

# The Importance of Behavioral Factors for the Effective Use of Performance Management System in the Context of Hindustan Latex Limited

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**Abstract**—Performance management is an ongoing process where the manager/supervisor work together to plan, monitor, and review an employee's work objectives or goals and overall contribution to the organization. Performance is the way forward for every individual and for the company as a whole. It is therefore vitally important that every individual has a clear understanding of his or her work objectives and responsibilities. The aim of this paper is to study and investigate the existing performance management system to make it effective. Also this paper examines the importance of behavioral factors for the effective use of performance management system. The study considers various factors affecting the performance management system. For analyze the data is collected through questionnaire given to the managers and supervisors in the organization. The statistical analysis is done for processing.

## I. INTRODUCTION

MEASURING employee performance has come a long way from the annual performance appraisal to an on-going performance management process. In the past, managers and employees met once a year for the annual performance appraisal (review) to look back at the work done during the previous year and to evaluate what was accomplished[10]. Human resources managers and managers, supervisors and employees in different departments have come to realize that only looking back does little to improve performance. In recent years, there has been a shift away from performance appraisals to a more comprehensive approach called performance management.

Performance management starts with a work plan that identifies for the employee what is to be accomplished and how. The plan is followed up with informal, on-going monitoring and feedback on his/her progress towards the set objectives. At the end of the performance period usually a year the supervisor and employee meet to summarize the accomplishments and challenges of the past year and document the discussion using a performance management form. The main reason for managers to use data from the performance management system is to influence the behavior of subordinates and employees. To do so

management need a clear view of human nature and behavior in an organization.

## II. LITERATURE SURVEY

Performance management system (PMS) varies enormously in their complexity from an occasional informal chat with the employee about how their work is going to systems which multi-page appraisal forms for different levels of staff, with performance ratings that are linked to compensation and promotions decisions. Aligning [4] the individual goals with those of the organization is thus keystone of our success. This means that there are three Rs of performance management: having clear *requirements* for the individual to which he or she is committed, providing *regular appraisal* and *feedback review* on the individuals performance against those agreed requirements and ensuring appropriate and equitable reward to the individual for the agreed level of performance. The effectiveness [2] of the PMS is determined by the degree in which organizational members actually feel responsible for the results and their willingness to use the system to obtain performance information which may helps to improve the results.

During [3] the past two decades, organizations have increasingly incorporated behavioral style language and assessment methods into their organizational development process and sometimes into their hiring and promotion decision making. Performance management brings focus on overall results, measuring results, focused ongoing feedback about results, and development plans to improve results. The purposes of performance management include

### A. Organisational Effectiveness

Ensure that work plans of the employee are directed towards or support the strategic direction of the organization and motivate employees to do their best.

### B. Performance Improvement

Establish clear communication between the manager and the employee about what s/he is expected to accomplish, Provide on-going, constructive feedback on performance, and Identify areas of poor performance, establish plans for improving performance, as necessary.

### C. Identification of Strengths

Identify the skills and abilities of each employee so that work assignments build on and reflect an employee's strengths, Identify individual employees for more challenging work.

Manuscript received October 20, 2006.

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#### D. Training and Development

Assist and support staff in achieving their work and career goals by identifying training needs and development opportunities, administrative decisions, Support decision-making about promotions, terminations, compensation and rewards.

#### E. Legal Documentation

Provide a paper trail for legal challenges related to dismissal or vicarious liability.

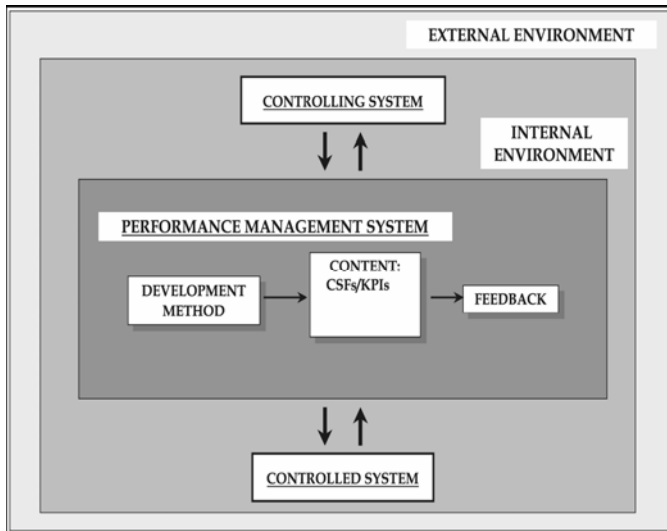


Fig.1 Classification Scheme of performance factors

For effective control of the PMS a controlling system and a controlled system is needed [1]. Here the controlling system is the manager and the controlled system is the supervisor. Supervisor will be rating the performance evaluation of employees. Through the performance management system, the controlling system gets information about the performance of the controlled system and the controlled system obtains information its own performance. The internal and external environments in which the controlling and controlled systems operate also influence the effectiveness of control. In the performance management system, the development part describes the way in which critical success factors and key performance indicators (KPI) have to meet in order to be relevant to both controlling and controlled system. The feedback part describes the way in which information about critical success factors and KPI is conveyed to both the systems. The Following factors are required to analyse the PMS.

