

Factors Affecting The Effectiveness Of Performance Management System: An Empirical Analysis With Special Reference To Healthcare Organizations At Thanjavur

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ABSTRACT

This research paper aims to identify the factors that affect the effectiveness of the Performance Management System (PMS) in Healthcare Organizations at Thanjavur. PMS is given more importance in recent years to contribute to the development of employees' performance and organizational performance. In this empirical research, the researcher reports whether the effectiveness of PMS is affected by the independent factors of the PMS, i.e Goal setting, Management involvement, Feedback, Training, and Reward system. The researcher examines how these factors affect and contribute to the effectiveness of PMS. This study uses a Structured Questionnaire to collect the primary data. For this study 63 non-clinical at various levels of employees were selected from 15 randomly selected Healthcare organizations at Thanjavur. 60 fully completed questionnaires were received. The study reveals that these factors considerably affect the effectiveness of PMS.

Keywords: Goal Setting, Management Involvement, Feedback, Reward System, Performance Management System.

INTRODUCTION

The recent literature shows that Human Resources Management in an organization plays a significant role in achieving its business strategic objectives. To achieve the business strategic objectives, have to streamline the performance of employees towards the strategic objectives. Nowadays the organizations are shifting their strategy to continuous improvement. Continuous improvement is not possible without the cooperation of employees, who are the main source of the organization's competitive advantage. If the employees of the organization are properly directed, it leads to improving the performance of employees, which leads to expected results. The Performance Management System is given due concern by each organization. PMS is a notable

development in the field of HRM. One of the best definitions given by Michael Armstrong is "Per-for-mance man-age-ment is the con-tin-u-ous process of improv-ing per-for-mance by set-ting indi-vid-ual and team goals which are aligned to the strate-gic goals of the organ-i-sa-tion, plan-ning per-for-mance to achieve the goals, review-ing and assess-ing progress, and devel-op-ing the knowl-edge, skills, and abil-i-ties of peo-ple." [1] "The main goal of the performance management system is to align organizational objectives with individual objectives. (Armstrong 2015)".[2]

LITERATURE REVIEW

Herman Aguinis (2019) stated in his book Performance management for Dummies, 'Performance management is an ongoing

process. It involves a never-ending process of setting goals and objectives, observing performance, and giving and receiving ongoing coaching and feedback. Performance management requires that managers link employees' activities and outputs with the organization's goals. Making this connection helps the organization gain a competitive advantage because performance management creates a direct link between employee and team performance and organizational goals, and makes the employees' contributions to the organization explicit.[3]

Armstrong and Baron, (1998) "Performance management is a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and developing teams and individual contributors".[4] The performance management system is the systematic approach to measure the performance of employees. It is a process through which the organization aligns its mission, goals, and objectives with available resources, systems, and priorities. (HR Help board).[5] In the healthcare sector, the introduction of specific standards and measures of performance pushed the development of multidimensional performance measurement systems. The evolution of performance management in the health sector is closely related to the development of the concept of "performance in health" itself. Performance represents the ability of an entity to achieve one or multiple desired results with attention to both the quality of actions and the quality of achievements (Van Dooren W. et al., 2015).[6]

Goal setting

Goal setting is a powerful tool that can be used to motivate and challenge employees or organizations. It is one of the important keys in performance management because it's an instrument to measure performance on predefined objectives/goals. Fully set goals are objectively determined to approximate whether or not the goals have been reached at time. Poorly set goals are not clear and the result is frustration. Hence goal setting can be used in every type of workplace and with every level of employee.[7] As goals have long been argued to provide employees with a sense of expectation and direction (Locke & Latham,

1990, 2013),[8] we found it difficult to separate goal setting from establishing performance expectations. Biron et al. (2011) argued that "employees need to have adequate and unambiguous information regarding performance expectations" (p. 1298).[9] As such, setting goals or performance expectations is a core feature of effective PM systems (Aguinis, 2013;[2] Latham, Sulsky, & MacDonald, 2007).[10]

Management Involvement

The success of performance management practices in any organization depends upon the commitment and involvement of the different stakeholders like top management, line managers, employees, and HR specialists. The top managers play a lead in the entire process by setting trends for the lower rung and acting as role models for the employees. Their responsibility is to design policies that ensure efficient performance management in an organization and define and act upon the core values relating to performance. Top management plays a vital role in convincing the line managers that performance management can be instrumental in the achievement of business goals and thus ensure that they take this aspect seriously in their work front for maximizing employee satisfaction and productivity.[11]

