
**PERFORMANCE MANAGEMENT: EXAMINING THE CURRENT
PRACTICES & PERCEPTIONS OF HR PROFESSIONALS**

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ABSTRACT

Contemporary business organizations are facing novel issues in achieving their performance standards. This may be accounted to either having a lack of an effective PMS or lack of an ability to efficiently implement a well-established PMS. This ultimately may result into low performance, low employee and organizational productivity, wastage and loss of resources, non-achievement of goals, low profitability, low credibility and organizational failure. No business organization is in the position to tolerate low performance in today's highly competitive environment where it can be a matter of life and death for a company's survival. Organization's Performance Management System and Practices plays a crucial role in being instrumental to the achievement of the performance standards of the organization in the best possible manner. Further, performance management tools and practices also serve as the tool of HR. As performance management is all about managing people for improving their individual and organizational performance and PM efforts are mostly linked to various HR sub-systems and functions.

The study aims to highlight the performance management practices undertaken by companies to ensure high performance standards. It further attempts to identify the gaps in organization's Performance Management Systems or Practices and suggest measures to fill the gaps and channelize efforts for improving employee and organizational performance.

To capture the information on current PM practices and views of HR professionals on the same, primary data was collected from a convenience sample of 27 companies of Vadodara District, Gujarat using a structured questionnaire.

The rationale behind the study is to highlight the fact that companies still struggle with having and implementing a proper performance management system. Many companies are still ambiguous about the difference between the traditional performance appraisals and modern performance management. They are unaware about the core elements of performance management systems and

necessary activities to be undertaken as a part of performance management practices. Though believe that they are implementing PM in their organizations; however, they are way far from the actual performance management activities and practices.

Performance Management is a continuous effort of planning the work performance, jointly setting the goals with individual subordinate, managing his performance through continuous coaching, review and feedback and creating opportunities for employee to learn more about his/her own profession, and rewarding well-performing employees. Improved individual and organizational performance, retained and satisfied employees, productive employees, greater accountability, responsibility and commitment, high engagement are the expected outcomes of PM efforts.

Keywords: Performance Management, PMS, PM Practices, PM Activities, PM process, HRM

I. INTRODUCTION

An employee performance can be defined as the work-related activities expected out of an employee and the way he/she executes such activities. An organizational performance indicates an organization's actual outcomes or output as evaluated against its expected outputs or goals.

Performance Management can be defined as a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements (Armstrong, 2006)

Performance Management is a tool that enables the management achieve their objectives and strategic goals. Contemporary PMS consists of three elements: comprehensive, strategic and dynamic, which requires adaption of environmental changes in organization. The use of PMS is suggested to facilitate effective strategy implementation and enhancing organizational performance. (Mohd. Said, SharulJanudin, 2020)

II. LITERATURE REVIEW

Where PA is a top-down assessment of subordinate PM is a joint process undertaken through a dialogue between superior and subordinate. Where PA is usually conducted once in one cycle, PM is continuous review with few formal reviews ensuring performance improvement and goal achievement. PA is a monolithic system whereas PM is a flexible process. PA is usually linked to pay whereas PM is less likely to be linked to pay but it is definitely linked to goals and focused on values and behaviours of employees. PA is bureaucratic whereas PM is based on the initiatives of line managers. PA focuses more on the design & content of the system whereas PM focuses more on the processes. PA is usually owned by HR Department whereas PM is owned by Leaders at all levels especially Line Managers.

III. RESEARCH METHODOLOGY

This descriptive study involves a convenience sample of 27 Companies of Vadodara, Gujarat. The data on their current PM practices were captured using a structured questionnaire that was filled by HR Professionals of those companies.

Research Objectives:

- To highlight the performance management practices undertaken by companies to ensure high performance standards.
- To identify the gaps in organization's Performance Management Systems and Practices
- To suggest measures to fill the gaps and channelize efforts for improved employee and organizational performance

IV. RESULTS and DISCUSSIONS

Table 1 shows the demographic profile of respondents.

Table 2 shows the profile of companies under study.

