EMPLOYEES’ PERCEPTION TOWARDS ORGANIZATIONAL SUCCESS THROUGH PERFORMANCE MANAGEMENT SYSTEM

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ABSTRACT

Since the success of Performance Management System (PMS) depends very much on the human factor, an attempt was made to study the overall Perception of the employee’s towards implementation of PMS and organization success through PMS, IT sectors in Karnataka State. An analysis of findings indicates that 66% of the respondents opined that implementation of PMS is a must, 10.9% of them opined that it is necessary, 7.8% of them opined that it is not necessary and 15.2% of them opined that it is not at all necessary. Chi-Square Test shows that there is significance difference in the amount of responses (p<0.0001). So it is concluded that implementation of PMS is a must in the organization. However, we should also take into consideration that almost one-forth of the respondents oppose the presence of PMS, which is relatively a high proportion. The overall percentage Mean 76.19 denotes good perception towards organization success. Analysis of Variance (ANOVA) shows that there is a significant difference (p<0.001, HS) in perception among the various components of organizational success. In other words, components such as PMS is better than traditional performance appraisal, PMS aims at introducing innovative technology and methods to achieve organizational goal, PMS is effective in an organization and a good employee performance appraisal system is a pre-requisite for an effective PMS, contributes higher mean perception than PMS is only an alternative for management success, PMS helps in reducing strain, de-motivation and conflicts among employees and PMS is implemented and followed properly. The overall percentage Mean 76.19 denotes very good perception towards organizational success. So perception towards organizational success is positive as 76.19% falls in the category of 75% to 100%.

Keywords: Performance Management system, Organizational success, Employee perception.
INTRODUCTION

Modern organizations are striving hard to achieve excellence in a highly complex, turbulent, competitive and dynamic business environment. They have to come to terms with the ground realities and several odds against efficient and effective business performance. As a matter of fact, every progressive organization is continuously in search of excellence by earning and sustaining competitive advantage. In this context, the Indian IT sector cannot be an exception to this hard reality.

Just like any other organization, an Information Technology firm is also governed by nine key elements: people, structure, task, technology, culture, strategy, processes, systems and environment (internal and external). As a matter of compulsion, IT firms have to invariably focus on “clean, lean and green organization” in order to meaningfully survive, grow and excel in the long run. It is acknowledged all over the world that “people” can make or mar organizational effectiveness. They can keep the place (reputation) and set the pace of the progress of any organization. In this sense, human resource can act as a double-edged sword; if managed properly, they can bring prosperity; if mismanaged, they can undoubtedly cause havoc. Human resource of an organization will be considered as a common denominator to govern the behaviour of the task performance (e.g., service excellence in IT firms) organizational structural synergy (e.g., efficiency-driven, people-friendly, goal-oriented workflow, communication flow, information flow and human resource flow), performance-driven Information and Communication Technology, long-term business-related corporate strategies, supportive organizational culture (openness, confrontation, trust, authenticity, pro-action, autonomy, collaboration, and experimentation), fool-proof systemic arrangement to achieve synergistic and symbolic integration of organizational processes and objectives, highly fine-tuned and simple organizational processes, and finally agility and dynamism to cope with the internal and external environmental influences. In the fitness of things, performance management system plays an important role to improve overall efficiency of the employees, to achieve organizational goal.

CONCEPTUAL FRAME WORK

Performance Management System is the process of performance planning (goal setting), performance monitoring and coaching, measuring (evaluating) individual performance linked to organizational goals, giving him/her feedback, rewarding the individual based on his/her achievements against set performance goals and required competencies, and working out a plan for his/her development. Employee development is a process thereby people learn the skills, knowledge, attitudes needed in order to perform their job effectively and improve the overall personality of an individual. It is a continuous process and is on the initiative from individual. Employees’ development is like a development of an organization.

OBJECTIVES OF THE STUDY

The central purpose of the present study is to measure and assess the employee’s perception towards organization success through performance management system (PMS) with reference to IT sectors in Karnataka State. The following are the major purposes of the research:

• To understand overall perception of the employee’s towards PMS
• To highlight and describe overall attitude of employees towards organizational success

SIGNIFICANCE AND LIMITATIONS OF THE STUDY

The concept of performance management system is not new, it exists in all most all sectors. The following Chinese proverb which aptly fits into the present scenario as far as performance management system concerned:
“If you wish to plan for a year sow seeds, if you wish to plan for ten years plant trees, if you wish to plan for a lifetime develop people.”

The performance management system is employees’ oriented than employer oriented. The significance of study is to improve the sound performance management system (PMS) contributes to improve performance of the organization, which involves Planning employee’s performance, Monitoring employee’s performance, Developing employee’s performance, Rating employee’s performance, Rewarding employee’s performance.