Feedback

"It is very important to have a feedback system, where the employees are constantly thinking about what they have done and how they could be doing better. Elon Musk's best piece of advice is how the employees are constantly thinking about how they could be doing things better and questioning themselves"-Elton Musk. Many organizations have been built with their employees' great performance. Employee performance is influenced by so many factors such as knowledge, skills, financial motivators, personal drive, etc. As quoted by Elon, feedback undoubtedly is an influencing factor that paves the way to optimize performance. And it is one of the Success Mantras of many achievers across the globe. Continuous feedback is a routine communication channel between Management (maybe the immediate Supervisor) and employees to provide and receive employee performance inputs.[12]

Employees want regular insights into their work and the better-informed employees are regarding their performance, the better able they are to improve and excel.[13]

Training

Training is the cornerstone of an effective performance management strategy that enables active, ongoing communication. Once an organization realizes that training is of the utmost value to the business, it embeds it into the performance management strategy at every step. Training should be needed for both Managers and employees for the organization to realize the benefits of performance management. People of Management need to understand the purpose of performance management (ongoing, directed communications that guide an employee toward skills and knowledge that feed into the company's strategy). However, Managers are focused on the leader role, which is only half of the performance management equation. Employees also need performance management training covering topics such as the performance management systems used at the company.[14]

Employees and managers need to be able and motivated to use the performance management system effectively. Training helps accomplish both of these objectives. Several training formats can be used for performance management. Classroom training, job aids, or Web-based training can be used, each of which has advantages and disadvantages. The training format that should be used depends on how experienced raters are in conducting performance management and what resources the organization is willing to devote to training.[15]

Reward System

Reward management system contains the organization's policies, processes, and practices for rewarding its employees following their contribution, abilities, and artifice. It progresses within the organization's reward

philosophy, strategies and policies, and includes agreements in processes, practices, structures, and procedures that will provide appropriate types and levels of pay, benefits, and other forms of reward. [16]

Today organizations are showing a high degree of commitment towards the reinforcement of reward practices aligned with other HR practices and the organization's goals for attracting, retaining, and motivating employees. Efficient reward practices help in attracting result-driven professionals who can thrive and succeed in performance-based environments. Hence, it is a crucial motivator and may contribute towards the enhancement of the productivity of the employees if implemented properly. [17]

OBJECTIVES OF STUDY

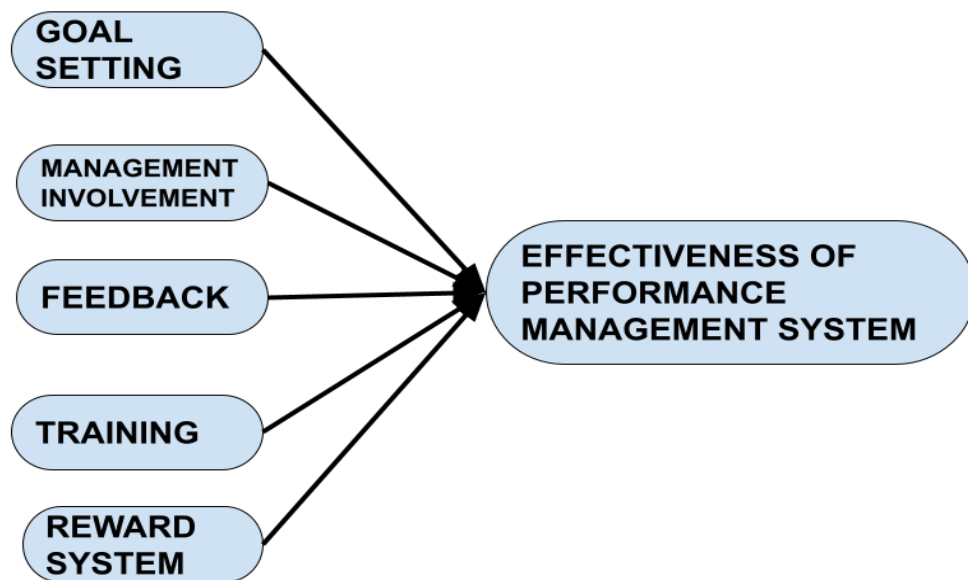
- To examine the independent factors of the PMS.
- To analyze the aspects of the effectiveness of PMS.
- To find out the Impact of the independent factors of PMS on the effectiveness of the performance management system.

