

Impact of Employee Cadre towards Performance Management Outcomes: An Empirical Study

P Madhavi Lakshmi¹, R Sireesha²

¹Assistant Professor, ²Student

^{1,2}Department of MBA, MVGR College of Engineering, Vizianagaram, Andhra Pradesh, India

ABSTRACT

The term performance management Performance management process is used to communicate organizational goals and objectives, reinforce individual accountability for meeting those goals, and track and evaluate individual and organizational performance results. It reflects a partnership in which managers share responsibility for developing their employees in such a way that enables employees to make contributions to the organization. It is clearly defined process for managing people that will result in success for both the individual and the organization. An organization with good performance management system might have high productivity and profitability than the organizations having poor performance management system. Managing employee's performance is the key objective of establishing systematic Performance Management system in an organization. Also the performance management system may directly or indirectly relate to the job satisfaction or morale of employee. By providing better performance system to employees many organizations are striving hard to develop the organizational performance along with the individual development by providing great work place culture, employee development programs to the level of employee to raise productivity and daily performances, encouraging participative environment.

Problem Statement: By understanding the various articles which are published on performance management, it is found that the employees were facing certain difficulties by the working of performance management system. By knowing this problem this study is mainly focused on the factors that show impact on employee cadre towards performance outcomes so that the organizations can focus on those areas to develop the performance level among their employees.

Research Methodology: This study is carried down by using sample questionnaire and personnel interview among employees of selected government organization. The empirical study has been made by using the statistical tool called ANOVA to know the extent of impact of employee cadre towards performance outcomes. In this study certain factors have been identified which are:

- Employee development
- Shared work place and communication
- Benefits in the form of rewards and incentives
- Employee motivation

Keywords: performance management, employee motivation, participative environment, rewards and human resource management

INTRODUCTION

Performance management is the systematic process by which the department of Commerce involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals.

According to **Lockett (1992)** :- The essence of performance management is the development of individuals with the competence and commitment, working towards the achievement of shared meaningful objectives within an organization which supports and encourages their achievement.

Performance management system provides important and useful information for the assessment of employee's skill, knowledge, ability and overall job performance. The following are the points which indicate the importance of performance management system in an organization:

- Performance management system helps superiors to assess the work performance of their subordinates.
- Performance management system helps to assess the training and development need of employees.

- Performance management system provides grounds for employees to correct their mistakes, and it also provides proper guidance and criticism for employee's development.
- Performance management system provides rewards for better performance.
- Performance management system helps to improve the communication system of the organization.
- Performance management system evaluates whether human resource programs being implemented in the organization have been effectively.
- Performance management system helps to prepare pay structure for each employee working in the organization.
- Performance management system helps to review the potentiality of employees so that their future capability is anticipated.

Principles of Performance Management:

The principles of performance management have been well summarized by IRS (1996) as follows:-

1. It translates corporate goals into individuals, teams, department and divisional goals.
2. It helps to clarify corporate goals.
3. It is a continuous and evolutionary process, in which performance improves over time.
4. It relies on consensus and cooperation rather than control on coercion.
5. It encourages self-management of individual performance.
6. It requires a management style that is open and honest and encourages to two-way communication between superiors and subordinates.
7. It requires continuous feedback.
8. Feedback loops enable the experience and knowledge and gained on the job by individuals to modify corporate objectives.

Creating the Performance & Development Plan (P&DP)

The Performance Plan of an individual essentially consists of one section – KRAs. This is the essential component of any Performance Plan and the individual is expected to fill in this section adhering to all guidelines in order to be able to submit his plan to his Appraiser.

1. Selecting the KRAs

The Appraiser will select relevant KRAs from the KRA Master of his function (i.e. the function to which he has been mapped). A minimum of six and a maximum of fifteen KRAs can be selected. (max. 15 from own KRA Master; 5 optional which can be taken from KRA Masters of other functions so as to ensure that the total no. of KRAs per plan does not exceed 15).

2. Target Setting and Action Plans for KRAs

For each KRA, 5 levels of performance must be defined by the Appraiser that quantify the extent of achievement in a given timeframe (L5 being the best and L1 being the lowest level of performance)

Along with these, the Appraiser will develop an Action Plan consisting of specific steps required to achieve the target for each KRA.

3. Assigning Weightage

The Appraiser will propose weightages between 5% and 25% for each KRA. The total weightage for KRA (C) should be equal to or more than the Minimum Weightage for KRA(C) prescribed for the relevant URR to which the individual has been mapped. The total of all KRA weightages should add up to 100%. Maximum limit of weightages have been suggested for all KRAs across all functions for all the categories of URRs. Executives while assigning weightages to the KRAs selected by them in their plan cannot exceed the maximum permissible weightages specified against each KRA. This is ensured through inbuilt system checks. The P&DP is now ready for submission.