The quality information for the study purely based on willingness and co-operation of the management and employees of selected companies to disclose facts. The traditional conservative attitude of management in the name of privacy and unwillingness to provide appropriate and adequate information act as a limiting factor for the research findings.

REVIEW OF LITERATURE

The evaluations of the concept of performance management as a new Human Resource Management model reflect a change of emphasis in organization away from commanded-control towards a facilitation model of leadership. This change has been accompanied by recognition of the importance to the employee and the institution of relating work performance to the strategic or long-term and overarching mission of the organization as a whole. Employee’s goals and objectives are derived from their departments, which in turn support the mission and goals of the organization.

Performance Measurement System is closely associated with Performance Management (Audit Commission 2000a: 5) and the central focus of this review is the intersection between the two. While performance management might include a range of management responsibilities, down to managing the performance of individual members of staff through very soft and arbitrary collection of information (such as unstructured observed performance in the workplace) (Centre for Business Performance 2006: 3), the focus here is on the measurement and management of whole organization performance.

Whilst some approaches, such as the DuPont Pyramid, extend back to the development of major modern industrial corporations, performance measurement is particularly associated with the notion of Management by Objectives (MBO) first put forward by Drucker (1955) in the 1950s. The essence of MBO is that senior management set objectives to be measured by quantitative targets, with associated performance indicators designed to ensure that these are achieved but allow considerable operational flexibility and autonomy over the ways in which organizational units, teams and individuals attempt to achieve these goals (Mosley H et al., 2001:3-4).

There are three distinct ways in which the performance management process can be approached (Neely et al., 1995): First, it can be approached from the perspective of individual measures which indicate performance on a single set of criteria, often on the basis of product or service quality, time, cost or throughput. Second, it can be approached from a more systemic perspective where individual measures are placed in some form of analytical framework designed to understand the relationship between different types of information. The most famous example of this sort of systemic perspective is the widely adopted Balanced Scorecard Approach (Kaplan and Norton, 1992). Third, performance measurement can be understood from the point of view of how the performance measurement system interacts with the wider context, whether that is an internal organizational context, an external stakeholder or market context.

RESEARCH METHODOLOGY

This study was descriptive and analytical in nature. The study mainly depended upon the primary data to develop this article. However, same secondary sources of data were consulted for the purpose of gathering background information supporting the study. Relevant primary data were collected using the combination quantitative (sample survey) and qualitative (interview) methods. Primary data were...
collected through questionnaire method. A Questionnaire was administered to 512 employees of the IT Companies in Karnataka State. The case study companies are having more than 500 employees in an organization. Appropriate and relevant statistical tools and techniques will be used such as Descriptive Statistics (Mean and S.D), Analysis of Variance (ANOVA), and Chi-Square Test

The employee’s perception about PMS of IT companies are often difficult to measure as, to a large extent, they are qualitative. Consequently, the study is on employee’s perception about evaluation of performance through PMS, is an attempt to measure the actual effects. To date, the lack of accepted methodology prevents the exact measurement. Tools used for the study is shown in the Table – 1

**Table – 1 Criteria used for the Research Study**

<table>
<thead>
<tr>
<th>Class</th>
<th>0 - 25</th>
<th>25 - 50</th>
<th>50 - 75</th>
<th>75 -100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of employee</td>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Agree</td>
<td>Strongly agree</td>
</tr>
</tbody>
</table>

Source: Likert scale

**FINDINGS OF THE STUDY**

**To understand overall perception of employee’s towards implementation of PMS:**

Since the success of PMS depends very much on the human factor, i.e. the attitudes and behavior of the respondents of the IT professional towards PMS, an attempt was made to study the overall attitude of the employee’s towards implementation PMS, IT sectors in Karnataka. In general, the attitude of the IT professional towards implementation PMS is positive. An analysis of findings indicates that 66% of the respondents opined that implementation of PMS is a must, 10.9% of them opined that it is necessary, 7.8% of them opined that it is not necessary and 15.2% of them opined that it is not at all necessary. Chi-Square Test shows that there is significance difference in the amount of responses (p<0.0001). So it is concluded that implementation of PMS is a must in the organization.

