

PERFORMANCE MANAGEMENT PRACTICES IN INDIA

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ABSTRACT

This paper reveals that the concept of performance management has been examined from different angles; network performance management, organizational development, application performance management, business performance management and operational performance management. Also the researchers have dealt with different aspects of performance management; examination of the role of different levels of management in performance management, the efficacy of different criteria and practices used in performance management, the effect of the quality of performance management practices on the efficiency and satisfaction of employees, the role of team leader's behavior on team member satisfaction, the relationship between knowledge management practices and enhancement of innovation and performance , the relationship between environmental innovation and performance and the critical issues , threats and opportunities in designing a system of performance management. The studies conducted in the past on the subject are more general in nature and there is not enough research work on performance management practices covering specific industries. Pharmaceutical industry is not an exception.

I. INTRODUCTION

1.1 Meaning and Definitions of Performance Management

All organizations; big or small, profit seeking or philanthropic, public or private, trading or manufacturing and whether engaged in routine or extraordinary activities must perform to fulfil the goal for the achievement of which they are established. The effectiveness of an organization depends upon whether an organization is able to achieve the key results with efficiency and commitment. For effective performance there has to be coordination between the physical and human resources of an organization and a proper system of performance management must be in place. Performance management is a relatively new concept to the field of management. Supervisors have conducted performance appraisals for years. Employees have attended training sessions for years. Organization members have worked long, hard hours for centuries. Processes, such as planning, budgeting, sales and billings have been carried out for years in organizations. But all too often, these activities are done mostly for the sake of doing them, not for contributing directly to the preferred results of the organization. Performance management reminds us that being busy is not the same as producing results. Long training sessions, hard work is useful only when they produce fruitful results. The major contribution of performance management is its focus on achieving results — useful products and services for customers inside and outside the organization. Performance management redirects our efforts away from being busy towards effectiveness. Recently, organizations have been faced with challenges like never before. Cut throat competition

from businesses inside and outside the country meant that all businesses must be much more careful about the choice of strategies to remain competitive. These strategies should not focus on one aspect that is finance only, but all aspects of organization like employees, customers, products etc. This situation has put more focus on effectiveness, that systems and processes in the organization be applied in the right way to the right things for achieving best results. All of the results across the organization must continue to be aligned to achieve the overall results desired by the organization for it to survive and thrive. Only then it can be said that the organization and its various parts are really performing.

Performance management as a concept has been defined by many authors highlighting its important aspects and objectives. According to Gary Dessler (2005)", It is 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. When properly designed, performance management therefore never just entail meeting with a subordinate once or twice a year to "review your performance". It means setting goals that make sense in term of company's strategic needs .It means daily or weekly interactions to ensure continuous improvement in employee's capacity and performance."

According to Robert Bacal "It is an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about the jobs to be done. It is a system. That is, it has a number of parts, all of which need to be included if the performance management system is going to add value to the organizations, managers and staff"Thus performance management can be defined as a systematic process for improving organization performance by developing the performance of individual and teams. It focuses people on doing the right things by clarifying their goals. It is owned and driven by line management.

The concept of performance management has been used in number of areas. These areas differ in terms of approach and objectives. Therefore the concept of performance management has been assigned different meaning in different areas:-

In **network performance management**, it includes, (a) a set of functions that evaluate and report the behavior of equipment and the effectiveness of the network or network element and (b) a set of various sub functions, such as gathering statistical information, maintaining and examining historical logs, determining system performance under natural and artificial conditions, and altering system modes of operation.

In **organizational development** (OD), performance can be thought of as Actual Results vs. Desired Results. Any discrepancy, where Actual is less than Desired, could constitute the performance improvement zone. Performance management and improvement can be thought of as a cycle:

Performance planning where goals and objectives are established

Performance coaching where a manager intervenes to give feedback and adjust performance

Performance appraisal where individual performance is formally documented and feedback delivered

A performance problem is any gap between Desired Results and Actual Results. Performance improvement is any effort targeted at closing the gap between Actual Results and Desired Results.

Application Performance Management (APM) refers to the discipline within systems management that focuses on monitoring and managing the performance and availability of software applications. APM can be defined as workflow and related IT tools deployed to detect, diagnose, remedy and report on application

performance issues to ensure that application performance meets or exceeds end-users⁹ and businesses' expectations.