An open-ended question was asked to the respondents to explain what is Performance Management according to them. The question was answered by all the 27 respondents. The answers of the respondents captured following views/ideas on PMS:

1. Systematic measurement of performance

2. Assessment of performance
3. Evaluation of performance
4. Systematic analysis of performance
5. Review & Monitoring of performance for performance improvement
6. System to improve performance
7. System to identify performance gaps with reference to strengths and skills
8. System to decide appraisals, monetary benefits and rewards to employees
9. System to motivate employees
10. Tool to achieve organizational goals
11. Approach to align mission, goals and objectives with resources
12. Effective completion of tasks and accomplishment of goals

Table 3 shows the techniques or methods of performance management used by the companies.

Table 4 shows the purpose of companies behind undertaking PM.

Model 1 given by William Deming indicates that the performance management process involves four steps: Plan, Act, Monitor & Review. This model has individual orientation. Model 2 explains the detailed process of Performance Management with an integrated orientation.

Performance Management Activities in line with Model 1 & 2

Step 1: Plan: Role Definition& Performance Agreement

Role Definition involves defining KRAs and competence requirements. Performance Agreement involves joint goal setting and psychological contract between superior and individual subordinates. Performance Agreement has to be in line with the performance standards and competency requirements.

Role Definition & Performance Agreement is usually undertaken at the start of the year during the planning phase.

Step2: Action

The Performance Improvement Plan & The Personal Development Plan

The Performance Improvement Plan states individual action for improvement of individual performance

The Personal Development Plan states actions to be taken by people for developing their skills, knowledge to increase their levels of competence

Step 3: Monitor: Regular Review Meetings, Coaching & Feedback

While individuals are acting upon their PIPs and PDPs, they require continuous coaching and feedback on their performance by conducting regular review meetings to check the progress and providing necessary feedback and coaching.

Step 2 and 3 are undertaken to manage the performance throughout the year

Step 4: Review: End Performance Review

It is the formal evaluation usually conducted at the end of the year or end of the performance management cycle, when a review of overall performance takes place covering achievements, progress and problems as the basis for the next part of the continuous cycle – a revised performance agreement and performance improvement and personal development plans.

Table 5 shows the performance management activities undertaken by the companies.

Table 6 shows the extent of PM Activities and practices undertaken by companies in line with the model.

The table clearly indicates poor performance of the companies under study in undertaking performance management activities as required by an ideal PMS. Most of the listed activities are undertaken by less than 30% of the companies only. Only two activities have received higher attention 1) Having clear job descriptions with well defined KRAs which is done by 667% of the companies 2)Regular review meetings which are undertaken by 77.8% of the companies. However, review meetings have not been converted to day to day coaching and feedbacks which are necessary for improving performance and has received least importance of only 22.2% in PM practices by the companies.

Table 7 shows category of employees covered under Company's PM practices.

The data reveals that PM is mainly executed for employees working at higher levels and is less prevalent among employees at lower levels. Most of the companies covered senior managers and executives in their PM practices, coverage of supervisors was found to be at medium level whereas shopfloor workers, technical workers and professionals were highly ignored. Further, when asked whether the companies used different approaches for different categories of employees, 59.3% of the companies agreed whereas 40.7% disagreed of having different approach to manage performance of different levels and categories of employees.

HR Sub functions linked to Performance Management Practices.

11 sub-functions of HRM were listed for the respondents to select the sub-functions they linked with their PM practices. The data uncovers the fact that almost all the HR sub functions were linked to the PM Practices by some or the other companies. However, Training & Development function and Performance Assessment and Appraisal received maximum attention i.e., 77.8% of the companies had linked them to their PM practices followed by Rewards and Compensation with 66.7% of companies linking it to PM. HRP and Performance Counselling received near to 50% attention whereas other sub functions were found to receive 40% or below attention in the matter of getting linked with PM practices of the organizations.

V. CONCLUSION

Performance Management Systems fails to achieve its purpose of improving the individual and organizational performance due to: 1) lack of clarity on the concept of PM 2) lack of institutionalized efforts towards having an integrated and comprehensive PMS 3) lack of knowledge, skills and abilities for its effective implementation. PM efforts should be efficiently designed and effectively implemented for achievement of desired outcomes and results. Top management initiatives may go a long way in accomplishing the objectives of performance management.