**Table-2 TABLE SHOWING OPINION REGARDING IMPLEMENTATION OF PMS**

<table>
<thead>
<tr>
<th>Perception regarding implementation of PMS</th>
<th>No. of employees</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is not at all necessary</td>
<td>78</td>
<td>15.2</td>
</tr>
<tr>
<td>Is not necessary</td>
<td>40</td>
<td>7.8</td>
</tr>
<tr>
<td>Is necessary</td>
<td>56</td>
<td>10.9</td>
</tr>
<tr>
<td>Is must</td>
<td>338</td>
<td>66.0</td>
</tr>
<tr>
<td>Total</td>
<td>512</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Survey data  
\[ X2 = 465.063, \text{p}<0.0001, \text{HS} \]
## ATTITUDE TOWARDS ORGANIZATIONAL SUCCESS

Table-3 Exhibits Employees’ Perception Towards Seven Components of Organizational Success

<table>
<thead>
<tr>
<th>Component</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Agree</th>
<th>Strongly disagree</th>
<th>Mean and SD</th>
<th>Percentage Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. PMS is only an alternative for management success.</td>
<td>30 (5.9)</td>
<td>194 (37.9)</td>
<td>220 (43.0)</td>
<td>68 (13.3)</td>
<td>2.63±0.78</td>
<td>65.92</td>
</tr>
<tr>
<td>2. PMS is better than traditional performance appraisal system.</td>
<td>16 (3.1)</td>
<td>70 (13.7)</td>
<td>230 (44.9)</td>
<td>196 (38.3)</td>
<td>3.18±0.78</td>
<td>79.59</td>
</tr>
<tr>
<td>3. It helps in reducing strain, de-motivation and conflicts.</td>
<td>30 (5.9)</td>
<td>158 (30.9)</td>
<td>224 (43.8)</td>
<td>100 (19.5)</td>
<td>2.76±0.82</td>
<td>69.24</td>
</tr>
<tr>
<td>4. PMS is implemented and followed properly.</td>
<td>24 (4.7)</td>
<td>96 (18.8)</td>
<td>252 (49.2)</td>
<td>140 (27.3)</td>
<td>2.99±0.81</td>
<td>74.80</td>
</tr>
<tr>
<td>5. Uses innovative methods and technology.</td>
<td>20 (3.9)</td>
<td>68 (13.3)</td>
<td>284 (55.5)</td>
<td>140 (27.3)</td>
<td>3.06±0.75</td>
<td>76.56</td>
</tr>
<tr>
<td>6. PMS is effective in your organization.</td>
<td>02 (0.4)</td>
<td>104 (20.3)</td>
<td>108 (21.1)</td>
<td>298 (58.2)</td>
<td>3.37±0.82</td>
<td>84.28</td>
</tr>
<tr>
<td>7. Performance appraisal system is a pre-requisite for PMS</td>
<td>04 (0.8)</td>
<td>14 (2.70)</td>
<td>310 (60.5)</td>
<td>184 (35.9)</td>
<td>3.31±0.56</td>
<td>82.91</td>
</tr>
</tbody>
</table>

*Source: Survey data*

1. **PMS is only an alternative for management success**
   5.9% of the respondents strongly disagree, 37.9% of them disagree, 43.0% of them agree, 13.3% of them strongly agree that PMS is only an alternative for management success. The percentage mean 65.92 (Mean and SD 2.63±0.78) shows that PMS is only an alternative for management success as it falls in the category of 51% to 75%.

2. **PMS is better than traditional performance appraisal system**
   3.1% of the respondents strongly disagree, 13.7% of them disagree, 44.9% of them agree, 38.3% of them strongly agree that PMS is better than traditional performance appraisal system with Mean and SD 3.18±0.78. The percentage Mean 79.59 shows that PMS is better than traditional appraisal system as it falls in the category of 76% to 100%.

3. **It helps in reducing strain, de-motivation and conflict**
   5.9% of the respondents strongly disagree, 30.9% of them disagree, 43.8% of them agree, 19.5% of them strongly agree that PMS helps in reducing strain, de-motivation and conflicts among employees with
Mean and SD 2.76±0.82 percentage Mean 69.24, which shows that PMS helps in reducing strain, de-motivation and conflicts among employees as 69.24% falls in the category of 51% to 75%.

4. **PMS is implemented and followed properly**

4.7% of the respondents strongly disagree, 18.8% of them disagree, 49.2% of them agree, 27.3% of them strongly agree that PMS is implemented and followed properly. The percentage mean 74.80 (Mean and SD 2.99±0.81), shows that PMS is implemented and followed properly as it falls in the category of 51% to 75%

5. **PMS uses innovative methods and technology**

3.9% of the respondents strongly disagree, 13.3% of them disagree, 55.5% of them agree, 27.3% of them strongly agree that PMS uses innovative technology and method and technology achieve organizational goal with Mean and SD 3.06±0.75. The percentage Mean 76.50, shows that PMS aims at introducing innovative technology and method to achieve organizational goal as it falls in the category of 76% to 100%.

