EFFECTIVENESS OF PERFORMANCE MANAGEMENT SYSTEM

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ABSTRACT

The research is concerned about “The Effectiveness of Performance Management System”. The research used for this model is Descriptive. The main objective is to “study the effectiveness of Performance Management System”.

A well structured Questionnaire was used for collecting the primary data. Sample size of 120 employees was taken into consideration on the basis of convenience sampling. The survey was conducted at Chennai SSIPL. The report is divided into three main parts: 1) Introduction 2) Research methodology 3) Data Analysis & Interpretation. The tools used for the analysis of this research were Percentage Analysis and Chi-Square test.

The study reveals that the performance of the employees can be improved by determining the need for training & development and by providing the same to them. The research helps to find out satisfaction level and transparency of the PMS. It also helps to analyze the employees perception about the organizational climate.

Keywords: PMS, Perception, SSIPL
1.0 INTRODUCTION

Performance measurement is the process of assessing progress toward achieving predetermined goals. Performance management is building on that process, adding the relevant communication and action on the progress achieved against these predetermined goals. It is actually a new term for the old appraisal system where employee performance was regularly reviewed. Today, performance management focuses on ensuring the results desired by the Organization. Performance management goes through the following steps: analysis, identifying competencies and key skills, and lastly, continued development and control of performance management systems. A common approach to assessing performance is to use a numerical or scale rating system whereby managers are asked to score an individual against a number of objectives / attributes set during the previous meeting.

1.1 OBJECTIVES OF THE STUDY

The Primary Objective of the study is to study the Effectiveness of Performance Management System. And the Secondary Objectives are 1) To study the present PMS System. 2) To find out the satisfaction level of PMS. 3) To find out the level of transparency in the system. 4) To find out the need for Training and Development. 5) To analyze the employees perception towards working climate of the organization.

1.2 LITERATURE SURVEY

1.2.1 LANDY, ZEDECK, CLEVELAND (1983)

The measurement of an employee’s performance allow for relational administrative decisions at the individual employee level. Performance measurement allows the organization to tell the employee something about their rates of growth their competencies and their potential.

1.2.2 ANTONYONI (1996)

Problems arise from 360degree feedbacks when programs are carried out hastily or without a strategic control. In some cases subject’s feedback are left to figure out themselves hot to cope with results and tend not to develop goals and action plans.

1.2.3 JAWAHAR & WILLIAMS (1997)
A recent analyzers of this data shared that raters are more lenient if they think the result will be used for assessment instead of for development purpose.

1.2.4 MCKIRCHY (1998)

Performance appraisals should focus on three objectives performance not personalities valid concrete, relevant issue, rather reaching agreement on what the employee is going to improve in his performance.

1.2.5 PEIPERI (2001)

Emphasize the importance of auto mining 360 saying that there was “crucial because in appropriate or narrowly defined criteria a difficult for peer evaluates to use and even harder for recipients to apply.

2.0 RESEARCH METHODOLOGY

DATA COLLECTION METHOD

Primary Data: The different methods used in collection of primary data are Questionnaire and Observation

2.2 Sample Size
The sample size for this study is taken as 120.

2.3 Sampling Techniques
The sampling technique applied is Convenience Sampling

2.4 Tools used for analysis
Percentage Analysis, Chi- square test, Weighted Average and Simple Correlation

2.5 LIMITATIONS OF THE STUDY
The survey is restricted only to Chennai SSIPL. The options of the respondents are accepted as true and valid. Time spent on research was limited. The conclusions drawn from the study is only indicative and not exhaustive in nature.
### 3.1 CHI-SQUARE TEST SHOWING RELATION BETWEEN IMPACTS OF TRAINING ON PERFORMANCE APPRAISAL SATISFACTION WITH T&D

#### Null Hypothesis (Ho):
There is no significant association between impacts of training on performance appraisal satisfaction with T & D.

#### Alternate Hypothesis (H₁):
There is a significant association impact of training on performance appraisal satisfaction with T & D.

#### Calculations

<table>
<thead>
<tr>
<th>Impact of training on Performance Appraisal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Great Extent</td>
<td></td>
</tr>
<tr>
<td>Some extent</td>
<td></td>
</tr>
<tr>
<td>Refreshes Mind &amp; improves performance</td>
<td></td>
</tr>
</tbody>
</table>

| Satisfaction with T&D | Highly Satisfied | | | | |
|-----------------------|------------------|---|---|---|
|                       | 15               | 8 | 7 | 30 |
|                       | 47               | 7 | 13| 67 |
|                       | 10               | 5 | 8 | 23 |
| Total                 | 72               | 20| 28| 120|

