

# Significance of Performance Management Activities in Improving Employees Skills and Abilities: A Study on Selected It Industries

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**Abstract-** *Performance management is a significant part for well-functioning of the organizations. This process helps the Organization as a whole from defining objectives to achieving the desired goals. The utmost importance of this process is to ensure that the work performed by Employees attains the work of the company. Performance Appraisal is an integral part of Performance Management system. This process helps to examine and evaluate the effectiveness and efficiency of Employees based on their performance under the scheduled period. The main objective of this study is to understand the importance of performance management activities, identify the factors that influence the adaption of Performance management system and various Performance Management data used to carry out this process. There exists a gap in literature review, as previous studies have not explored all the performance management tools that can be adopted by the organizations. It is found that maximum importance is given to only one Technique and tools. Only in least cases more than two tools are used. It is possible to understand the working of Performance Management system, various activities that are adopted by the organizations and activities that they can adopt in the coming future. Also, the tools such as; behavioral Assessment, rating scale and 360-degree Method to analyse the Employees.*

**Indexed Terms-** *Performance Management system, Performance Management Activities, Performance Appraisal, Tools, efficiency, effectiveness, objectives, goals.*

## I. INTRODUCTION

Performance management (PM) is a very important process in any organization. This process assists organization in recognizing their objectives that needs

to be achieved by the Employees so that it helps them in being a strategic player in the competition. This process ensures about the set of activities that needs to be adopted in order to get the output in the most effective and efficient manner.

Performance management not only focuses on the performance of the Employees, but also focuses on the performance of the organization as whole i.e.; the department, an employee, an employer and the place where the tasks are supposed to be managed and carried out.

Performance management activities are decided by the top most Management of the company for various levels of Employees as per their needs. It's important that every Employee under goes this period as it helps in developing the individual as per the requirements and necessity. Performance management includes timely training and coaching as per the needs, providing feedback on regular bases, specifically allocating tasks, comparing actual performance and behavior of an employee to the desired behavior and performance, and so on.

One of the most accepted and adopted definition of performance management was given by Michael Armstrong, in this Handbook which he explained about performance management. He stated it as, "Performance management is the continuous process of improving performance by setting individual and team goals which are aligned to the strategic goals of the organization, planning performance to achieve the goals, reviewing and assessing progress, and developing the skills, abilities and knowledge of people".

Performance management process: The Basic Elements Necessary for Effective Performance Management

1. Transparent communication and collaboration.
2. Employee development recognition.
3. Honest and regular feedback and reviews.
4. Employee development.
5. Goal setting.

## II. REVIEW OF LITERATURE

Zhang Ying ying, (2012). This study was carried out by Zhang Ying ying. To understand and define Employee performance measurement, performance management system, and also analyze and understand relationship between performance management and Employee performance in the organization. The 2004 WERS data was analyzed using a package of STATA for windows. This was done to examine the impact of performance management system on Employee performance. The Kruskal-Wallis test and ordered logit regression were used to test the relationship. The study resulted that continuous communication between the Employer and Employees impacts significantly and positively in the performance.

Bendick, M., Egan, M. & Lofhjelm, S. (2001). Here, the researcher focuses on the workplace at US. When Employees are provided with diversified training, it helps organizations to benefit from Performance appraisal. Here, Employees are taught to have cordial relationship with each other by respecting one another and not hold discriminatory feelings against each other.

Clive Fletcher, (2001), in this article, determines and discusses couple of themes and tendencies, which together form the agenda to of study in this field. He tries to explain about the appraisal method and the type of context that is used to operate. He is concerned with the type of content of appraisal and the process of appraisal used. The study concentrates upon the impact of new technology and on cultural differences that lays its impact on both Organizational and individual levels.

Dr. A. Srinivasa Rao, (2007). This empirical study is carried out by the author in selected few Indian companies to understand the effectiveness of

performance management. In this article, the study is confined to the factors that result in the fruitfulness of performance management and its association in achieving Organizational goals. While carrying out this research, consequences and antecedents of potential implementers of PMS in various Indian companies were also inspected. While carrying out this process, it was understood that the managers of good academic backgrounds and high profiles (rich experience) were better implementers of this system. Further, it was noted that, consequences or personality characteristics like exposure to system, discipline, team working and effective interpersonal relations are fundamentally required for the potential implementation of the system.