6. **PMS is effective in your organization**

4.00% of the respondents strongly disagree, 20.3% of them disagree, 21.1% of the respondent agree, 58.2% of them strongly agree that PMS is effective in an organization. The percentage mean 84.28 (Mean and SD 3.37±0.82), shows that PMS is effective in an organizational goal as it falls in the category of 76% to 100%.

7. **Performance appraisal system is a pre-requisite for PMS**

.08% of the respondents strongly disagree, 2.7% of them disagree, 60.5% of them agree, 35.9% of them strongly agree that performance appraisal system is a pre-requisite for PMS with Mean and SD 3.31±0.56 percentage Mean 82.91, which shows that performance appraisal system is a pre-requisite for PMS as 82.91% falls in the category of 76% to 100%.

| Table – 4 Exhibits ANOVA to Compare the Seven Components of Organizational Success |
|---------------------------------|---------|---------|------|-----------|---------|---------|
| PMS is only an alternative for management success. | N = 512 | Minumum = 1.00 | Maximum = 4.00 | Mean = 2.64 | Std. Deviation = .78 | Percentage mean = 65.92 |
| PMS is better than traditional performance appraisal system. | N = 512 | Minumum = 1.00 | Maximum = 4.00 | Mean = 3.18 | Std. Deviation = .78 | Percentage mean = 79.59 |
| PMS helps in reducing strain, de-motivation and conflicts among employees. | N = 512 | Minumum = 1.00 | Maximum = 4.00 | Mean = 2.77 | Std. Deviation = .83 | Percentage mean = 69.24 |
| PMS is implemented and followed properly. | N = 512 | Minumum = 1.00 | Maximum = 4.00 | Mean = 2.99 | Std. Deviation = .81 | Percentage mean = 74.80 |
| PMS uses innovative technology and method and technology achieve organizational goal | N = 512 | Minumum = 1.00 | Maximum = 4.00 | Mean = 3.06 | Std. Deviation = .75 | Percentage mean = 76.56 |

ANOVA F value = 75.560, p value < 0.001, HS
PMS is effective in an organization.  
A good employee performance appraisal system is a pre-requisite for an effective PMS.  
Attitude towards organizational success (Over all)

<table>
<thead>
<tr>
<th>Component</th>
<th>Mean</th>
<th>SD</th>
<th>Effect Size</th>
<th>F Value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMS is effective in an organization.</td>
<td>512</td>
<td>1.00</td>
<td>4.00</td>
<td>3.37</td>
<td>.82</td>
</tr>
<tr>
<td>A good employee performance appraisal system is a pre-requisite for an</td>
<td>512</td>
<td>1.00</td>
<td>4.00</td>
<td>3.32</td>
<td>.56</td>
</tr>
<tr>
<td>effective PMS.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude towards organizational success (Over all)</td>
<td>512</td>
<td>1.86</td>
<td>4.00</td>
<td>3.05</td>
<td>.39</td>
</tr>
</tbody>
</table>

Source: Survey data

Analysis of Variance (ANOVA) shows that there is a significant difference (p<0.001, HS) in perception among the various components of organizational success. In other words, components such as PMS is better than traditional performance appraisal, PMS aims at introducing innovative technology and methods to achieve organizational goal, PMS is effective in an organization and a good employee performance appraisal system is a pre-requisite for an effective PMS, contributes higher mean perception than PMS is only an alternative for management success, PMS helps in reducing strain, de-motivation and conflicts among employees and PMS is implemented and followed properly. The overall percentage Mean 76.19 denotes very good perception towards organizational success. So perception towards organizational success is positive as 76.19% falls in the category of 75% to 100%.

Figure-1 Exhibits Levels of Perception towards Seven Components of Organizational Success

Source: Survey data

CONCLUSION

On the basis of the research findings, the researcher arrives at the view that the introduction of PMS in IT companies has brought about the considerable impact on organizational effectiveness. Overall, satisfactory level of performance has been brought about the desired impact on IT companies.
The researcher also noted that there is a significant difference in perception among the various components of organizational success. Organizations succeed when they continuously nourish the top performances and improve or weed out the poor performers. The big challenges of following this strategy are identifying the real performers, providing a competitive compensation to retain and motivate employees and improve their skills and competencies to maintain the business competitiveness. Empxtrack Performance Management System (It is an integrated web-based tool to improve organizational performance by setting SMART Goals for employee, evaluating employee performance, recommending highly competitive compensation plans, managing employee trainings and development and promoting right employees to a critical position) can help to meet these big challenges of improving employee performance and organizational effectiveness.

REFERENCES


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