V. SUGGESTIONS – THE ROAD AHEAD:

- There are lot of ambiguities and misconceptions regarding the PMS, activities and practices. There is a strong need of developing in-depth

understanding of the PMS among the HR Professionals and leaders of the organization for its effective implementation. Trainings on PM systems and practices may be undertaken to develop the necessary skills, knowledge and abilities for its effective implementation.

- There are more contemporary tools & techniques available for effective performance management which may be extensively utilized in place of traditional tools and techniques
- Organization needs to develop more clarity on their purpose of undertaking PM.
- Organizations needs to develop detailed understanding of Performance Management Systems, Process, Activities, Models, Theories and Practices for its effective implementation.
- The core elements of the PMS should be taken care of while implementing PM. Most companies are missing out on utilizing its core elements without which one cannot claim of implementing performance management system
- PM practices needs to be customized according to the tasks, levels and functions of the employees. Different strategies need to be implemented for different category of employees
- Performance Management is basically Human Resource Management. PM practices should be strongly linked to various HR sub-functions to ensure accomplishment of its very purpose
- Effective PM practices balances individual and integrated approach to performance management practices.

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List of Tables**Table 1 shows the demographic profile of respondents**

Variables		Frequency	Percent
Gender	Male	12	44.4
	Female	15	55.5
Age	<20-30	20	74.1
	31-40	4	14.8
	41-50	2	7.4
	51-60	1	3.7
Designation	HR Executive	12	44.4
	HR Officer	9	33.3
	Sr. Executive	3	11.1
	DGM-HR	1	3.7
	Executive – HR/IR/Admin	1	3.7
	Managing Director	1	3.7
Education	Graduation	0	0
	Post-Graduation	27	100
Experience in current organization	<1 year	12	44.4
	1 -5 years	13	48.1
	6-10 years	0	0
	>10 years	2	7.4
Total Experience	1-5 years	23	85.2
	6-10 years	2	7.4
	11-20 years	0	0
	21-30 years	1	3.7
	31-40 years	1	3.7
Awareness regarding PM	Not aware	0	0
	Somewhat aware	8	29.6
	Completely aware	19	70.4

Table 2 shows the profile of companies under study

Variables		Frequency	Percent
Nature	Manufacturing	11	40.7
	Service	9	33.3
	IT	4	14.8
	Staffing (Recruiting Firm)	3	11.1
Type	Private	21	77.8
	Public	6	22.2
Number of Employees at Middle Level	<50	13	48.1
	51-100	6	22.2
	101-500	6	22.2
	500<	2	7.4
Years of	<1	5	18.5

Variables		Frequency	Percent
implementation of PMS	1-5	16	59.3
	6-10	2	7.4
	10<	4	14.8

Table 3 Techniques or methods of performance management used by the companies

Techniques/Methods of Performance Management	Responses	
	N	Percent
360-degree appraisal	11	40.7%
MBO	4	14.81%
180-degree appraisal	3	11.11%
Reviews and one to one	3	11.11%
BARS	2	7.4%
Bell Curve	2	7.4%
Data collection	2	7.4%

Table 4 Purpose of companies behind undertaking PM

Purpose of undertaking Performance Management	Ranked 1 st	Ranked 2 nd	Ranked 3 rd
To improve organizational performance	6	12	2
To align individual and organizational objectives	8	6	3
To develop learning culture	3	0	8
To align individual behaviour to organizational values	0	4	5
To provide the basis for personal development	0	0	8
To improve individual performance	0	0	1
To determine rewards and compensation	8	3	0
To identify training needs	2	2	0

Table 5 Performance management activities undertaken by the companies

PM Activities undertaken by Companies	Responses	
	N	Percent
Jointly (Superior and Subordinate) Defining Roles	8	29.6%
Joint (Superior and Subordinate) Goal Setting	7	25.9%
Clear Job Description with well Defined KRAs	18	66.7%
Performing Performance Improvement Plans of Individual Employee	8	29.6%
Preparing Personal Development Plans of Individual Employee	7	25.9%
Regular Review Meetings	21	77.8%
Day-to-Day Coaching and Feedback	6	22.2%
Formal End Performance Review	9	33.3%