Kipsegerwo Evans Kibichii1, Dr. Kimutai Geoffrey Kiptum, Prof. Kimani Chege, (2016), the “purpose of the study was to assess the effects of performance management process on employee productivity; A survey of commercial banks in Turkana County. The objectives of the study were to: establish the effects of performance appraisal system on employee productivity assess the effects of training and development on employee productivity and examine the effects of reward system on employee productivity; A survey of commercial banks in Turkana County. The information provided by this research will benefit policymakers, community members and academicians. The study was guided by the Equity Theory and Social Justice Theory. It adopted a descriptive survey research design with a target population of 200 employees. Using Yamane formula, the sample size of 133 was determined. The researcher collected data using questionnaires. The instruments were validated by the supervisors. Reliability of the instruments was determined through a pilot study where Cronbach alpha coefficients of 0.87. This indicated that the instruments were reliable. Quantitative data was analyzed using descriptive statistics and inferential statistics and presented in tables. The study established that the following elements of performance management process: performance appraisal system, training and development and reward system affects employee productivity (p values were less than 0.05). It was therefore recommended that for enhanced employee productivity the policy makers and the banks should ensure that performance of the employees is appraised,

training and development be conducted and reward system adopted.

According to Otley (1999), generally, any Performance Management system considers problems such as: setting of objectives that can result in success of Organization in future, and in what form achievements from these objectives can be evaluated? What are the plans and strategies the Organization tends to adopt and type of activities and processes that it wants to take as per the necessity for its implementation? What are the measures taken by the organization to access and calculate the performance of those activities? How does the Organization come up with its decision of setting exact targets? What rewards will Employees and managers receive for their achievements, and what penalties will be imposed on them for failing to achieve their targets? Appelbaum et al., 2003, Affirmation rendition which is a role of staff "Potential, Stimulation and Ability to participate. This means that a company will gain most if it arranges the process of work in such a route that non-supervisory staff have the chance to donate optional effort and it could be attained by bestowing them independence in judgments, by rendering in good communication and by staff membership in self-administered and/or offline teams. For their efforts to be productive expertise and comprehension. Therefore, companies can attain this by Alluring staff who already possess this comprehension or by bestowing staff with official and/ or unofficial training. Lastly, the company needs to stimulate these staff to impose their potentials into the finest endeavor for the company.

According to (Kandula, 2006), HR-performance management aims at developing potential capabilities of human resource. The performance management must be in line with the company's long-term policies Performance management involves managing employee efforts, based on measured performance outcomes. Therefore, determining what constitutes good performance and how the different aspects of high performance can be measured is critical to the design of an effective performance management process. And performance management effectiveness increases when there is ongoing feedback, behavior-based measures are used and preset goals and trained raters are employed (Lawler, 2003).

Malcolm & Jackson (2012), Performance appraisal assist in rating Employees performance and evaluating their contribution for attaining Organizational goals. It helps to standardize individual performance along with Organizational goals. This helps to review performance of the Employees. Alongside, enhancing motivation appraisal is done to keep the Employees involved in committing to the organization for longer period including enhanced responsibility, recognition for effective effort and delivery, encouragement.

### III. NEED FOR THE STUDY

To understand the importance of performance management in enhancing the skill set of the employees. To understand the different activities carried out in order to improve the skills of the employees as per the need to excel in their job. To find out the need of various requirements in order to motivate the employees to participate in performance management activities carried out by an organization. To understand the role of performance management activities in behavioral changes of an employee towards his/her job.

### IV. STATEMENT OF THE PROBLEM

Performance management system is one of the key factors of "Human Resource Management". It plays a vital role in helping the managers or executives in identifying the need of training and development of the employees in a particular area. This helps the employees and the organization in attaining their goals and be ahead of their competition. Performance management includes various activities such as Performance Appraisal, Training which consists of both on-the-job and off-the-job, feedback mechanism, performance assessment etc. Performance management helps in upgrading the skills of employees, motivating them, achieving shared goals, working as a team, helping the employees in overcoming their barriers by providing regular feedback, by providing various benefits such as bonus, incentives, work from home, allowances, etc., in order to keep them aligned towards their job.

## V. OBJECTIVES OF THE STUDY

1. To understand the importance of performance management activities.
2. To identify the factors that influence to adopt Performance Management system at the Organization.
3. To briefly study about various performance management tools used in the selected Industries

## VI. SCOPE OF THE STUDY

The study makes an effort to understand the significance of performance management systems and techniques to various levels of employees with specific reference to selected IT industries located in Bangalore city.