Obtain Appraiser's and Reviewer's Sign-off

After creating his P&DP, the Appraiser will submit his plan to his Appraiser. If the Appraiser wishes to modify the plan, he will discuss the same with the Appraiser and make the necessary modifications. Thereafter, the Appraiser will forward the Performance Plan to the Reviewer for final sign-off. In case the Reviewer wishes to modify the plan, he can make the required modifications in the Plan after discussing with the Appraiser and Reviewer and then grant final approval.

Review of literature

- Dr. A. Srinivasa Rao on his article the effectiveness of the performance management systems in selected Indian companies (2007) focuses on the factors responsible for effectiveness of the performance management systems and its alignment with organization goals. It was found that managers having good academic backgrounds with high profiles are effective implementers of the system. Further, it was found that personality characteristics/consequences such as system discipline, exposure to the system, effective interpersonal relations and team working are essentially required for the effective implementation of the system.
- Michal Biron, Elaine Farndale and Jaap Paauwe (2011) in their article addressed the issue of Inconsistencies related to insufficient understanding of the factors likely to enhance the effectiveness of performance management systems by investigating performance management systems in 16 world-leading firms. Their framework proposes four performance management system facilitators, which include (1) taking a broad view of performance management that includes both strategic and tactical elements; (2) involving senior managers in the process; (3) clearly communicating performance expectations and (4) formally training performance raters.
- MICHELA ARNABOLDI, IRVINE LAPSLEY AND ILEANA STECCOLINI In their article Performance Management in the Public Sector: The Ultimate Challenge (2015) identifies critical dimensions of effectiveness in performance management systems as Performance Management is the challenge confronting public service managers, the enduring research focus on performance measurement in public services, without resolution, does not offer neat solutions to performance management in public services. They mentioned that for performance management to be effective it must mitigate or eliminate the negative side effects on the key resource of human capital. There is scope for exploratory research in study settings where successful performance managements appear to operate to determine where and how this advance might be made
- Sumi Jha & Suman Kumar Jha in their article Effectiveness of Performance Management System (2018) have tried to extract the parameters of performance management effectiveness from employees of the organization. The model highlighted various elements necessary to address during different stages for effective PMS. An attempt to relate the PMS concept with agency theory was pioneering as very few researchers tried to link the expectations of management with capability and performance of employees.
- Arta Koka Grubi, Lura Rexhepi Mahmutaj in their article Creating Alignment in Employee Performance Management stated that the current study will identify actions for maximizing the effect of goal development and performance management system to enable enhanced employee performance and motivation. In addition, exceptional consideration is dedicated to the methodological challenges of employee performance management inherent and adopted throughout the years.

Problem statement

In current scenario of multigenerational organizations it is being difficult to execute practices such as employee engagement practices, promotions, participative environment, employee motivation which has a huge impact on employee performance and overall output. To improve the performance level of individuals in an organization one should know the factors that influence the employee performance so that they can focus on those areas to design a proper performance management system.

Research Objective

- To evaluate the performance management system process in the selected organization.
- To evaluate the satisfaction levels of employees towards performance management system.
- To analyze the impact of employee cadre towards effectiveness of performance management system outcomes.

Methodology

- **Source of Data:** The primary data has been collected from various sources, through interaction with concerned officers, by conducting survey and personal interview with the employees and secondary data is obtained from web, articles and text books.
- **Sampling Technique:** Simple random sampling has been used for the study.
- **Research Tool:** ANOVA ONE-WAY test has been used to know the impact of employee cadre towards performance outcomes.

- **Scope of Study:** The study is limited to a particular organization, results may vary with change in organization so could not give whole picture about the organizations.

DATA ANALYSIS AND INTERPRETATION

Data collected in the form sample questionnaire where it covers the question related to employee cadre with respect to performance management outcomes which are participative environment, Employee development, shared work place, decision making, performance reviews, and training needs. The scaling technique used is likert scale which is 5 point scale ranges from highly disagree to highly agree. By having the collected data ANOVA has been made between employee cadre and performance outcomes and computed and results obtained as below to know the impact of employee cadre towards performance management outcomes. Empirical analysis has been done in which ANOVA ONE WAY has been used.

ONE WAY ANOVA for testing the impact of employee cadre towards performance management outcomes

NULL HYPOTHESIS

Ho: There is no significant impact of employee cadre towards performance management system outcomes

ALTERNATIVE HYPOTHESIS

H1: There is significant impact of employee cadre towards performance management system outcomes

