



IMPACT OF PERFORMANCE MANAGEMENT ON THE ORGANISATIONAL PERFORMANCE

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ABSTRACT

The main objectives of this study are as follows to find the factors that influence performance of employees in the organisation and the impact of performance management in the organisation. The researcher used regression analysis to find the result. The results show that influencing performance of employee's monetary, environmental and personal factor. In the above factors promotion given by the management through the performance management motivates the employees high followed by job design in the company from environmental factors gets more satisfaction among the employees.

Keywords: Stress, Performance Management, Motivational factors, Environmental factors.

INTRODUCTION

Day to day corporate environment is becoming more competitive and comprehensive. For survival and competition the market environment organizations need well competent employees who can face present and uncertain future challenges. So, organizations always try to seek the new ways to improve employee's performance. Performance management is the process of creating a work environment in which people can perform to the best of their abilities. It is a whole work system that begins when a job is defined. Performance appraisal

is a systematic evaluation of the individual with regard to his or her performance on the job and his potential for development.

Performance management as an integrated process, may be defined as a process that consolidates goal setting, performance appraisal, and development into a single, common system, the aim of which is to ensure that the employee's performance is supporting the company's strategic aims. Prasad (2005) defines performance management as the process of planning performance, appraising performance, giving its feedback, and counselling an employee to improve his performance. So performance appraisal is considered as the key ingredient or an important step of whole performance management system (Prasad 2005, Dessler 2008). If a company is able to achieve the desired results of the organization it shows that employees are achieving their objectives optimally otherwise there is the possibility of some underperformed employees, which are not able to achieve their targets (Stredwick, 2000).

According to Armstrong and Baron (1998) PM is a strategic and integrated approach towards the performance of individuals and teams who are delivering their best for the success of the organization. Performance appraisal is the continuous process of monitoring that the organizational goals are achieved in an efficient and effective way (Tyson & York, 2002).

Performance management focuses on ways to motivate employees to improve their performance. Again the goal of the performance management process is performance improvement, initially at the level of the individual employee, and ultimately at the level of the organization. The ultimate goal of performance appraisal should be to provide information that will best enable managers to improve employee performance. Thus ideally the performance appraisal provides information to help managers manage in such a way that employee performance improves.

Empirical researches have provided evidence that decisions on recruitment and selection, employee compensation, training and development, and performance management directly influence employees' motivation to perform. Most organizations that aim for competitiveness delimit their investments, spending and acquiring not only tangible assets and resources but also investing in modern and strategic human resource management practices (Noe, Hollenbeck, Gerhart and Wright 2010b). Performance management and evaluation is a well-established element of any organizational system of human resource management (McKenna, Richardson and Manroop, 2011). Performance is described by Lebas (1995) as "the potential for future successful implementation of actions in order to reach the objectives

and targets". In this research the researcher finds the elements of performance management and what is the impact of performance management in the organisation.

REVIEW OF LITERATURE

Angelo S. DeNisi and Robert D(2006). Pritchard1, Performance Appraisal, Performance Management and Improving Individual Performance: A Motivational Framework. Management and Organization Review 2:2 253–277 1740-8776. Performance appraisal has been the focus of considerable research for almost a century. This research has resulted in very few specific recommendations about designing and implementing appraisal and performance management systems whose goal is performance improvement. It reviews these trends and their genesis, and proposes a motivational framework as a means of integrating what we have learned and generating proposals for future research that focus on employee's performance improvement³.

Andre ´ de Waal et al(Mar 2011), The impact of performance management on the results of a non-profit organization. International Journal of Productivity and Performance Management Vol. 60 No. 8, 2011 pp. 778-796. This article aims to describe the results of a study that explored the quantitative impact of performance management on the results of a non-profit organization. Quantitative performance data of the organization, before and after the introduction of performance management, were collected and linked to key activities and events that occurred in the organization during and after the implementation. The research shows that several key activities related to the introduction of performance management have an impact on the results of an organization although not always in an expected positive way².

