

Performance Management System Implementation in Public Sector Undertakings - With Reference to RSTPS, Telangana

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Abstract: Change has become inevitable necessity to understand reality and human beings are most demanding factors of this process of change to fit in the system. It requires understanding and raising knowledge, abilities and skills of the individuals. Employees in the world constitute the major proportion among all and it requires continuous monitoring before evaluation. Organizational practices in Indian organizations are different. In large, medium and small organizations it is common to find formal mechanisms in selecting, training and appraising the employees. Organizational Performance Management practices aims at benchmarking the appropriate reward system and promotional policies, also, job rotations, transfers and so on. The culture of organization is raising employee's performance through openness, mutual trust and commitment. Components of Employee development include various components like setting of Key Performance Areas (KPA's), counseling, self-assessment, performance analysis, objective setting, training needs identification and so on. It is the part of Performance Management System (PMS) experimented and implemented by National Thermal Power Corporation (NTPC) Ltd., Ramagundam. Necessarily PMS evaluates organizational based employee performance. The based on the ability to accomplish the task the performance of employee is measured and allocated work accordingly which is called an indicator of future performance. The competencies and capabilities are important requirements to perform individual roles at different functional areas. The performance of past is not necessarily a good indicator of the suitability of an individual for next higher role. The present paper analyses the way PMS is implemented in RSTPS (Ramagundam Super Thermal Power Station).

I.NEED OF THE STUDY

The PMS has come as a boon for organizations to identify the exact requirements to achieve organization's goals and by the way to identify the right personality for the higher/horizontal positions. This system can better evaluate the employees in the organizations. Organizations which largely depend on the skills of its Human Resources may find Performance Management System as the right strategy for evaluation.

Employee appraisal techniques are said to have been used for the first time during the first world war, when at the instance of Walter Dill Scott, the US army adopted the "Man-to-Man" rating system for evaluating hourly paid workers were adopted in industrial units.

Performance of individual in an organization would vary over a period of time by adopting the changes required by the organizations to achieve its objectives. It is a continuous process in many organizations to study the performance of each and every individual employee, counseled on day-to-day and there by bridging the gaps between exact and actual performance of an individual in the organization is known as Performance management system.

This research work on PMS Implementation in RSTPS brought out the significance and effectiveness of usage of PMS in Public Sector Undertaking.

II.REVIEW LITERATURE

PMS studies workers attitudes and experiences with work place practices that can help researchers get inside the box between inputs and outputs in the productive process as argued by Mr. Peter Buttler, Alan Felstead, David Ashton, Alison Fuller, Tracey Lee, Lornaunwin and Sally Walters,. These management thinkers have studied the workers attitudes and experiences with the help of system called High Performance Work Systems (HPWS) that is related with employee performance. Their findings concluded researchers that the opportunity provided by the organization is generally lower, not higher level of job stressors. Workers who have autonomy over task level decisions and those who are more likely to communicate with people outside their work group appear to have lower levels of job stressors. In instance, where employees have entrusted with increased direction it has not been accompanied with a relaxation in management control, which remains pervasive as ever. But it has not been the case that empowerment has displaced management controls.

According to Etienne J.H. Lardenoije, Erik M. Vanraaji, Arjan J. VanWeele, Eindhoven University of Technology, Netherlands, Management of Performance has been a hot topic for centuries and it still is. Like several other functions such as Marketing, Purchasing, it also requires accountability in order to strengthen position of employees and the Board of Directors. They have made PMS as a part of business strategy. They have introduced as best system because it works well with HR – Balance scorecard that measures the performance of employees exactly by setting four dimensions and also helps to review the existing system.

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Owen Harvey – Beavis, Athens - Greece, argued that Performance is a group based system which concerns the designing of the performance programs for the employees. They have experimented and concluded that these programs generally encompass a range of initiatives but not the performance based reward systems. Further they realized that each factor of PMS contributes to the Outcomes. It never expects the negative outcomes. The system parallel to this should focus on performance based reward systems, which is considered to increase or decrease the rewards.

Objective of the Study

The study aimed to examine the PMS implementation with the help of Executive assessment on certain identifiable variables.

Hypothesis

In conformity with the objective of the study, certain hypotheses have been formulated

The broad hypotheses formulated in this aspect is PMS Implementation variables do not contribute to PMS effectiveness

Scope of the Study

The scope of the present study is defined to the RNTPC's PMS implementation for selected executive levels that fits with the criteria and it is detailed to the extent given by the organization. The study covers the entire corporation in an overall manner. For the purpose of present study, unit level practices are taken from Ramagundam Super Thermal Power Station (RSTPS).

Role of PMS in Public Sector

It is acknowledged that the role of PMS in the private sector differs to that in the public sector. In the public sector where there is no financial bottom-line to act as an outcome measure. PMS is linked with new Human Resource Management strategy in public sector. In this context, PMS has become both a means of achieving reform and also an objective of that reform. The strategic view of it attempts to reduce Personnel system defects through its process steps.