Business performance management (BPM) is a set of processes that help businesses discover efficient use of their business units, financial, human and material resources,

Operational performance management (OPM) focus is on creating methodical and predictable ways to improve business results, or performance, across organizations.

1.2 Objectives of the Study

The present study examines the present performance management practices in the selected companies in the pharmaceutical industry in Northern India. This study aims at fulfilling the following objectives.

1. To examine and compare the performance management practices of the companies under study.
 2. To study the effect of performance management practices on the satisfaction, commitment and personal effectiveness of the employees of the companies under study and
 3. To make suggestions for the improvement of performance management practices of the companies under study.

1.3 Scope of the Study

The scope of the present study is limited to companies in the pharmaceutical industry Northern India. For this purpose a list of companies in the pharmaceutical industry in India is prepared. In this list only those companies are included which are either listed in the National Stock Exchange or the Bombay Stock Exchange. Out of this list a sample of 5 companies will be drawn for carrying out this study. The number of companies for the present study has been restricted to 5 so as to ensure the intensive study of performance management practices of these companies.

1.4 Job Satisfaction

Job satisfaction describes how content an individual is with his or her job. The happier people are within their job, the more satisfied they are said to be. Job satisfaction is not the same as motivation, although it is clearly linked. Job design aims to enhance job satisfaction and performance; methods include job rotation, job enlargement and job enrichment. Other influences on satisfaction include the management style and culture, employee involvement, empowerment and autonomous work groups. Job satisfaction is a very important attribute which is frequently measured by organizations.

II. DEFINITION

Job satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one's job; an affective reaction to one's job; and an attitude towards one's job. Weiss (2002) has argued that job satisfaction is an attitude but points out that researchers should clearly distinguish the objects of cognitive evaluation which are affect (emotion), beliefs and behaviors. This definition suggests that we form attitudes towards our jobs by taking into account our feelings, our beliefs, and our behaviors.

2.1 Models of Job Satisfaction

Affect Theory

Edwin A. Locke's Range of Affect Theory (1976) is arguably the most famous job satisfaction model. The main premise of this theory is that satisfaction is determined by a discrepancy between what one wants in a job and what one has in a job. Further, the theory states that how much one values a given facet of work (e.g. the degree of autonomy in a position) moderates how satisfied/dissatisfied one becomes when expectations are/aren't met. When a person values a particular facet of a job, his satisfaction is more greatly impacted both positively (when expectations are met) and negatively (when expectations are not met), compared to one who doesn't value that facet.

2.2 Dispositional Theory

Another well-known job satisfaction theory is the Dispositional Theory. It is a very general theory that suggests that people have innate dispositions that cause them to have tendencies toward a certain level of satisfaction, regardless of one's job. This approach became a notable explanation of job satisfaction in light of evidence that job satisfaction tends to be stable over time and across careers and jobs. Research also indicates that identical twins have similar levels of job satisfaction. Finally, lower levels of neuroticism lead to higher job satisfaction.

2.3 Two-Factor Theory (Motivator-Hygiene Theory)

Frederick Herzberg's two factor theory (also known as Motivator Hygiene Theory) attempts to explain satisfaction and motivation in the workplace. This theory states that satisfaction and dissatisfaction are driven by different factors - motivation and hygiene factors, respectively. An employee's motivation to work is continually related to job satisfaction of a subordinate. Motivation can be seen as an inner force that drives individuals to attain personal and organization goals (Hoskinson, Porter, & to perform, and provide people with satisfaction, for example achievement in work, recognition, promotion opportunities. These motivating factors are considered to be intrinsic to the job, or the work carried out. Hygiene factors include aspects of the working environment such as pay, company policies, supervisory practices, and other working conditions.

2.4 Job Characteristics Model

Hackman & Oldham proposed the Job Characteristics Model, which is widely used as a framework to study how particular job characteristics impact on job outcomes, including job satisfaction. The model states that there are five core job characteristics (skill variety, task identity, task significance, autonomy, and feedback) which impact three critical psychological states (experienced meaningfulness, experienced responsibility for outcomes, and knowledge of the actual results), in turn influencing work outcomes (job satisfaction, absenteeism, work motivation, etc.