Table 6 Extent of PM Activities and practices undertaken by companies in line with the model

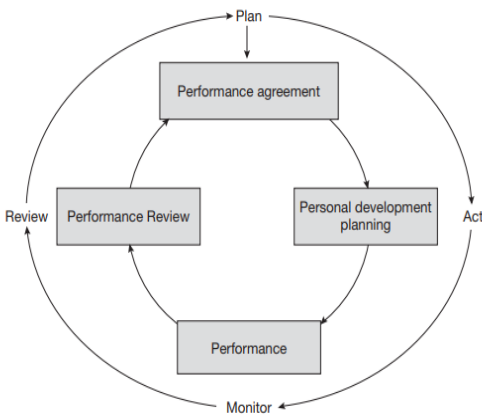
Plan	Jointly defining roles	29.6%
	Joint goal setting	25.9%
	Clear JD with well-defined KRAs	66.7%
Act	PIP	29.6%
	PDP	25.9%
Monitor	Regular review meetings	77.8%
	Day to day coaching and feedback	22.2%
Review	Formal end performance review	33.3%

Table Category of employees covered under Company’s PM practices

PM Activities undertaken by Companies	Responses	
	N	Percent
Senior Managers	26	96.3
Executives	21	77.8
Supervisors	15	55.6
Shopfloor workers	9	33.3
Technical workers	11	40.7
Professionals	10	37