Benefits of PMS

Managing employee's performance facilitates the effective delivery of incentive plans. There is a clear and immediate correlation between using PMS and improved results.

Direct financial benefits of PMS include

- Growth in sales.
- Elimination of over payments.
- Saves time and automates the process.
- Accommodates the plant changes.
- Motivates the workforce.
- Optimization of Employee Incentive schemes.
- Encourages the on-time reporting and accuracy
- Favors the transparency in calculations.
- Helps in increased managerial control.
- Develops flexible and responsible management needs.
- Makes it easy to trace out calculations.
- Helps in performance auditing process with

appropriate legal requirements.

- Favors simple scenario planning.
- Provides process documentation.

PMS Implementation in RSTPS

NTPC, Ramagundam has standardized and formalized KPA based system. It is designed to access functional, managerial and potentially transparent manner. The system is designed to accomplish the overall organization, linking individual performance to the company's objectives and striking a balance of competencies to help the individuals to excel in their fields. A formal career path and development process exists in underlying management structure of RSTPS. Promotions within each career path are designed separately in the organization. Succession criteria for leadership positions in each career paths provide basis for job rotation. Anyone joining in the organization chooses a staff career path and will be put through specific training interventions to become the head of business, function or staff.

Potential employees are assessed for leadership to occupy leadership positions in the company. Company has a system that enables the effectiveness, gap identification against an identified set of leadership composite plans. These plans are made to ensure that the process of development is meaningful.

PMS in RSTPS was introduced in 2004 May. It is now in maturity stage in the PMS life cycle. It is introduced in NTPC, Ramagundam to facilitate Human Resources to reach the company goals and targets. The senior management team contains Executives Directors, General Managers, General Managers posted in subsidiary and Joint Venture companies.

The principles of target setting for PMS

- The Reviewing officer shall oversee that KPA measures reflect appropriate stretch targets.
- Next the reporting officer checks KPAs based on company targets in transparent and achievable manner.
- The KPAs are observed in open and transparent manner by the reporting officers.
- The Reporting officer shall identify and allocate appropriate resources like PMS tools, Amount of training, Allocation of budget and manpower and so on to help Executives to achieve the targets.
- Targets need to be identified for all KPAs by using-what, How Much and When.
- Targets need to be CLEAR and SMART

III. RESEARCH ANALYSIS

Identified variable to measure effectiveness in PMS implementation include

Mission and Vision of the company, Core values of the company, Strategic views of PMS, Goal – setting exercises, Career paths, Key Performance Areas, Line – Manager's cooperation, Employee participation, Identified potential leaders,



Total Quality Management, Sufficient Authority and Responsibility, Performance Appraisal - Potential Appraisal & Self – Appraisal, Horizontal Communication, Quality of work life and Team work.

Formulation of Hypotheses

After analyzing the variables and understanding the way these variables are implemented in PMS the following hypothesis are formulated to measure the effectiveness of PMS implementation in RSTPS.

1. There exists no relation between Career paths and KPA variables. And therefore these two variables will not contribute for effectiveness of PMS Implementation.
2. There is no relation between Goal setting exercises and Employee Participation. Further Goal setting Exercises and Employee Participation in no way contributes to effectiveness in PMS Implementation.
3. There is no relation between KPAs and Total Quality Management (TQM) and these two variables never for effectiveness in PMS implementation.
4. There exists no relation between Employee Participation and TQM. Employee Participation and TQM will not contribute for PMS implementation effectiveness.
5. There is no relation between Strategic views and TQM. Further strategic views and TQM in no way will contribute to PMS implementation effectiveness.
6. There exists no relation between Strategic Views and KPA variables. Further Strategic views and KPAs will not contribute for PMS implementation effectiveness.
7. There is no relation between self – appraisal and TQM variables. Further these two variables in no way will contribute to PMS implementation effectiveness.
8. There is no relation between Team – work and TQM variables. Team – work and TQM do not contribute for PMS implementation effectiveness.
9. There is no relation between Strategic Views and QWL variables. Strategic views and QWL do not contribute to PMS implementation effectiveness.
10. There exists no relation between Core values of the company and QWL. Further these two variables will no way contribute to the PMS implementation effectiveness.

Table. 1 Representing Correlation between Career paths and KPA variables to PMS implementation effectiveness

	NT	PT	T	VT
Career Paths	18 (8.6)	66 (31.4)	102 (48.6)	24 (11.4)
Key Performance Areas	03 (1.4)	51 (24.3)	117 (55.7)	39 (18.6)

Source: Primary data
r = 0.9

With regard to the opinion of the respondents about career – paths 48.6 percent have opined that career – paths are laid out by Performance Management System and with regard to Key Performance Areas 55.7 percent have opined that these areas are contributing for effective PMS implementation.