2.5 Communication Overload and Communication Under Load

One of the most important aspects of an individual's work in a modern organization concerns the management of communication demands that he or she encounters on the job (Krayer, K. J., & Westbrook, L., p. 85). Demands can be characterized as a communication load, which refers to "the rate and complexity of communication

inputs an individual must process in a particular time frame (Faraca, Monge, & Russel, 1977)." Individuals in an organization can experience communication overload and communication under- load which can affect their level of job satisfaction. Communication overload can occur when "an individual receives too many messages in a short period of time which can result in unprocessed information or when an individual faces more complex messages that are more difficult to process (Farace, Monge, & Russel, 1997).

2.6 Organizational Commitment

Organizational commitment has an important place in the study of organizational commitment. Batemen and Strasser (1984) state that the reasons for studying organizational commitment are related to "(a) employee behaviors and performance effectiveness, (b) attitudinal, affective, and cognitive constructs such as job satisfaction, (c) characteristics of the employee's job and role, such as responsibility and (d) personal characteristics of the employee such as age, job tenure".

Organizational commitment has been studied in the public, private, and non-profit sector, and more recently internationally. Early research focused on defining the concept and current research continues to examine organizational commitment through two popular approaches, commitment -related attitudes and commitment-related behaviors. A variety of antecedents and outcomes have been identified in the past thirty years (Angle and Perry, 1981; Mowday et al (1979; Hall, 1977).

III. DEFINITION OF COMMITMENT

Multiple definitions of organizational commitment are found in the literature. Bateman and Strasser state that organizational commitment has been operationally defined as "multidimensional in nature, involving an employee's loyalty to the organization, willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and desire to maintain membership" Porter et al. (1974) states organizational commitment as "a strong belief in and acceptance of the organization's goals, a willingness to exert considerable effort on behalf of the organization, and a definite desire to maintain organizational membership".

3.1 Personal Effectiveness

Most people want to feel useful in their lives. They want to feel as though they are making a contribution of some kind. If you're employed, then work is one of the more important places where you will want to feel useful, valued and appreciated. When things are going well, your life feels effective and efficient and you're capable of handling whatever the workday throws at you. However, when things are not going quite so well, when too many demands are made on your time and you can't seem to see what's needed, then you may begin to feel ineffectual, de-skilled and pretty useless. On top of that, one of life's little ironies is that it only takes one small incident, one conflict, mistake or reprimand; something overlooked or a problem not sorted out to feel that everything you do is useless. It's not true, but human nature being what it is, most people tend to focus on what's wrong rather than what's right. When this happens, it's actually possible to feel so ineffectual that you become ineffectual. This is how negative reinforcement happens. In other words, one blip may create just that much extra stress that the rest of your work is affected; and then one blip, one small error or mistake, turns into many and you really do become a liability. In reality all those skills and abilities you have when things are going well don't go away, they just go to ground for a while. The trick is to get them back again before it all goes 'pear

shaped'. Knowing what you do well, what you can rely on, what qualities you have are essential to maintaining *your personal effectiveness*. Being able to identify what makes you feel aligned, motivated and energised will also reinforce and build your confidence, so that when those blips come along (and they will), you can deal with them effectively.

3.2 What Is Personal Effectiveness?

Personal effectiveness means making the most of talents and resources in all of one's endeavours. At the organisational level, it manifests itself in the form of interpersonal effectiveness and group effectiveness. At the individual level, it promotes happiness and well being. It can be derived through one's work, family or any other means. It is considered to be the combination of many factors that are attributed to personal qualities and external influencing factors that work together in harmony.

3.3 Advantage of enhanced personal effectiveness

The greatest advantage in enhancing personal effectiveness is the revival of self-confidence. It goes a step above efficiency. This article projects four distinct points that can be easily remembered for enhancing personal effectiveness.

- a) Understand what motivates and inspires you
- b) Keep learning and improving yourself
- c) Get organized
- d) Improve your health

3.4 Likely Outcomes

Majority of the employees of all the companies under study seems to be satisfied with different aspects of performance planning and it has been observed that except for the employees of the companies are satisfied with the quality of performance monitoring in their companies. Majority of them are of the opinion that training and development in their companies has improved their work effectiveness, job commitment and job satisfaction.