<table>
<thead>
<tr>
<th>O</th>
<th>E</th>
<th>(O-E)</th>
<th>(O-E)^2</th>
<th>(O-E)^2/E</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>18</td>
<td>-3</td>
<td>9</td>
<td>0.5</td>
</tr>
<tr>
<td>8</td>
<td>5</td>
<td>3</td>
<td>9</td>
<td>0.55</td>
</tr>
<tr>
<td>7</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>47</td>
<td>40.2</td>
<td>6.8</td>
<td>46.24</td>
<td>0.86</td>
</tr>
<tr>
<td>7</td>
<td>11.167</td>
<td>-4.167</td>
<td>17.36</td>
<td>0.64</td>
</tr>
<tr>
<td>13</td>
<td>15.633</td>
<td>-2.633</td>
<td>6.94</td>
<td>2.25</td>
</tr>
<tr>
<td>10</td>
<td>13.8</td>
<td>-3.8</td>
<td>14.44</td>
<td>0.95</td>
</tr>
<tr>
<td>5</td>
<td>3.8333</td>
<td>1.1667</td>
<td>1.36</td>
<td>2.81</td>
</tr>
<tr>
<td>8</td>
<td>5.3667</td>
<td>2.6333</td>
<td>6.934</td>
<td>0.77</td>
</tr>
</tbody>
</table>

Total | 9.33

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Degrees of freedom
= (r-1) (c-1) = (3-1) (3-1)
= 2* 2 = 4

Level of significance  is 5%
Tabulated Value is 9.488
Calculated Value is 9.33

**Interpretation:**
Calculated \(X^2 < \text{Tabulated } X^2\)

Since the tabulated value is less than calculated value the null hypothesis is rejected and the alternate hypothesis is accepted. Therefore there no is significant association between satisfaction level of employees on training and development and impact of training on performance.

3.2 WEIGHTED AVERAGE ANALYSIS ON SATISFACTIONAL LEVEL OF PERFORMANCE MANAGEMENT SYSTEM

<table>
<thead>
<tr>
<th>S.NO</th>
<th>ATTRIBUTES</th>
<th>WEIGHTAGE</th>
<th>NO. OF RESPONDENTS</th>
<th>WEIGHTED AVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Highly Satisfied</td>
<td>5</td>
<td>14</td>
<td>70</td>
</tr>
<tr>
<td>2</td>
<td>Satisfied</td>
<td>4</td>
<td>67</td>
<td>268</td>
</tr>
<tr>
<td>3</td>
<td>Neutral</td>
<td>3</td>
<td>32</td>
<td>96</td>
</tr>
<tr>
<td>4</td>
<td>Dissatisfied</td>
<td>2</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>Highly Dissatisfied</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>120</td>
<td>446</td>
</tr>
</tbody>
</table>

\[
\text{WEIGHTED AVERAGE} = \frac{(5 \times 14) + (4 \times 67) + (3 \times 32) + (2 \times 5) + (1 \times 2)}{120}
\]

\[
X = \frac{446}{120} = 3.71
\]

**INFERANCE:**
It is inferred that the most of the people are satisfied with the existing Performance Management System.

3.3 CORRELATION FOR SHOWING THE CORRELATION BETWEEN EXISTING PMS AND ORGANIZATIONAL CLIMATE
**ANALYSIS:**

\[
r = \frac{N (\Sigma XY) - (\Sigma X) (\Sigma Y)}{\sqrt{[N (\Sigma X^2 - (\Sigma X)^2)] [N (\Sigma Y^2 - (\Sigma Y)^2)]}}
\]

\[
= \frac{5(2373) - (120)(134)}{\sqrt{((5(5066)-(120)^2)) ((5(15018) - (134)^2))}}
\]

\[
= -0.1705396
\]

**INFERENCE:**

The value lies between -1 to +1. So there is Strong Correlation between Types of Material Handling System and Equipment over Hauling.

**4.0 SUGGESTIONS**

The employees can be given feedback about their strong area and improvement required area every quarterly, which improves their performance more. Training can be given on soft skills and personality development which makes the employees to perform well in their job. It has been observed that the company rates their employee’s performance through critical incident diary. Key Result Areas should be modified annually. PMS should be planned well in advance and executed in a much more systematic way. It is suggested to implement 360 degree appraisal also.
4.1 CONCLUSION

The study reveals that, the training and development program conducted by the company helps the employees to develop their potential skills to achieve their given task effectively and efficiently. The critical incident diary method helps the managers to rate the employee’s performance accurately, where in future 360 degree appraisal and self appraisal are to be implemented. The feedback given by their superiors helps them to know their strong area and to improve their weak area. The employees are satisfied with their existing Performance Management System in their organization where some more modifications can be done to enhance its effectiveness.