While analyzing the relatedness of the respondent’s opinions with regard to the career paths and KPAs, it is found that there is a positive correlation. The calculated r value is 0.9. Therefore the hypothesis is rejected and

concluded that the relation between the above variables highly influence PMS implementation.

Table. 2 Representing Correlation between the opinions on Goal setting exercises and Employee Participation

	NT	PT	T	VT
Goal setting Exercise	09 (4.3)	78 (37.1)	99 (47.1)	24 (11.5)
Employee Participation	10 (4.8)	99 (47.1)	65 (31.0)	36 (17.1)

Source: Primary data
r = 0.83

The table above reveals that the opinion of the respondents about goal setting exercises 47 percent have opined that goal setting exercises are related with PMS implementation and with regard to the employee participation in organizational activities as a part of PMS 47 percent have opined that their participation is encouraged by management. Further, the correlation is studied for these two variables. The value of correlation revealed to be positive i.e. 0.83. Hence these two variables are highly correlated. Therefore the hypothesis is rejected and it can be stated that both the positively correlated variables influence PMS implementation effectiveness.

Table. 3 Representing Correlation between Contribution of KPAs and TQM variable to PMS implementation

	NT	PT	T	VT
Key Performance Areas	03 (1.4)	51 (24.3)	117 (55.7)	39 (18.6)
Total Quality Management	12 (5.7)	45 (21.4)	105 (50)	48 (22.9)

Source: Primary data
r = 0.99

Table states that the opinion of the respondents about the contribution of KPAs 55.7 percent has opined that KPAs are contributing for PMS implementation. With regard to the Total Quality Management (TQM) 52 percent have opined that it is an effective variable for the effective PMS implementation. Further a correlation value is worked out to be positive and its value is 0.99 and therefore the hypothesis is rejected. Thus it can be surmised that both of these variables are highly related to each other and with which one can say that both the variables are strongly contributing for the effective PMS implementation.

Table. 4 Represents Correlation between Employee Participation and Total Quality Management variables

	NT	PT	T	VT
Employee Participation	10 (4.8)	99 (47.1)	65 (31.0)	36 (17.1)
Total Quality Management	12 (5.7)	45 (21.4)	105 (50)	48 (22.9)

Source: Primary data
r = 0.47



From the opinion of the respondents 47 percent felt that employee participation is encouraged by the management and with regard to the Total Quality Management (TQM) 52 percent have opined that it is an important and effective variable for PMS implementation effectiveness. Further a correlation value worked out to be positive and the value is 0.47. Hence the hypothesis is rejected. Therefore it can be concluded that both of these variables are positively correlated variables are contributing for effectiveness in PMS implementation.

Table. 5 Representing Correlation between strategic Views and TQM of the Company

	NT	PT	T	VT
Strategic views	06 (2.9)	09 (4.3)	93 (44.3)	102 (48.5)
Total Quality Management	12 (5.7)	45 (21.4)	105 (50)	48 (22.9)

Source: Primary data

r = 0.68

Table above reveals that the opinion of employees about the strategic views to reach performance targets, 48.5 percent opined that it is essential for effective PMS implementation and with regard to the opinion about TQM 50 percent opined that it is contributing for effective PMS implementation. Further the correlation value worked out to be positive with a value of 0.68. Therefore the hypothesis is rejected and with this one can conclude that both of these positively correlated variables are contributing for effective PMS implementation.

Table. 6 Represents Correlation between Strategic views and Key Performance Areas

	NT	PT	T	VT
Strategic views	06 (0.9)	09 (4.3)	93 (44.3)	102 (48.5)
Key Performance Areas	03 (1.4)	51 (24.3)	117 (55.7)	39 (18.6)

Source: Primary data

r = 0.58

With regard to the opinion of employees about the contribution of strategic views to reach performance targets 48.5 percent opined that it contributes for effective PMS implementation and with regard to the opinion about KPAs 55.7 percent felt that it is contributing for effectiveness in PMS implementation. Further the correlation test revealed that the relation between these two variables is positive and the value is 0.58. Therefore the hypothesis is rejected and can be concluded that these two positively correlated variables are contributing for effectiveness in PMS implementation.

Table. 7 Represents Correlation between Contributions of Self – Appraisal and TQM variables to PMS implementation effectiveness

	NT	PT	T	VT
Self – Appraisal	18 (8.6)	60 (28.6)	96 (45.7)	36 (17.1)
Total Quality Management	12 (5.7)	45 (21.4)	105 (50)	48 (22.9)

Source: Primary data

r = 0.98

Table above reveals that the opinion of the respondents about Self – Appraisal of the employees 45.7 percentage have opined that it is an important variable that contributes for effective PMS implementation and with regard to the TQM 50 percentage have opined that it contributes for the same. Further the value of correlation studied to be 0.98 and hence these two variables are highly correlated with each other. Therefore the hypothesis is rejected and can be concluded that both of these variables are more contributing for the effectiveness in PMS implementation.