Ul Mujeeb Ehtesham, Tahir Masood Muhammad, Shakil Ahmad Muhammad(2011), Relationship between Organizational Culture and Performance Management Practices: A Case of University in Pakistan. Journal of Competitiveness. Issue 4/2011. The aim of this study is to expand the base of knowledge and empirically test the relationship between the components of organizational culture and performance management practices. The regression and correlation statistical analysis were used. The results from the statistical analysis show that, involvement is highly correlated with consistency and adaptability. Similarly, the other dimensions of organizational culture have a positive significant relationship with the performance management practices¹⁰.

M. Shakil Ahmad(Jan 2012) Impact Of Organizational Culture On Performance Management Practices In Pakistan, Business Intelligence Journal - January, 2012 Vol.5 No.1. The aim of this study is to expand the base of knowledge and empirically test the relationship between

components of organizational culture and performance management practices. Research Methodology: The study adopted exploratory research to explore the impact. Statistical results show that involvement is highly correlated with consistency and adaptability. Similarly, other dimensions of organizational culture have significantly positive relationship with the performance management practices⁶.

Ms. Leena Toppo, 2Dr. (Mrs.) Twinkle Prusty (OCT 2012) From Performance Appraisal to Performance Management , IOSR Journal of Business and Management (IOSRJBM) ISSN: 2278-487X Volume 3, Issue 5 (Sep,-Oct. 2012), PP 01-06. The main purpose of this paper is to differentiate these two systems, employee's performance appraisal and management system. This paper uses a review of the literature to evaluate the development of appraisal system and argues the critic areas of appraisal system. The review identified as advancement in the management field and growing complexity in corporate sectors demand more capable HR, so more appraisal of employee's performance is not sufficient. Finally, it concludes that Performance management eliminates the shortcomings of performance appraisal system to the some extent⁵.

P. Zvavahera(2013) An evaluation of the effectiveness of performance management systems on service delivery in the Zimbabwean civil service. Journal of Management and Marketing Research. This study sought to evaluate the effectiveness of the Results Based Management system in improving service delivery in the Zimbabwean civil service. The methodology employed document analysis, open-ended questions and face to face interviews. The study found that the performance management system was fraught with challenges due to its complexity and non-adherence to its tenets by the employer. Advancements and promotions were not tied to performance. It was concluded that the employer should adhere to the tenets of the performance management system so as to make it effective¹¹.

Amber Qureshi MS , Mubashir Hassan(sep 2013) Impact of performance management on the organisational performance: An analytical investigation of the business model of McDonalds, International Journal of Academic Research in Economics and Management Sciences , Vol. 2, No. 5 ISSN: 2226-3624. The main objective of this is to find that PM is helpful to improve the productivity of the employees and how PM is linked with the training needs of the employees. In order to get the broader view of respondents, qualitative research will help a lot. Training and the development in the organization leads to greater benefit. It finds that to increase the efficiency of the below average workers these reports play a very significant role. This paper concludes that PA processes provide training and development to

the employees as well as the reward management. These factors also drive the average worker to work more and more efficiently in McDonalds¹.

Macheng Boipono, Tsomele Goitseone Tsomele & Rammolai Mogadime(May 2014) Implementation Of Performance Management System (Pms) In Schools: Success Factors, International Journal of Research in Applied, Natural and Social Sciences (IMPACT: IJRANSS) ISSN(E): 2321-8851; ISSN(P): 2347-4580 Vol. 2, Issue 5, 189-194. The study interrogated the implementation of a performance management system in Gaborone secondary schools in Botswana which the aim of suggesting factors that could contribute to its successful implementation. To ensure intra researcher reliability, data was coded twice realizing a high consistency between the two codings. The study revealed that design and implementation, effective communication and feedback, motivation and clear assessment strategy are essential for the success of PMS⁷.

Kulno Türk(2016) Performance Management Of Academic Staff And Its Effectiveness To Teaching And Research – Based On The Example Of Estonian Universities, Trames, 2016, 20(70/65), 1, 17–36. The aim of the research is to identify options for developing performance management (PM) of the academic staff (AS) based on the example of Estonian universities (economics faculties). Methods included three questionnaire based surveys of AS carried out in 2013, interviews with nine academic leaders and seven focus group interviews were conducted. A detailed PA system enables the AS to achieve higher results specifically during periods of restructuring and change at universities, but causes a negative impact for quality and motivation of AS in times of crisis. It concludes that to develop the PM to be applied in conjunction with other management instruments (qualitative management, personnel management)⁴.