1. Satisfaction with the existing performance management system
2. Are the managers and supervisors discussing the performance and results with the employees regularly
3. Is there regular communication about the performance between all levels.
4. Is the existing system is using effectively.
5. Do the managers and supervisors giving training and feedback to their subordinates.

### III. PERFORMANCE APPRAISAL SYSTEM IN HLL

Performance appraisal is an integral part of the performance management system. Performance appraisal is

a method by which the company analyses the work performance of its employees. In HLL performance appraisal process is conducted annually. HLL makes a continuous review of performance and evaluation of efficiency of the work force. Performance appraisal is done by the immediate superior and is reviewed by the controlling authority. In HLL performance appraisal is mainly used for promotion, probation, confirmation and incrementation. It is also used for identifying training needs, Identifying skill and competency deficits, providing employee feedback and determining reward allocation. The appraisal is done by classifying the employees in to three groups. Executives, Supervisors and Staffs. There are different appraisal formats for each category. The Performance appraisal form at HLL is also referred to as the Annual Confidential Report (ACR) the appraiser is one who rates the subordinate (the appraise). Graphic Rating Scale method is used for appraising performance evaluation.

#### A. Executive Appraisal System

Giving importance to the following dimensions assesses the executives.

1. Performance on the present job.
2. Evaluation of managerial factors.

Then overall performance assessment will take.

#### B. Supervisory Appraisal System

In Supervisory appraisal system the appraisal is done for supervisors. The company has got its own supervisory appraisal form. The appraisal is mainly done for promotion, probation, confirmation and increment. The supervisor may be appraised based on the comments made by the assessment committee meeting of section head, departmental head, chairman of the committee and at the final order is made by the General manager or Managing Director.

The objectives of supervisor's appraisal form

- To evaluate how far results are achieved and to plan for better performance.
- To understand the gap in knowledge and skills which can be filled by planned guidance and training.
- To identify man with potential so that reliable succession plan can be built up.

There are different performances factors are used for evaluating the performance of supervisors such as job organizing, planning and controlling, communication, cost consciousness, developing subordinates, interpersonal relationship, leadership, judgment, and potential for handling higher level responsibility.

#### C. Staff Appraisal System

In Staff appraisal system the appraisal is done for workers and administrative staffs. The company has got its own appraisal form. The appraisal is mainly done for promotion, probation, confirmation and increment. In staff appraisal system the appraisal is done by the managers in presence of supervisors. In the appraisal form the rater has to select the statement, which suits most to the individuals being rated and put in the corresponding box. The performance factors used for staff appraisal system are as follows: quantity of work, quality of work, knowledge of

job, initiative, mental ability and judgment, dependability, care of machine tools, equipments or records, aptitude, ability to work in cooperation with others, attitude towards work, job responsibility, work habits, resourcefulness, house keeping, time keeping and attendance.

IV. METHODOLOGY

The data were collected through questionnaires and informal discussion with managers and supervisors. A pilot survey is conducted for testing the questionnaires and the necessary modifications were made. Based on the planned schedule the questionnaires are distributed to managers and supervisors and they are collected. The survey is conducted for entire population. The target population is 60 managers and 30 supervisors. The data is analyzed through both qualitative and exploring analysis.

V. ANALYSIS

The data contained in the questionnaire has been subjected to statistical analysis for getting the right information. The statistical test using ANOVA table was prepared to process the data. One-way ANOVA is used for analyzing the data. Dependent and Independent variables are taken. Table 1 and Table 2 shows the tabulated data for supervisors and managers. There are different options selected for data collection:

- a. Very much aware/ Highly satisfied / Excellent / Very True/Strongly agree
- b. Aware/ Satisfied/ Good / True /Agree
- c. To an extend/Dissatisfied/Satisfactory/ partially true / Disagree
- d. Not aware/ Highly dissatisfied/Poor/Not true/Strongly disagree

A. Analysis of data collected from Managers

Table 1. Tabulated data for managers

Behavioral Factors affecting performance		Number of respondents for each options				
		a	b	c	d	Total
1	Awareness of PMS	3	48	9	0	60
2	Awareness of KPI	27	33	0	0	60
3	Awareness of Training and Development	12	39	9	0	60
4	Satisfaction with the training courses	6	39	15	0	60
5	Providing feedback	3	45	12	0	60
6	Communication	12	48	0	0	60
7	Rewards	6	54	0	0	60
8	Trust and Commitment	6	36	18	0	60
9	Awareness about pay policies	12	42	6	0	60
10	Existing procedures and systems encourage efficiency	6	54	0	0	60

Tabulated data indicates that 85% of managers are aware about the PMS, training and development program and 90% are aware of companies pay policies.15% of managers are to an extend. There is cent percent awareness among managers about KPI. There is full satisfaction with the communication system.80% are agree with providing feedback to their subordinates. All the managers are agree that rewards and existing procedures and systems of PMS are used as a technique for motivating the employees and encourage the efficiency.70% respondents says that trust and commitment in good performance information is effective for the use of PMS.