METHODOLOGY

A well-structured questionnaire was used to collect primary data, secondary data has also been collected from articles and the internet, etc., Regression analysis and Friedman test were applied for this study.

CONCEPTUAL FRAMEWORK

The study is mainly aimed to investigate the factors affecting the effectiveness of Performance management systems. The various independent factors that affect PMS were analyzed from the extensive literature survey. Five main factors were taken for this analysis, such as Goal setting, Management involvement, Feedback, Training, and Reward system. Five aspects of the effectiveness of the Performance management system were also considered.



ANALYSIS OF DATA

I - REGRESSION ANALYSIS

HYPOTHESES

Null Hypothesis H_0 : There is no significant relationship between the selected factors and the Effectiveness of the Performance

Management systems in Healthcare organizations at Thanjavur.

Alternative Hypothesis H_1 : There is a significant relationship between the selected factors and the Effectiveness of the Performance Management systems in Healthcare organizations at Thanjavur.

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Goal-setting, Management Involvement, Feed Back, Training, Reward system ^b	.	Enter

a. Dependent Variable: PMS

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.605 ^a	.164	.109	1.87466

a. Predictors: (Constant), Goal setting, Management Involvement, Feed Back, Training, Reward system

ANOVA

Model		Sum of Squares	Degrees of freedom	Mean Square	F	Significance
1	Regression	52.433	5	10.487	2.984	.016 ^b
	Residual	267.091	76	3.514		
	Total	319.524	81			

a. Dependent Variable: Performance Management System

b. Predictors: (Constant), Goal setting, Management Involvement, Feed Back, Training, Reward system

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.750	1.573		5.564	.000
	Management involvement	.026	.067	.042	.381	.704
	Feedback	.082	.073	.147	1.115	.268
	Training	-.149	.069	-.281	-2.147	.035
	Reward system	.208	.071	.321	2.936	.004
	Goal setting	.047	.072	.074	.648	.519

a. Dependent Variable: PMS

Since the p-value is less than 0.05 ($p < 0.05$), the various factors affect the Effectiveness of the Performance Management System in Healthcare organizations at Thanjavur. The factors of management involvement in the effective performance management system. Management involvement has no significant relationship with the PMS. It is found that the factors of feedback have no significant relationship with the PMS. The factors of training considered in the study for PMS have a significant relationship with the PMS. It is a reward system that has a significant relationship with the PMS. In addition, followed by the factors Goal setting has no significance with the PMS.

The R square value was found to be 0.605. It reveals that 60.5 percent of the PMS has been explained, by affecting the Effectiveness of the Performance Management System in Healthcare organizations at Thanjavur by the selected five factors.

Model:

$$\text{PMS} = 8.750 + 0.026F_1 - 0.149F_2 + 0.208F_3 + 0.047F_5$$

Where F1 – Management Involvement

F2 – Feedback

F3 – Training

F4 – Reward System

F5 – Goal setting

II - FRIEDMAN TEST

HYPOTHESES

Null Hypothesis H₀: There is no significant difference in the effectiveness of the performance management system and its selected factors.

Alternative Hypothesis H₁: There is a significant difference in the effectiveness of the performance management system and its selected factors.

Ranks	
Factors	Mean Rank
Goal setting	3.29
Management involvement	3.33
Feedback	3.63
Training	3.56
Reward system	4.47
Performance management system	2.71

Test Statistics ^a

N	82
Chi-Square	40.562
DF	5
Asymp. Sig. P-value	0.002

a. Friedman Test

Since the p-value of 0.000 is less than 0.05 ($p < 0.01$), there is a difference in the performance management system and its various factors.

It is concluded that the employees of the Healthcare system have ranked the features of various factors in a significantly different manner. Out of the five features considered for analysis, the performance system has the lowest mean rank. Hence, it could be concluded that the healthcare service of the reward system has been the most attractive feature of the effectiveness of the performance management system.

CONCLUSION

This study aims to analyze the factors that affect the effectiveness of the performance management system and concludes that there is a significant impact of these independent factors on the effectiveness of the performance management system. Results show that the selected factors affect the effectiveness of the Performance Management System and also show that the reward system has a significant impact on the effectiveness of the Performance Management system. These selected factors of Goal setting Management Involvement, Feedback, Training, Reward System Should be given due consideration to get the expected outcome from the PMS in the Healthcare Organization.

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