ROLE OF HR FOR EFFECTIVE MANAGEMENT

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ABSTRACT
The paper to show that Effective Performance Management has become the core of Human Resources and is revitalizing, reenergizing and rejuvenating HR. The challenges faced by the present day organization are broadly discussed under the effectiveness of its performance management systems, which ultimately acts as a catalyst for employee engagements and their effective performance. This paper explores through its findings a new performance management system for improving overall organizational performance in general, through inventing new dimension for effective individual performances in specific. A framework is developed for the implementation of effective performance management in any organization. This paper is explicitly directed towards various parameters for energising human resources and serves interesting food for thought for the future managers dealing with performance management.

Key words: Performance management, framework, HRM.

INTRODUCTION
Performance management, as pertaining to human resource management (HRM), is the process of delivering sustained success to organizations’ by improving capabilities of individuals and teams. It supports the philosophical principle that people and not capital provide organizations’ with a competitive advantage. However, performance management presents severe challenges in terms of practical implementation. Previous studies have largely failed to overcome many of the organizational constraints on its successful implementation. Overcoming barriers to change is especially important given their close relationship to the fulfilment of the psychological contract and related HRM systems (reward, development, etc.). The psychological contract construct consists of the existence of a “soft” set of expectations held by the employee, which have to be organized and managed. Within the relationship defined by these constructs, the employer and the employee inform, negotiate, monitor and then re-negotiate (or exit) the employment relationship. Thus, if the employee feels that a performance management approach breaches or violates their psychological contract expectations this can lead to an irrevocable breakdown in the employment relationship. Careful implementation of performance tools is therefore crucial to their success as contributors to organizational development.

Performance Management as a core of HR Performance appraisals, performance reviews, appraisal forms; whatever we want to call them, let’s call them gone. As a standalone, a performance appraisal is universally disliked, after all how many people in any organization want to hear that they were less than perfect last year or how many managers want to face the
argument and diminish morale that can result from the performance appraisal process. If the true goal of the performance appraisal is employee development and organizational improvement, we consider moving to effective performance management system. There has been a paradigm shift in the focus of HR from the early days where craftspersons organized guilds using unity to improve working conditions. Companies in today’s era focus on performance of employees which in turn helps the organization’s performance. No doubt that effective performance management has become a core of HR. Performance management to support organizational change

The ultimate competitive asset of any organization is its people, thus organizations should develop employee competencies in a manner aligned with the organization’s business goals. This can be achieved through performance management systems which act as both behavioural change tool and enabler of performance management system improved organizational performance through being instrumental in driving change. This can then be institutionalized through organizational policies, systems and structures. Performance management aims to emphasize and encourage desired and valued behaviours, thus is a key tool of communication and motivation within organizations seeking a competitive edge through strategic change and control. A visionary performance management then becomes a system for translating organizational intention and ambition into action and results, delivering a strategic goal, such as behavioural change. The system also brings focus to organisational change and development, particularly regarding competencies. When competency profiles support company goals, they become instrumental in developing the human resources necessary to deliver business goals. As a result, performance management system is an important tool for communicating priorities and for providing feedback to stimulate employees to meet the new expectations.

**Role and importance of effective performance management system**

Changing individual employee behaviour lies at the heart of organizational change programmes. This is because they ignore or violate established change psychology principles. Senior management can assume that because they are ready to pro-actively embrace change, their employees will be equally pro-active. However, imposing action on employees who are not prepared results in conflict.

Typically, only 20 percent of employees in organizations are prepared to take positive action in response to change initiatives. More than 70 percent of new strategic initiatives fail for this reason. Thus, to be successful in shaping behaviour, performance management systems must achieve acceptance by those being “managed”. Modern organizations need to respond more effectively to changing external and internal environments, and organizational learning has become an important strategic focus.

By anticipating and responding to changes in the environment through proactive learning interventions, some organizations are evolving into learning organizations. Nonetheless, the question of how to best transform behaviours through organizational learning and development remains. In reality, many change initiatives fail because either organizational culture is not ready to change at that time, or because they do not anticipate the impact of
change on human systems. Initiatives in the latter category typically result in resistance and ultimately failure of the change initiative. As mentioned earlier, one method that organizations can use to affect employee competencies in a manner aligned with the organization’s change is to develop robust performance management systems.

Analysis of performance management in terms of key result area KRA’s refer to general areas of outcomes or outputs for which a role is responsible. The KRA’s should be clearly defined. Once, the KRA’s are defined the individual can chart a process to achieve the KRA’s. KRA’s are also known as Key Work Output’s (KWO’s). An effective performance management system can facilitate change and innovation by both demonstrating their relationship with the overall strategy, and by supporting and monitoring the progress towards achieving the ultimate goal. It is therefore a crucially important tool for communicating priorities and for providing feedback on employees’ contributions towards achieving organizational goals.