Pamela F. Resurreccion(Nov 2012), Performance Management and Compensation as Drivers of Organization Competitiveness: The Philippine Perspective. International Journal of Business and Social Science, Vol. 3 No. 21. The study was conducted to determine the extent of implementation of select performance management and compensation practices in Filipino-owned SMEs and its underlying relationships with organizational competitiveness. This study found that human resource management practices in performance management and compensation, particularly employee benefits were all found to be significant predictors of organizational competitiveness⁸.

Parvee11 A!,med Alam, Sudipti Ballerjea(2013), Performance Management System: A Conceptual Framework. Business Studies-Vol : XXXIII & XXXIV, 2012 & 2013. In this

paper an attempt has been made to provide a conceptual framework through reviewing the relevant literature with reference to Performance Management System (PMS)-its genesis and process; its linkage with Human Resource Systems, the impact it has in the business arena as well as the modern trends in PMS. Attempt has also been made to touch upon the, how-so-ever limited, literature in this field focusing on the Indian scenario⁹.

OBJECTIVES OF THE STUDY

The main objectives of this study are as follows

1. To find the factors that influence performance of employees in the organisation.
2. To know the impact of performance management in the organisation.

HYPOTHESES OF THE STUDY

1. There is no significant difference among the factors that influencing performance of the employees.
2. There is no significant relationship between the factors of performance and impact of performance management.

FACTORS INFLUENCING PERFORMANCE OF THE EMPLOYEES

1. Motivational factors
2. Environmental factors
3. Personal factors

MOTIVATIONAL FACTORS

1. Pay
2. Recognition
3. Appreciation
4. Status
5. Promotion

ENVIRONMENTAL FACTORS

1. Rules and Regulations
2. Management support
3. Infrastructure facilities
4. Union
5. Job Design

PERSONAL FACTORS

1. Technical skills
2. Physical fitness
3. Inter personal relationship
4. Problem solving method
5. Communication skills

METHODOLOGY

The researcher used regression analysis to find the factors influencing performance of employees and the impact of performance management. There are three main factors that influencing the performance of the employees such as motivational factors, environmental factors and personal factors. The impact of these factors is analysed through the following table.

INFLUENCE ON MONETARY ON PERFORMANCE MANAGEMENT

The monetary factor consist of five variables and it subsequent influence over performance management is measured through linear multiple regression analysis. The results are presented below

Table – 1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.962 ^a	.925	.924	.371

a. Predictors: (Constant), M5, M3, M4, M2, M1

From the above table it is found that R=.962 R square = .925 and adjusted R square .924.

This implies the monetary variable create 93% variance over the performance management.

The cumulative influence of five variables of performance management is ascertained through the following one way analysis of variance.

Table – 2 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	835.689	5	167.138	1217.374	.000 ^b
	Residual	67.823	494	.137		
	Total	903.512	499			

a. Dependent Variable: PM1

b. Predictors: (Constant), M4, M3, M4, M2, M1

Table 2 presents that $f=1217.374$ $p=.000$ are statistically significant at 5% level. This indicates all the five variables cumulatively responsible for performance management. The individual influence of all this five variables is clearly presented in the following co-efficient table.

Table – 3 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-.387	.074		-5.217	.000
1 Pay	.333	.053	.324	6.243	.000
Recognition	-.022	.061	-.017	-.361	.718
Appreciation	.174	.056	.136	3.081	.002
Status	.240	.045	.239	5.367	.000
promotion	.301	.045	.305	6.651	.000

a. Dependent Variable: PM1

From the above table it shows that pay (Beta=.324, $t=6.243$, $p=.000$), Recognition (Beta=-.017, $t=-.361$, $p=.718$), appreciation (Beta=.136, $t=3.081$, $p=.002$), status (Beta=.239, $t=5.367$, $p=.000$) and promotion (Beta=.305, $t=6.651$, $p=.000$) are statistically significant at 5% level. This indicates that the promotion of the employees gets good results in their production through the performance management.