ONE WAY ANOVA TABLE

Performance outcomes		Sum of Squares	df	Mean Square	F	Sig.
Shared work place	Between Groups	.292	1	.292	.154	.696
	Within Groups	132.986	70	1.900		
	Total	133.278	71			
Making decisions	Between Groups	1.598	1	1.598	1.083	.302
	Within Groups	103.277	70	1.475		
	Total	104.875	71			
Promotions by merit	Between Groups	.572	1	.572	.465	.497
	Within Groups	86.039	70	1.229		
	Total	86.611	71			
Employee motivation	Between Groups	.340	1	.340	.309	.580
	Within Groups	77.160	70	1.102		
	Total	77.500	71			
Promotional policy define roles	Between Groups	.340	1	.340	.877	.352
	Within Groups	27.160	70	.388		
	Total	27.500	71			
Objectives of PMS	Between Groups	5.295	1	5.295	2.860	.095
	Within Groups	129.580	70	1.851		
	Total	134.875	71			
PMS use to personal department	Between Groups	.030	1	.030	.023	.879
	Within Groups	89.748	70	1.282		
	Total	89.778	71			
Performance reviews is productive	Between Groups	2.768	1	2.768	2.036	.158
	Within Groups	95.176	70	1.360		
	Total	97.944	71			

Appropriate training	Between Groups	1.464	1	1.464	1.102	.297
	Within Groups	92.980	70	1.328		
	Total	94.444	71			
Identifies strengths of employees	Between Groups	.001	1	.001	.002	.965
	Within Groups	38.874	70	.555		
	Total	38.875	71			
Performance incentives linked to individual performance	Between Groups	.605	1	.605	1.668	.201
	Within Groups	25.395	70	.363		
	Total	26.000	71			
Employee abilities	Between Groups	.556	1	.556	.255	.615
	Within Groups	152.319	70	2.176		
	Total	152.875	71			
Quarterly PRD	Between Groups	6.500	1	6.500	6.697	.012
	Within Groups	67.944	70	.971		
	Total	74.444	71			
Development opportunities	Between Groups	.000	1	.000	.002	.968
	Within Groups	20.611	70	.294		
	Total	20.611	71			
Participative environment	Between Groups	2.591	1	2.591	5.223	.025
	Within Groups	34.728	70	.496		
	Total	37.319	71			
Identifies training needs	Between Groups	4.576	1	4.576	4.058	.048
	Within Groups	78.924	70	1.127		
	Total	83.500	71			
Improves performance	Between Groups	.006	1	.006	.007	.936
	Within Groups	60.980	70	.871		
	Total	60.986	71			
Reorganizations and rewards	Between Groups	.804	1	.804	.600	.441
	Within Groups	93.849	70	1.341		
	Total	94.653	71			
Reduces grievance	Between Groups	.073	1	.073	.070	.792
	Within Groups	72.913	70	1.042		
	Total	72.986	71			
Impact on incentives and morale	Between Groups	.247	1	.247	.710	.402
	Within Groups	24.364	70	.348		
	Total	24.611	71			
Two way process	Between Groups	.269	1	.269	.451	.504
	Within Groups	41.731	70	.596		
	Total	42.000	71			
Efficiency of PMS	Between Groups	6.121	1	6.121	10.399	.002
	Within Groups	41.199	70	.589		
	Total	47.319	71			
Performance related pay	Between Groups	.967	1	.967	2.229	.140
	Within Groups	30.353	70	.434		
	Total	31.319	71			
Qualitative PMS	Between Groups	.079	1	.079	.070	.792
	Within Groups	78.532	70	1.122		
	Total	78.611	71			

INTERPRETATION

By analyzing the above ANOVA table it clearly shows that certain performance management outcomes like shared work place, promotions by merit, employee motivation, PMS use to the personnel department, identifies strengths of employees, employee abilities, development opportunities, improves performance, reduces grievances, two way process, qualitative PMS, reorganizations and rewards, impact incentives and morale, performance related pay, decision making, promotional policy defines roles, objectives of performance management, performance review is productive, appropriate training, performance incentives linked to individual performance, the null hypothesis H_0 is accepted which means the employee cadre does not have any significant impact on these performance outcomes whereas quarterly PRD, participative environment, training needs, efficiency of PMS, the null hypothesis H_0 is rejected which means employee cadre show impact on these PMS outcomes.

FINDINGS

- Almost 80% of the employees agreed that performance management system provides development opportunities and reduces grievances.
- By recognizing and rewarding the employees for their better performance increases the levels of motivation within the employees.
- 75% of the respondents opined that performance management system identifies strengths and areas of improvement in the employees.
- Performance management system provides a shared workplace where the employees are motivated and encouraged to share their views and ideas with their colleagues which helps them to perform well.

SUGGESTIONS

- Proper identification of employee training needs is very necessary in order to develop talent, increase skills of the employees other wise they will not be able to reach their targets effectively and most importantly training should be provided on the necessary basis not of cadre base.
- Participative environment should be provided by the organizations to encourage the employees to share their

views and ideas which makes them to perform more effectively.

- Performance review discussions should be done every quarterly rather than the mid term reviews which helps in evaluating the individual performance accurately.

CONCLUSION

From the above discussion we can conclude that performance management system is very necessary and currently most of the organizations are trying to provide good measures so that the performance of the employees increases. Henceforth due to these activities both employee and employer are in win-win situation. Employee gets rewards and incentives and employer gets effective performance and productivity.

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