List of Model

Model 1: The Performance Management Cycle



Model 2: The Performance Management Sequence

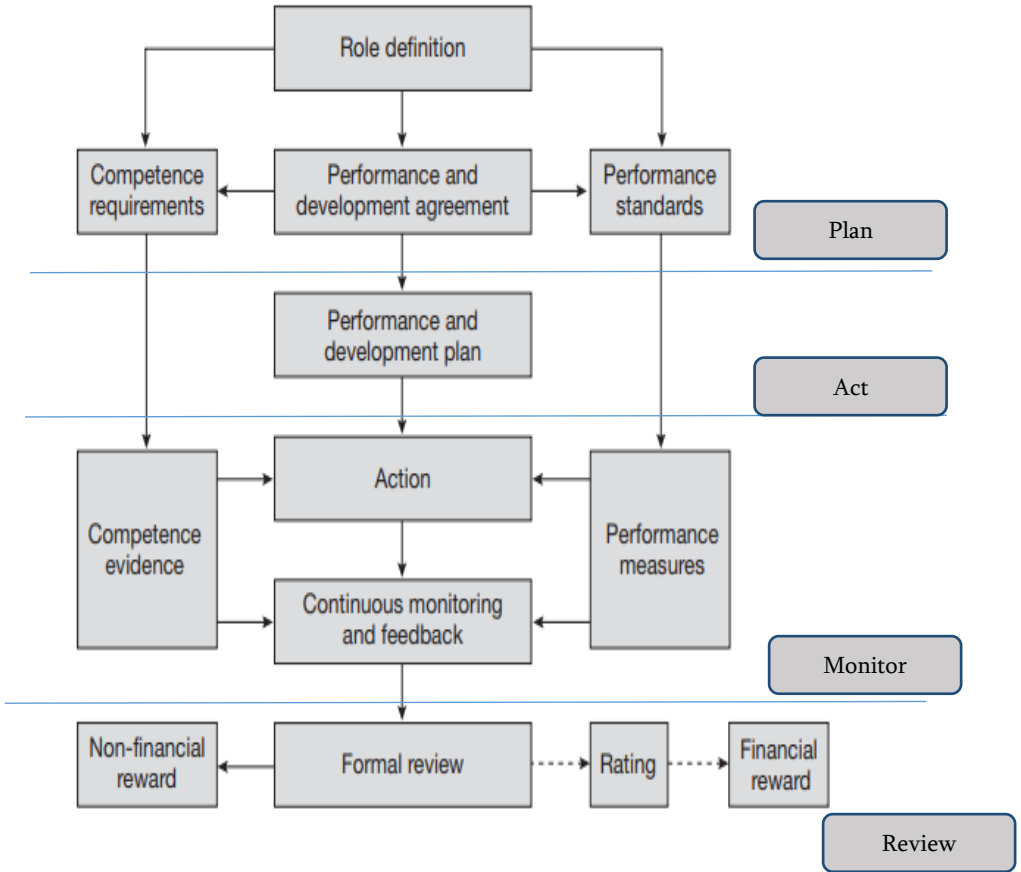


Figure: 1 PM Activities undertaken by Companies

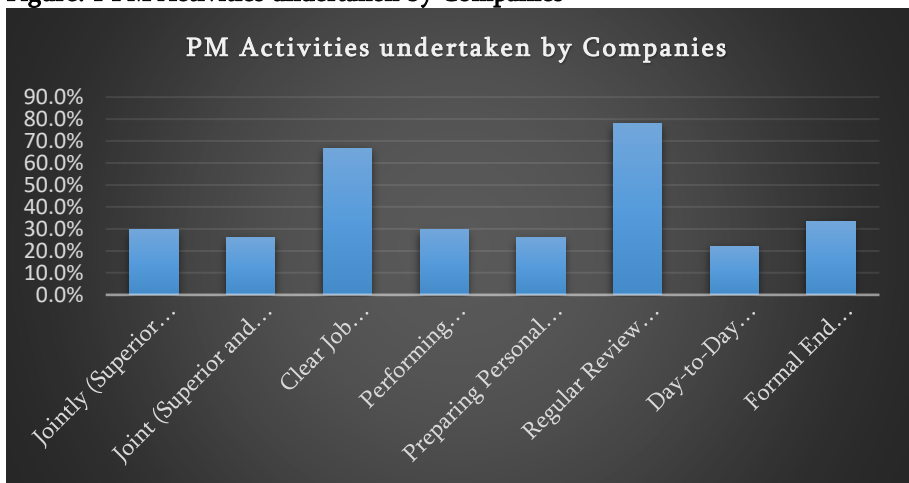
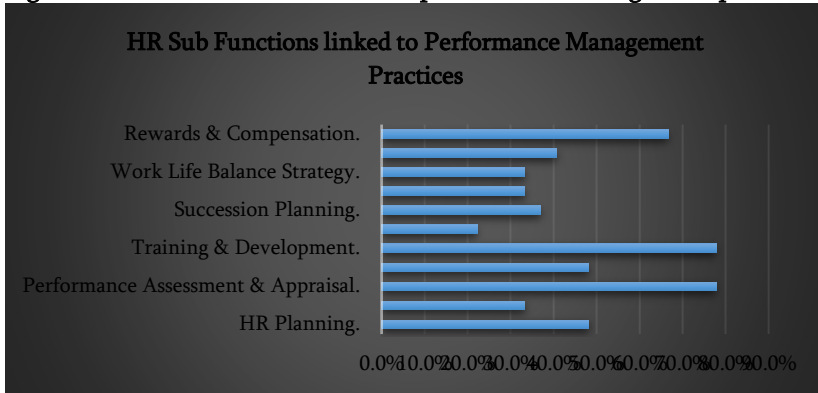


Figure: 2 HR Sub functions linked to performance management practices



Authors Profile

Ms. Bhavna Patel, Assistant Professor, B. V. Patel Institute of Management, Uka Tarsadia University has more than 13 years of experience in academics and 8 years of experience in research. Specialized in Human Resource Development she delivers lectures on Organizational Behaviour, Organizational Development and Change Management, Performance Management System, Social Science Research, Industrial Psychology and Sociology, Organizational Dynamics, Labour Legislation, Principles of Management, Self-Employment and Entrepreneurship Development and Industrial Management. Her research areas of interests are Performance Management System, Organizational Development & Change Management, Rural Development, CSR, Organizational Dynamics and such subjects.



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