

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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MAKING PERFORMANCE MANAGEMENT WORK

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ABSTRACT

Performance management is one of the most researched area 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:

ORGANIZATIONAL FACTORS

EFFECTIVE LEADERSHIP: The leadership can make or break the organizations. It is the leadership which provides direction to the entire organization and help the organizational systems to work in its favour. Performance management system in any organization is one of the most important aspects of organizational performance as it is linked to almost all the other systems and aspects of human resource management. Be it recruitment and selection, training and development, compensation management, career growth and development or even statutory compliances. The role of leadership therefore is very important in terms of envisioning organization's future performance and formulating and implementing strategies to achieve the same. All this is possible by having a motivated and engaged work force which is a part of performance management. The organizations therefore should have a system of nurturing leadership at all levels through appropriate initiatives on a continuous basis to ensure availability of effective leadership.

MANAGEMENT'S COMMITMENT AND SUPPORT FOR PMS: For the performance management system to work in favour of the organization, it is necessary that management is fully committed and supportive to the system. It can become possible by convincing the management about the impact PMS can have on other systems of the organization with the help of facts and figures. Once the management is convinced, it will lend its support for the performance management and commit the resources required to implement it.

EXISTENCE OF PERFORMANCE ORIENTED CULTURE: The organizational values, beliefs and working habits of its employees make its culture. The organizational culture plays an important role in its success. If the employees have working habits supported by the organizational values, it always positively affects the employees' performance which is the ultimate objective of any performance management system. The organizations therefore should strive to build and maintain a performance oriented culture by ensuring a motivational environment and transparent system.

INVOLVEMENT OF STAKE HOLDERS IN PMS: It is a well known fact that the sense of ownership makes the human beings feel close to any system in the organizations. The line managers and workforce are the stake holders in any organization and if they are involved in design, development and maintenance of performance management system, they are likely to feel the ownership which can result into enhanced employee performance. The stake holders can be involved in designing the appraisal tool, setting the performance goals and communication among other aspects.

ADEQUATELY TRAINED AND PREPARED EVALUATORS: One of the views to look at the performance management is that it will become effective if the appraisal related problems can be resolved. Majority of appraisal related problems arise out of mishandling the appraisal in terms of inaccurate assessment of performance, ineffective feedback and impersonal approach. It all happens due to the fact that the managers are not adequately trained to handle the performance appraisal. So if the raters are appropriately trained in both appraising skills and relevant behaviour, it can be made more effective so as to yield the desired results.

FACTORS RELATED TO CHARACTERISTICS OF PMS

PMS BEING CONSISTENT WITH THE STRATEGIC MISSION OF THE ORGANIZATION: Strategies are the game plans for any organization to achieve its goals and objectives. The organization's vision can be realized only by formulating and implementing proper strategies to achieve its goals and objectives by involving the employees (Bhattacharya, 2006). The goals are converted into objectives which percolate down from top level to the lowest level. The goal setting process as a part of performance management should ensure alignment of individual and departmental goals with the organizational goals. These goals then can be accomplished following the organizational strategy which may be organization specific.

CLARITY OF PMS OBJECTIVES: Any system in an organizational context can't be successful unless its purpose is not clarified to all the stake holders. So while designing and drafting the performance management system document, its objectives should be clearly defined so that the employees do not have any doubts and apprehensions. The performance management system should be 'sold' to its stake holders so that they feel its ownership.

COST EFFECTIVE AND LESS TIME CONSUMING PMS: The cost of designing, implementing and maintaining the performance management system and the time spent to do it should be justifiable.

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 discrimination 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'. This section discusses how the PMS processes can be made more effective:

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 is 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 Chatterjee, 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). In most of the organizations they also discuss the rewards of good performance in terms of salary revisions, promotions etc during the performance feedback sessions which is not good. These two things should always be kept separate so that the supervisors don't feel embarrassed and pressurised. To make the process of feedback effective, the frequency of appraisal should be higher and the feedback ideally should not be a one way process but it should also provide for taking employees' feedback about various aspects of performance management while they are working as practiced in Maruti Udyog Limited (MUL) in form of "Stay Interviews".

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 some times 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). An effective performance management system should allow mid course correction in the performance goals if required particularly during down times, it should link the appraisal results with assessment of employees' potential and training need identification. The appraisal results should also be used for identifying the performance related problems if any apart from development of subordinates as a part of supervisor's responsibility in addition to documentation and compliances.

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 stakeholders. 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 stakeholders.

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