B. Analysis of data collected from Supervisors

Table 2. Tabulated data for supervisors

Behavioral Factors affecting Performance		Number of respondents for each options				
		a	b	c	d	Total
1	Awareness of PMS	12	18	0	0	30
2	Awareness of KPI	12	12	6	0	30
3	Awareness of Training and Development	9	18	3	0	30
4	Satisfaction with the training courses	6	21	3	0	30
5	Providing feedback	3	6	9	12	30
6	Communication	0	12	6	12	30
7	Rewards	15	12	3	0	30
8	Trust and Commitment	6	24	0	0	30
9	Awareness about pay policies	6	9	15	0	30
10	Existing procedures and systems encourage efficiency	6	24	0	0	30

Tabulated data indicates that all the supervisors are aware about the Performance Management System. About 80% are aware about the KPI, 90% are aware about the training and development program and 50% are aware about the companies pay policies in the organization. Moreover 70% and 60% of Supervisors are satisfied with overall training courses and the communication system.60% of respondents are agree with providing feedback to their subordinates.90% of the supervisors agree that rewards are used as a technique for motivating the employees. All the respondents agree that the existing procedures and systems encourage efficiency.80% respondents says that trust and commitment in good performance information is effective for the use of PMS.

C. Exploratory Analysis

- 1) Hypothesis testing for finding whether the existing performance management system is effective.

Null Hypothesis: Existing performance management system is not effective

Alternate Hypothesis: Existing performance management system is effective.

Table: 3.ANOVA table for managers

Source of variation	Sum of Squares	Degree of freedom	Mean sum of squares
Between treatment factor	11525.4	3	3841.8
Within treatment factor	1344.6	56	24.01
Total	12870	59	

The table value of F for  $v_1 = 3$  and  $v_2 = 56$  at 1% level of significance is 4.13. The calculated value of F which is 160 falls outside the table value and hence the difference in the mean values of the factor is significant. Thus the null hypothesis gets rejected and alternate hypothesis is accepted. It shows that existing PMS is effective.

2) *Hypothesis testing for finding whether the existing performance management system is effective.*

Null Hypothesis: Existing performance management system is not effective.

Alternate Hypothesis: Existing performance management system is effective.

Table: 4.ANOVA table for supervisors

Source of variation	Sum of Squares	Degree of freedom	Mean sum of squares
Between treatment factor	1006.2	3	335.4
Within treatment factor	1037.92	26	39.92
Total	2044.12	29	

The table value of F for  $v_1 = 3$  and  $v_2 = 26$  at 1% level of significance is 4.64. The calculated value of F which is 8.40 falls outside the table value and hence the difference in the mean values of the factor is significant. Thus the null hypothesis gets rejected and alternate hypothesis is accepted. It shows that existing PMS is effective.

## VI. RESULTS AND DISCUSSIONS

From the qualitative analysis, it seen that 85% of the managers and all the supervisors are aware of the Performance Management System. More than 80% of managers and supervisors are aware of KPI. About 75% of managers and 70% of supervisors are satisfied with the training courses conducted in the organization. It shows the need of further improvement in training programs. . All the managers and 60% of the supervisors are satisfied with the communication system. So improvement in communication at supervisor's level is needed. Most of (90%) supervisors and all managers are agree with the existing reward system.

About 80% of the managers and 60% of supervisors are giving feedback to the subordinates. It shows that the improvement in feed back system is also needed. About 10% managers are rated as excellent 60% as good and 30% as average in trust and commitment towards the job. For supervisors 20% are rated as excellent and 80% are rated as good in trust and commitment towards the job. It shows that

the trust and commitment towards job should be improved. The qualitative analysis shows the importance of behavioral factors for effective use of PMS. Exploratory analysis for the supervisors and managers shows the existing performance management system is effective. Further study can be done for other relevant behavioral factors which contribute to the effectiveness of PMS.

## VII. CONCLUSION

The study and investigation of the existing PMS in HLL is carried out. The behavioral factors such as awareness of PMS, KPI, training and development, pay policies, satisfaction with training courses, feedback, communication, rewards, trust and commitment, existing procedures and systems of PMS are analysed. It shows that the the further improvement of training programs, communication & feedback system and trust & commitment to enhance the effectiveness of PMS. It can be concluded that the existing performance management system is effective and the behavioral factors considered in the study are important for the effective use of performance management system

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