

## **PERFORMANCE MANAGEMENT: AN EMPIRICAL STUDY OF SELECTED MANUFACTURING ORGANIZATIONS IN PUNE, INDIA**

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### **ABSTRACT**

Performance Management is an integrated activity that constitutes goal setting of the organization, development of workforce. Performance Management activity concerned not only with the performance of workforce but also concerned with the overall performance of the organization. It includes thinking through facets of employees' performance, identifying critical issues in performance management, planning, reviewing and improving performance of workforce. The present study examines the current Performance Management system of selected manufacturing organizations situated in Pune. The present study highlights the perceptions of HR professionals about Performance Management and also focuses on the psychological barriers in the performance management system.

**Keywords:** *Performance Management, Psychological Barriers, Performance Management Strategies*

### **INTRODUCTION**

Performance Management activity is an important element of personnel management process in the organization. If Performance Management system is implemented properly in the organization, it positively affects the course of growth and profitability of the organization. It gives opportunities to the employees to improve upon their shortcoming and accentuate their career graph. It covers all the employees under one strategic plan of organizational development. In a simple words, Performance Management is an activity which effectively contributes to personnel management and helps in achieving high levels of organizational performance.

Improper implementation of Performance Management system, various constraints and psychological barriers etc., contribute to the high rate of business failures.

The present study focuses on these constraints or issues and psychological barriers in the implementation of the Performance Management system. This study also focuses on the perception of HR officials regarding Performance Management system adopted in their organization.

### **Review of Literature**

Demobi *et al.*, (2011), the performance management is a comprehensive approach to planning and sustaining improvement in the performance of employees as to meet the standards. The absence of performance management system will contribute to the high rate of business failures in the company.

Armstrong and Baron (1998) and Armstrong (2004), describe performance management "as a strategic and integrated approach to delivering sustained success to organisations by improving the performance of the people who work in them and by developing the capability of teams and individual contributors."

Barry (1997), Performance management is a tool which focuses on managing the individual and work environment in such a manner that an individual/team can achieve set organizational goals.

### **MATERIALS AND METHODS**

#### **Research Methodology**

The present study is focused on the performance management system, by having discussion and making observations in large and medium scale manufacturing organizations. Perceptions of HR professionals regarding performance management system and information about effectiveness of performance management system was captured through a questionnaire, administered to assistant HR manager, HR manager, Appraisers etc. Survey method has been used to understand the current status of performance

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management system and to understand the various critical issues and psychological barriers in the implementation of performance management system in the organization.

**Objectives of the Study**

- i) To understand the nature of performance management system adopted by selected manufacturing organizations.
- ii) To understand the perceptions of HR professionals regarding performance management.
- iii) To understand the various critical issues and psychological barriers often occurring in the performance management process.

**Sample Selection**

Sample of 43 manufacturing organizations (large and medium scale) was taken from various industrial areas situated in and around Pune city. The following table indicates the details of selected sample of organizations.

Type of Organization	Number of Organizations
Large Scale	20
Medium Scale	23
Total	43

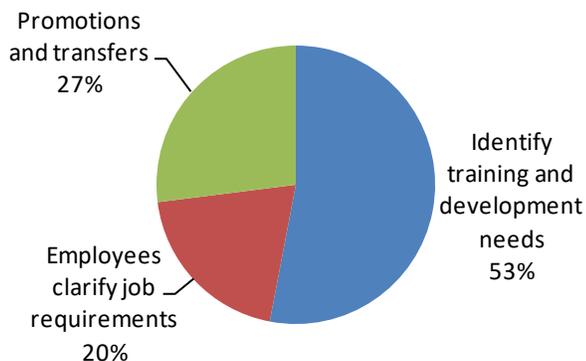
**RESULTS AND DISCUSSION**

The following table indicates the various methods adopted by the selected organizations. The primary data collected in this regard focused on the nature of performance management system.