Table. 8 Represents Correlation between the Contributions of Team – work and TQM variables to PMS implementation effectiveness

	NT	PT	T	VT
Team – work	09 (4.3)	10 (4.7)	105 (50.0)	86 (41.0)
Total Quality Management	12 (5.7)	45 (21.4)	105 (50)	48 (22.9)

Source: Primary data

r = 0.87

On looking at the above table, it can be clearly inferred that most of the respondents opined positively about Team – work in the company and it is an effective variable for PMS implementation. Similarly, 50 percent opined that TQM is contributing for PMS implementation effectiveness. Further while analyzing the relatedness of respondent’s opinions with regard to these two variables is found to be positive. The value of correlation is 0.87. Therefore the hypothesis is rejected and can be concluded that these two positively correlated variables can contribute more for the effective PMS implementation.

Table. 9 Represents Correlation between contribution of Strategic views and QWL variables to effective PMS implementation

	NT	PT	T	VT
Strategic views	06 (0.9)	09 (4.3)	93 (44.3)	102 (48.5)
Quality of Work Life	07 (3.3)	13 (6.2)	100 (47.6)	90 (42.9)

Source: Primary data

r = 0.98

With regard to the opinion of the respondents about Strategic views of the company 48.5 percent have opined that these strategic views are a part of effective PMS implementation and with regard Quality of Work Life 47.6 percentage has opined positively for the same. The correlation test value worked out to be positive and the value is 0.98. Therefore it is clear that these two variables are strongly related with each other. Hence the hypothesis is rejected. Further it can be concluded that both these variables are positively correlated and contributing more for the effectiveness in PMS implementation.



Table. 10 Represents Correlation between the Core values of the company and Quality of Work Life variables for Effective PMS implementation

	NT	PT	T	VT
Core values	09 (4.3)	59 (28.1)	102 (48.5)	40 (19.1)
Quality of Work Life	07 (3.3)	13 (6.2)	100 (47.6)	90 (42.9)

Source: Primary data
 $r = 0.6$

The table above clearly interprets that the core values of the company are contributing for the PMS implementation effectiveness and 47.6 percent opined the same for Quality of Work Life variable. Further the correlation is studied for these two variables. The value obtained is positive i.e. 0.6. Hence the hypothesis is rejected and it can be stated that both these variables influence the PMS implementation effectiveness.

Chi square test application on the variables of PMS implementation

The respondents opinion regarding the opportunities to do the best and their opinions at work are counted was determined by using Chi-square test. By using it, analysis was made to identify whether the framed hypothesis holds good among the selected variables.

Hypothesis – There exists no relation between Mission of the Company and Team Work. Therefore these two variables will no way contribute to the effectiveness of PMS implementation

Table. 11 Represents Chi – Square test for the acceptance towards the Mission of the Company and Team work for effective PMS implementation

PMS implementation effectiveness variables	Committed Not – committed Team – Work Team – Work	Total
Effective Mission	81(38.6) 15.7)	144
Ineffective Mission	45(21.4) 51(24.3)	96
TOTAL	6 84	210

Source: Primary Data

Calculated Value = 12.6

Degree of freedom = 1

Expected Value at 5% level = 3.841

Expected Value at 1% level = 6.635

It is evident from table 5.23 that 38.6percent have perceived that the mission statement is comfortable and helps for the committed team – work. Both of these variables according to them are dependent on each other. Among them 21.4 percent perceived that in spite of ineffective Mission the employees are committed to work as a team and 15.7 percent have perceived that the effective

Mission may not make the employees committed to Team – work. Further, 24 percent have perceived that Mission and Team work are not related with each other. Further, the Chi – square test indicates as observed-value is more than expected-value at both the levels and hypothesis is rejected and it can be concluded that there is a relation between these two variables and these two variables are very much contributing for the effectiveness in PMS implementation

IV.CONCLUSION

The aim of the study is to review, analyze and present the way PMS implementation leads to its effectiveness in RSTPS. As a consequence of the analysis of PMS implementation, the study also examined the impact of various factors of PMS which are known as influencing factors of PMS. The significance of the factors so identified has been statistically tested. According to Executives PMS Implementation variables such as strategies reflect on the needs of the employees and sufficient authority and responsibilities are the *most effective variables*. Further, Company has effective potential leaders, TQM, KPAs, horizontal communication, potential Appraisal to analyze the performance, career paths are the *effective variables* and Line – manager’s cooperation in discussing performance targets is the *least effective variable* contributing to PMS implementation effectiveness.

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