

# Employees Perception towards Performance Management System in State Electricity Board

Dhruv Narayan Sharma<sup>1</sup>, Dr. Suresh Patidar<sup>1</sup>, Dr. Rajeev K Shukla<sup>2</sup>, Dr. Uttam Sharma<sup>3</sup>

<sup>1</sup>Department of Management, IIPS, Indore, M.P., India

<sup>2</sup>Shri Vaishnav School of Management, SVVV, Indore, M.P., India

<sup>3</sup>Department of Science, SVIS, SVVV, Indore, M.P., India

**Abstract**— Performance Management is the process of consolidating organizational goal setting, performance appraisal and development, into a single common system with an aim to ensure an alignment between an employee's performances in support to the organizational strategic goals. Findings of the study revealed that an efficient and effective performance management system can be made by the way of ensuring that organization plan for performance management process by the way of a systematic process of Goal-setting, Appraisal evaluation method, active role of HR in performance management system and facilitation of communication. Organization-wise no significant difference observed in employees perception towards importance of goal-setting, appraisal evaluation method, active role of HR and facilitation of communication in effective performance management system. Goals at organization and individual need to be set in realistic manner, there should be active role of HR in facilitating communication and transparent appraisal evaluation method should be adopted, where employees can give and receive feedback for the improvement of performance management system.

**Keywords**— Performance management system, state electricity board, goal setting.

## I. INTRODUCTION

For the growth and development of the organization it is quite important that organizations at large identify the performance indicators and develop appropriate assessment techniques through which the performance can be evaluated, acknowledged and rewarded appropriately.

Kalpan and Nortan (1993) argued that an organization's ability to control the performance can be improved if the organization is able to identify the various measures which contribute towards performance and direct its resources in the direction of improving it.

Performance Management is the process of consolidating organizational goal setting, performance appraisal and development into a single common system with an aim to ensure an alignment between an employee's performances in support to the organizational strategic goals.(Desseler) It is not limited to the review of performance rather it is more integrated and exhaustive in nature that starts with setting the performance goals according to the strategic plans, reviewing the performance through regular interactions to assess the development ensuring the continuous improvement in the employee's abilities and performance. The difference between performance appraisal and performance management is the former is an annual event especially at the end of the year and latter is the continuous process.

The entire process of performance management system can be divided in three phases. The prerequisite for the performance management system to be started is to have a well defined organizational strategy with the set objectives from organizational level to the unit level. The three phases comprise of Start of the performance management period, during the performance management period and end of period. The activity performed at the start the period is called Performance Planning, during the period is performance management and end of the period is performance appraisal. Jacobs et al. (1980), described performance appraisal as a systematic attempt to distinguish the more efficient workers from the less efficient workers and to discriminate among strength and weaknesses an individual has across many job elements. In other words is can be said that performance appraisal is an evaluation process through which performance of the job-relevant task (Parrill, 1999) can be measured. These measurements are normally done by the direct supervisor of the ratee and can serve help the organization in making several decisions regarding employee selection, disciplinary action, development / feedback, promotion, training / supervision, succession and personnel planning. Roberts (2003) instead concludes that effective feedback is timely, specific, and behavioural in nature and presented by a credible source. Tziner et al. (1992) were able to prove that when performance feedback is precise and timely it may result in behavior change, even though job behaviours are generally difficult to modify. And if during the interview is adequate time for a full discussion of the issues and counselling it will enhance perceived system fairness, system satisfaction, acceptance and supervisory support (Roberts, 2003). Furthermore performance feedback alone generates improvements to rates organizational commitment, and particularly to work satisfaction (Tziner and Kopelman, 2002).

## II. OBJECTIVES

- To identify factors of performance management system in Electricity distribution organization
- To compare employee perception towards performance management system in two differently located units of Electricity distribution organizations.

## III. HYPOTHESES

Following hypotheses were stated for the study and tested at 5% level of significance.

$H_{0(1)}$  Unit wise there is no significant difference in employees perception towards Goal Setting for performance management system

$H_{0(2)}$  Unit wise there is no significant difference in employees perception towards Appraisal evaluation method.

$H_{0(3)}$  Unit wise there is no significant difference in employees perception towards role of HR in performance management system

$H_{0(4)}$  Unit wise there is no significant difference in employees perception towards facilitation of communication in performance management system.

TABLE I. Unit wise independent sample “t” test.

		Paired Differences					df	Sig. (2-tailed)	Sig.(1-tailed)	Hypothesis	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference						
					Lower	Upper					
Goal Setting	H1	.144	2.058	.195	-.243	.531	.738	110	.462	0.231	Accepted
Appraisal Evaluation Method	H2	0.018	0.928	0.089	-0.157	0.194	0.205	109	0.838	0.4188	Accepted
Role of HR	H3	-0.018	0.967	0.092	-0.201	0.165	-0.197	109	0.844	0.4220	Accepted
Facilitation of communication	H4	0.183	1.559	0.149	-0.112	0.479	1.229	108	0.222	0.1108	Accepted

IV. RESEARCH METHODOLOGY

Type of Research - Descriptive in nature

The Sample (Universe)

Respondents were employees of Madhya Pradesh Madhya Khestra Vidyut Vitran Company Limited, Bhopal (MPMKVVL) and Madhya Pradesh Madhya Khestra Vidyut Vitran Company Limited, Indore (MPPKVVL).

**Sample Size** 300 questionnaires were distributed. However, 235 questionnaires were found properly filled. Remaining questionnaires were either not returned or received with incomplete information, which were not included for further analysis.

A. Data Collection

Secondary data were collected with the help of Journals, online source etc.