**Table 1: Methods of Performance Management System**

Method	Frequency	Percentage
Coaching for employees	-	-
Training and development	35	81%
Career management and development	08	19%
Succession Planning	-	-
Total	43	100%

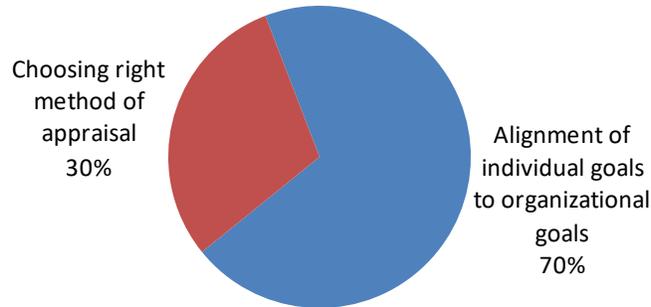
Majority (81%) of the HR professionals have stated that. Training and development method is implemented in their organizations. 19% respondents have stated that, career management and development programmes are frequently conducted in their organizations. Training and development programme is a very crucial exercise which enhances barriers performance significantly; therefore, in majority of the organizations this method has been adopted.



According to 53% HR professionals the main reason for implementing performance management system in the organization is to identify training and development needs. To get a better understanding of the employee’s requirement is the main reason stated by 20% HR professional and 27% HR officials have

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stated that, to facilitate promotions and transfers and for taking termination decisions, performance management system has been implemented in the organizations.



Many factors are responsible for successful implementation of performance management system. Alignment of individual goals to organizational goals is the most important factor, opined by 70% HR professionals, and in the opinion of 30% HR professionals choosing the right method of appraisal is the most important factors, which can make performance management system a success.

It is observed that some critical issues adversely impact the smooth functioning of the performance management process implemented by the organization. The following table indicates these critical issues, faced by HR professionals and appraisers.

**Table 2: Critical Issues in the Performance Management Process**

Critical Issues	Frequency	Percentage
Appraising distant subordinates	07	16%
Appraising highly experienced subordinate	06	14%
Dealing with unreliable expectations	14	33%
Coping with employee defensiveness	16	37%
Total	43	100%

16% respondents have stated that, appraising distant subordinates is most critical issue in the entire process of performance management. 14% respondents have stated that, appraising highly experienced subordinate may become critical issue in the performance management process. Sometimes, subordinates expressed their unreliable expectations to the appraiser regarding their performance appraisal. They expected that, the performance must be appraised positively and ranked excellent, which is not possible in case, the performance of subordinate is unsatisfactory. This critical situation faced by 33% respondents. In this context 37% respondents have stated that, they have to cope with employee’s defensiveness; if their performance is not appraised as per their expectations. Psychology of HR professionals is also adversely affected and created barriers in the smooth functioning of performance management process. Following table indicates the major psychological barriers which are faced by HR professionals.

**Table 3: Psychological Barriers Faced by HR Professionals in the Process of Performance Management**

Barriers	Frequency	Percentage
Being too sceptical	19	44%
Worrying that performance appraisal might cause resentment subordinates.	24	56%
Total	43	100%

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44% respondents have stated that, sometime they become more sceptical about the actual performance of subordinates and therefore, they worry that performance appraisal might cause resentment among the subordinates which can also adversely affected on the performance management process, stated by the 56% respondents. Thus, many HR professionals are feeling insecure while appraising the performance of their subordinates. To remove the psychological barriers and to overcome the critical issues various strategies have been adopted by the HR professionals.

The following graph indicates strategies adopted for performance management system.



It is found that, in the majority of selected organizations (42%) reward strategy has been adopted. It is the result of oriented strategy which directly linked with job performance of the subordinates. In the 35% organizations team work strategy and in the 10% organizations leadership strategy have been adopted to increase the sense of belongingness among the subordinates and create transparency and remove the psychological barriers and their critical issues which often occur in the performance management system. It is found that in all the selected organizations (100%) participative approach has been adopted with a view to improve the effectiveness of performance management system. Bureaucratic approach has not been adopted in any organizations. In the bureaucratic approach, there is a chance of discrimination, which can spoil the harmonious organizational relations.

### Conclusion

- i) It is concluded that, HR professionals in the selected organizations are having good perception about performance management system. They are also aware about the critical issues occurring in the performance management system.
- ii) In many organizations, reward strategy and team work strategy have been adopted due to its result oriented nature.
- iii) Due to implementation of participative approach to improve the effectiveness of the organizations' performance management system, clear transparency has been mentioned in every issues and psychological barriers which are mentioned above, creates obstacles in the process of performance management.

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