## VII. FINDINGS AND DISCUSSION

- It is found that most of the respondents belong to age 20-30 years. This tells that the job opportunities for youths are high. Additionally, most of the Organization tend to recruit young candidates as they feel, they are faster in adopting to new technologies and new skills.
- It is found that, majority of the respondents agree that their organization operates a formal performance management system.
- It is important for every organization to function formal performance management system, in order to appraise the Employees based on their performance rather than appraising without any standards set.
- It is found that, formal performance management system is applicable to Senior Managers of the Organization.
- The study reveals that, Professionals like Trainee, executive, Associates, etc. are of the opinion that formal performance management system is applicable in the Organization.
- Adoption of different methods of appraisal for different groups, is highly followed by the Organization to appraise Employees.
- Alternative methods like Adoption of different time spans of appraisal for assessing Employees performance is practiced in the Organization to the Employees when needed.
- Assessment & Development is majorly used Technique by the organization to assess performance of the employees. This process is most effective because, Employees are evaluated based on their performance for given task and the results obtained by the same.
- It is found that, Behavioral assessment and rating scale method is widely used in the Organizations to examine the performance of the Employees.
- It's also found that, critical Incident method and 360-degree Method of appraisal is also used at times when needed.
- It's also found that, Observation and Checklist is implied to calculate and evaluate the performance of the employees. Higher the efficacy of techniques used, higher will be the Performance of the Employees.
- It is found that Career Management and Development Plans are given more importance for enhancing the performance of employees by their organization. Career Management needs more focus because, if Employees don't have clear knowledge about what they are interested in, they fail to achieve both personal and professional goals.
- Development plans are important in order to keep the employees upgraded with knowledge and skills in order to attain success.
- Training and development program is widely included by the Organization as part of their performance management system.
- The study reveals that few Organizations include Coaching and Succession Planning in carrying out the process of performance management activities.
- It is found from the study; Senior Manager sets the performance goals for individual Employees working in the Organization. Senior manager sets the objectives and standards for the Employees, based on which Employee performance is assessed under the invigilation of Senior Manager.
- Performance management system is used as a Motivation Strategy by most of the Organization to keep the employees motivated for longer period of time. Keeping Employees motivated throughout the tenure is important, to achieve productivity and quality of work deliverance.

- Based on the performance, Rewards are given to the Employees. Rewards are used to uphold the morale of the Employees.
- From the study carried out, it is found that Employees are satisfied and happy with the performance management activities organized by their organization.
- The study indicates that, Rating Scale is most preferred by the organizations to examine Employees and provide feedback during appraisal.
- It's also found that, organizations use combination of Rating Scale, Verbal feedback (both positive and negative) to provide feedback to Employees.
- Separate Appraisal systems are adopted by the organizations to evaluate the performance of evaluating teams. Evaluating teams are group of people who examine the performance of other Employees working within the Organization. It is important to have effective evaluating teams so that any kind of unethical practices in assessing the performance is not practiced.
- Performance Planning is carried out during Annual performance and Development Reviews period. This is a time period where the Employees are provided with feedbacks during Performance Review session and the areas they need to upgrade in the form of skills and knowledge that are booming in the market.
- The study reveals two meetings in a year is ideal to discuss the performance of the employees.

#### CONCLUSION

Performance management activities are the core part of companies for attaining Organizational goals and objectives. Every organization ensures that their Employees undergo this process for well-functioning of it. PMS includes various activities such as, training and Development, performance appraisal, goal setting, transfer and promotion, identifying the areas in need of up gradation, evaluation, rewards system etc.

From the study, it can be concluded that, every organization puts an effort to make sure all the employees are appraised well as per the need. It is observed that Organizations spend enough time in communicating with their Employees to understand and appreciate about their work.

Performance management is not only required to achieve Organizational goals, but also important to achieve personal goals. Through performance management activities, it helps an individual to identify the areas they are good at and helps them in improving themselves in the area's they need to work more on.

This process helps the Organization as a whole to stay ahead of their competitors by implementing it in proper manner. It is very important to make sure about the process is well designed as per the requirement. Also, it is very important to make sure that the evaluator is fully knowledgeable about the work he needs to perform. The invigilator or evaluator should not discriminate among Employees and hold favoritism. All together it can be concluded that, performance management system lays a huge impact in improving Employees skills and abilities.

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