Primary data collected with the help of self structured questionnaire. There, respondents had to indicate their level of agreement with each statement. Five-point Likert-scale ranging from 1 to 5 were used to rate the employees perception, with 1 being “Strongly disagree”, 3 being a neutral score and 5 being “strongly agree”.

B. Tools for Data Analysis

Mean, Standard Deviation and Independent sample T test were used as statistical tools for data analysis.

V. RESULT AND DISCUSSION

Table I exhibits that Unit wise there is no significant difference in employees perception towards Goal Setting for performance management system. From the table it can be seen that the observed sig value is 0.462, which is greater than 0.05, hence null hypothesis  $H_{0(1)}$  is accepted. In terms of goal setting employees in both the organisations have a fair understanding that goal setting is an important function of performance appraisal, where in the key performance areas are to be set at the beginning of the performance cycle by the reporting officer. However, it can be concluded from the

perception of employees Bhopal has better practices of Goal setting than that of Indore in terms of understanding the importance of the goal setting and targets in fair and achievable manner.

From the table1 it can be seen that Unit wise there is no significant difference in employees perception towards Appraisal evaluation method. the observed sig value is.838 (>0.05). Hence null hypothesis  $H_{0(2)}$  is accepted. An effective appraisal evaluation’s objective is to ensure that evaluation leads to improvement of performance that could be achieved when the process is transparent, can rate the performance effectively and provides input for future potential. Employees of both the organisation agreed that evaluation helps in improving their performance, also results indicated that employees in both the organisations agreed that Performance Management System results provide input for assessing an individual’s readiness for higher responsibility and career advancement.

From the table it can be seen that Unit wise there is no significant difference in employees perception towards role of HR in performance management system as the sig. value is .844 (>0.05). Null Hypothesis  $H_{0(3)}$  is accepted. An effective Performance Management system has an ability to improve and manage the performance at organisational level as it included line managers who keep on supporting and helping employees to perform their job by the way of regular feedback, counselling and monitoring, but that is strongly supported by the HR which has to develop policies, practices, tools and guidelines to improve the entire process. Employees of both units of electricity distribution perceived that role of HR are consistent in rules and practices.

Findings of the study also revealed that Unit wise there is no significant difference in employees perception towards facilitation of communication in performance management system. From the table1 it can be seen that the sig value is 0.222, which is greater than 0.05, hence null hypothesis  $H_{0(4)}$  is accepted. In terms of facilitation of communication it is important for the organization to ensure honest and frank communication between employees and managers; it should

be able to clarify the expectations from the employees and has to be fair and reasonable to assist with promotions. The employees in both the organization have an agreement and understanding with the same that can be seen in the table 1. Findings of the study revealed that communication has been identified as the key and top most concern for employees in both the organizations. Employees have talked about the an open and accessible communication system in the organization, many of them in both the organizations have raised their apprehension on the issue that there is less scope for expressing themselves in the organization, feedback is not taken in to account, there is no such system or platform where employees can put their voices. This may defeat the very purpose of the Performance management system, as it would directly affect the process of feedback and counseling, a very important part of the entire PMS system, and this is quite visible, wherein employees have shown a strong need of feedback and counseling sessions. It can also be noticed that team work and spirit has also been highlighted by the employees.

#### VI. CONCLUSION

In conclusion it can be said that performance appraisal system plays a very important role in the organizations, as it can help the organization identifying the performers, gaps in performance and can align the results with the career development and growth of employees through training & development, coaching, mentoring, feedback and compensations. It important that organizations should be able to effectively set goals, provide proper feedback and support, establish an open an effective communication system, link it with training and career growth and should be open to change to make this system better and transparent.

Findings of the study revealed that an efficient and effective performance management system can be made by the way of ensuring that organization plan for performance management process by the way of a systematic process of Goal-setting, Appraisal evaluation method, active role of HR in performance management system and facilitation of communication. Organization-wise no significant difference observed in employees perception towards these dimensions of performance management system. Goals at organization and individual need to be set in realistic manner, there should be active role of HR in facilitating communication and transparent appraisal evaluation method should be adopted, where employees can give and receive feedback for the improvement of performance management system.

#### REFERENCES

- [1] D. Varkkey, *Human Resource Management*, New Delhi, Prentice Hall, 2009
- [2] M. A. Huselid, "The impact on human resource management practices on turnover, productivity, and corporate financial performance," *Academy of Management Journal*, 38(3), 635-672 (1995).
- [3] R. Jacobs, Expectations of Behaviourally Anchored Rating Scales *Personnel Psychology*, 33, 595-640 (1980).
- [4] R. S. Kaplan and D. P. Norton, "Putting the balanced scorecard to work," *Harvard Business Review* (September/October): 134-147 (1993).
- [5] S. Parrill, "Revisiting Rating Format Research: Computer-Based Rating Formats and Components of Accuracy," Unpublished manuscript. Virginia Polytechnic and State Institute, Blacksburg, (1999).
- [6] G.E. Roberts, "Employee Performance Appraisal System Participation: a Technique that Works," *Public Personnel Management*, 30 (1), 89-98 (2003).
- [7] A. Tziner, "Effects of Performance Appraisal Format on Perceived Goal Characteristics, Appraisal Process satisfaction, and Changes in Rated Job Performance: A Field Experiment," *The Journal of Psychology*, 127 (3), 281-291 (1992).
- [8] A. Tziner & R. E. Kopelman, Is there a Preferred Performance Rating Format A Non-psychometric Perspective," *Applied Psychology: An International Review*, 51 (3), 479-503(2002).