INFLUENCE ON ENVIRONMENTAL FACTORS ON PERFORMANCE MANAGEMENT

The Environmental factor consist of five variables and it subsequent influence over performance management is measured through linear multiple regression analysis. The results are presented below

Table – 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.976 ^a	.953	.952	.294

a. Predictors: (Constant), E5, E3, E2, E1, E4

From the above table it is found that $R=.976$ R square = .953 and adjusted R square .952. This implies the environmental variable create 95% variance over the performance management. The cumulative influence of five variables of performance management is ascertained through the following one way analysis of variance.

Table – 5 ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	860.879	5	172.176	1995.034	.000 ^b
	Residual	42.633	494	.086		
	Total	903.512	499			

a. Dependent Variable: PM1

b. Predictors: (Constant), E5, E3, E2, E1, E4

Table 4 presents that $f=1995.034$ $p=.000$ are statistically significant at 5% level. This indicates all the five variables cumulatively responsible for performance management. The individual influence of all this five variables is clearly presented in the following co-efficient table.

Table – 6 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.122	.047		-2.627	.009
	Rules and regulations	.195	.034	.185	5.759	.000
	Management support	.042	.035	.035	1.199	.231
	Infrastructure	.075	.024	.093	3.165	.002
	Union	.138	.033	.142	4.187	.000
	Job design	.579	.042	.547	13.905	.000

a. Dependent Variable: PM1

From the above table it shows that Rules and regulations (Beta=.185, $t=5.759$, $p=.009$), Management support (Beta=-.035, $t=1.199$, $p=.231$), infrastructure (Beta=.093, $t=3.165$, $p=.002$), Union (Beta=.142, $t=4.187$, $p=.000$), Job design (Beta=.547, $t=13.905$, $p=.000$) are statistically significant at 5% level. This indicates that the job design in the company gets good results in their production through the performance management.

INFLUENCE ON ENVIRONMENTAL FACTORS ON PERFORMANCE MANAGEMENT

The Personal factor consist of five variables and it subsequent influence over performance management is measured through linear multiple regression analysis. The results are presented below

Table – 7 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.972 ^a	.945	.944	.318

a. Predictors: (Constant), P5, P1, P3, P4, P2
 From the above table it is found that R=.972 R square = .945 and adjusted R square .944. This implies the personal factor create 94% variance over the performance management. The cumulative influence of five variables of performance management is ascertained through the following one way analysis of variance.

Table – 8 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	853.677	5	170.735	1692.437	.000 ^b
	Residual	49.835	494	.101		
	Total	903.512	499			

a. Dependent Variable: PM1
 b. Predictors: (Constant), P5, P1, P3, P4, P2
 Table 8 presents that f=1692.437 p=.000 are statistically significant at 5% level. This indicates all the five variables cumulatively responsible for performance management. The individual influence of all this five variables is clearly presented in the following co-efficient table.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.117	.053		-2.199	.028
	Technical	.446	.061	.397	7.295	.000
	Physical	.255	.059	.240	4.302	.000
	Inter personal	.181	.050	.151	3.609	.000
	Problem solving	-.135	.054	-.123	-2.487	.013
	commuication	.314	.042	.323	7.458	.000

a. Dependent Variable: PM1

From the above table it shows that Technical(Beta=.397, t=7.295, p=.000), physical (Beta=-.240, t=4.302, p=.000), interpersonal (Beta=.151, t=3.609, p=.000), problem solving (Beta=-.123 t=-2.487, p=.013), Communication (Beta=.323, t=7.458, p=.000) are statistically significant at 5% level. This indicates that the technical skills of the employee get good results in their production through the performance management.

FINDINGS AND CONCLUSIONS

This research finds that factors influencing performance of employee's monetary, environmental and personal factor. In the above factors promotion given by the management through the performance management motivates the employees high followed by job design in the company from environmental factors gets more satisfaction among the employees. Technical skills developed by performance management create high productivity and it is used to achieve the organisational goal easily.

The management followed the performance management implications such as transparency, ability of manager, practicality and participation gives greater impact in the organisation. Finally, it concludes that performance management techniques followed by management enhances high impacts in the employee's side as well as the management side.

TESTING OF HYPOTHESIS

1. There is no significant difference among the factors that influencing performance of the employees - Rejected
2. There is no significant relationship between the factors of performance and impact of performance management – Rejected.

CONFLICT OF INTEREST – Nil

ETHICAL CLEARANCE – Taken from UGC Committee

SOURCE OF FUNDING- SELF

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