of what needs are to be achieved, to what standard and by when.

2. **360 Degree Appraisal**

Often used for managers and supervisors, this method gathers feedback from different parties to give an all-round picture of performance. It can give a valuable insight into how the person’s work and behavior is seen by a range of other business stakeholders, not just by the manager.

3. **Self Assessment**

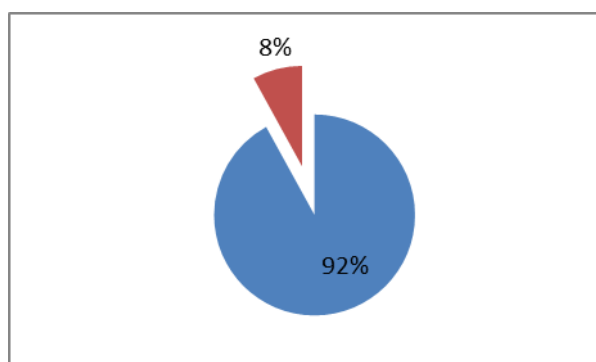
Just as the name suggests, the individual assesses their own performance to set criteria. This is a good method for identifying where the business’s option of performance and the individual’s opinion are different.

4. **Competency Based Assessments**

Components of competency (skill and abilities) are assessed in this method. Competencies are harder to define in jobs with a high level of ambiguity or where outcomes are not clearly identifiable, such as managing relationships with staff or customers.

RESULTS AND DISCUSSION

Chart 1: Performance appraisals helps to identify strength and weaknesses



(Source; primary data)

Majority of the employees i.e. 92% of the employees in the organization say that performance appraisal helps them to identify their strength and weaknesses and the rest 8% say that it does not help them to identify their strength and weaknesses.

Table: 1.factors affecting the employee productivity

Factors	No. of Respondents	Percentage
Physical working conditions	9	18
Technology usage	6	12
Favorable management attitude	2	4
Training and Development	28	56
Proper Compensation	5	10
Total	50	100

(Source; primary data)

Most of the employees i.e. 56% say that training and development affects the employee productivity in their firm. 18% suggest that physical working condition affect their productivity, 12% suggest technology usage, and 4% suggest favourable management attitude. And the rest 10% suggest that proper compensation is the factor which affects the employee productivity.

CHI-SQUARE VALUE SHOWING THAT THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN FACTORS AFFECTING PRODUCTIVITY OF EMPLOYEES WITH REGARDS TO THEIR YEARS OF EXPERIENCE

FACTORS YEARS OF EXPERIENCE	Physical working Condition	Use of Technology	Favourable Management Attitude	Training And Development	Adequate Compensation	Total
BELOW1 YEAR	–	3	1	4	1	9
1-3 YEARS	5	–	1	11	1	18
3-5 YEARS	–	2	–	6	–	8
5 AND ABOVE	4	1	–	7	3	15
TOTAL	9	6	2	28	5	50
Chi-square value = 17.58			Degree of freedom=12		Table value=.1291	

INTERPRETATION

Since the calculated value is more than the table value, we accept the alternative hypothesis that there is significant difference between factors affecting productivity of employees with regards to their years of experience i.e., factors affecting productivity changes according to experience. Hence factors affecting productivity and years of experience are dependent.

Chart:2 rate the performance management system of the firm

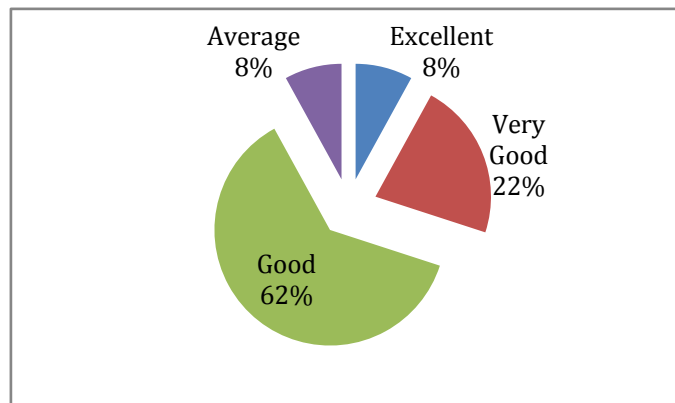


Chart 2 represent that the 62% of the employees’ rate performance management as good, 22% of the employees’ rate performance management as very good, and 8% of the employees each rate performance management as excellent and average.

FINDINGS

- Employee performance management system of INDUS MOTORS is effective.
- Training and development is considered as the main factor affecting the employee’s productivity Indus Motors.
- The mission and vision of Indus Motors states how the employees should deal with their work. The performance appraisal system helps in identifying employees’ strength and weaknesses

SUGGESTIONS

- Management can adopt the method of changing the working pattern for the effectiveness of employee performance.
- Feedback can be collected from the employees so as to improve their performance accordingly by the management to improve the existing system.
- Management should bring in more interest for dealing the employee problems and issues.

CONCLUSION

A performance management system can contribute both to organization morale and organizational growth. The first step that should be taken is a thoughtful matching of practice to purpose. A successful performance management depends on the manager's ability to communicate effectively and on the ability to motivate and empower the individuals to increase their productivity and capabilities. Therefore, Indus Motors should keep in mind that the organization must maintain the performance management system to suite its growing demand.

REFERENCES

1. Performance Management: A new approach for driving business results- Elaine D. Pulakos
2. Performance Management: Putting Research into Action- James W. Smithe
3. www.indusmotors.com