The purpose of the performance management system is to ensure that the work performed by employees is in accordance with the established objectives of the company. Employees should have a clear understanding of the quality and quantity of work expected from them and simultaneously receives ongoing information about how effectively they are standing as to the standards/benchmarks. Opportunities for employee development are identified and employee performance that does not meet standards is appropriately addressed. Moreover an operative performance management system consists of a process for communicating employee performance expectations, maintaining performance management dialogues and conducting annual performance appraisals. It is a procedure for encouraging and facilitating employee development and resolving performance pay disputes. Performance management system serves a strategic purpose because they help link employee activities with the organization’s mission and goals. It serves as a basis for employment decisions to promote outstanding performers, to train, transfer or discipline others, and to award merit increases. Data regarding employee performance can serve as criteria in HR research. They can help establish objectives for training programs. Finally, performance management system allows organizations to keep proper records to document HR decisions and legal requirements.

A research conducted on BSE listed companies revealed the four key result areas that are critical for any performance management system and how each of these areas which has a number of dimensions, can be measured by key performance indicators. The four key result areas are as follows:

**1. Developing external relationship**

The PMS should consider the three key performance indicators while considering employee performance to achieve the KRA of developing external relationship: firstly, contractual agreements i.e. managing policy and procedures for agreements which are implemented and reviewed annually and handling major research contracts renewed with stakeholders. Secondly, to create new strategic alliances such as its success can be measured by reviewing annually the number of competitor or collaborator analysis undertaken and new collaborations established and developed and finally to develop lines of communication such
as quarterly reviewing, the visits made by the shareholders and information about research and education activities provided to stakeholders in written and electronic format. Communicating this idea to employees and evaluating their commitment levels through structured parameters will help in achieving organisational objective.

II. Building organisational capabilities:

Similarly, PMS has to also consider dimensions such as to attract and retain the right people i.e. to review annually so as to identify and resolve gaps in the performance of the leaders and provide and implement strategic, analysis based advice performance management system for all staffs. Secondly, the system fosters a value driven culture which includes code of conduct developed around share values, rewarding employees and implementing a recognition system to reinforce culture. Finally, it creates a supportive structure and systems which includes implementation of most effective organisational structure, reviewing annually the policies, systems and procedural documented. This KRA will finally contribute towards enhancing skill based performance for quality work.

III. Taking a selective and focussed approach:

The PMS should check the employee’s work focus which can be measured by reviewing annually the service level agreements and how these agreements are benefiting the key stakeholders. In the light of this KRA the employees are able to meet up to the expectations of their job description and accordingly see and evaluate their respective performances as a transparent system.

IV. Maintaining quality research, service and education output:

The last key area helps to ensure relevance to the organisation’s mission by consistent work with strategic direction and available skills. Performance management can be measured through milestones achieved. Also, it measures work impact which can in turn be measured through new knowledge that is being published or presented, identification of changes to policies or practices and finally customer satisfaction which can be measured with the help of surveys conducted. This will contribute towards managing talent in the organisation and exploring opportunities for potential employees and also for succession planning.

Motivating the Extension Personnel

The work motivation and morale of extension staff, as reported earlier, are very poor in many countries. The reasons are many. The bureaucratic structure of extension administration, lack of rewards and incentives, poor facilities, poor promotional avenues, and the low esteem given to extension are the major causes of poor motivation and morale. Extension supervisors should have the ability to motivate and lead the field extension workers so that the field agents perform more than routine jobs, and supervisors should be involved in attaining excellence in extension work. This calls for extension managers having an understanding of various theories of motivation as applicable to frontline extension agents. Therefore, a knowledge of major theories of motivation such as Maslow's hierarchy of needs theory, Herzberg's two factory theory, McClelland's need theory, theory X and theory Y, and
expectancy theory of motivation is essential (Stoner & Freeman, 1992). Special training for developing motivation among field-workers has to be undertaken by supervisors.

**Work-Group Management**

Every organization has formal and informal groups. Formal groups are established by the management, while informal groups are spontaneous and developed to satisfy mutual interest of the members. Because work groups have a considerable influence on the work situation, supervisors should be sensitive to the needs of the group and develop skills to guide and achieve the group's goal, which will benefit the organization and the members. Effective extension supervision can use work groups in problem solving because they can provide many creative solutions. One way to improve supervisory effectiveness in extension work is to develop a leadership style which represents the extension workers' group interest at the higher level of organization. This will increase the confidence and morale of the work group. An understanding of group dynamics and their implications for increasing work-group performance is essential for extension supervisors. For example, in the "Hawthorne Effect," increased performance due to special treatment of the group can be effectively used in extension organizations (Honadle, 1982). Studies have pointed out that well-developed group dynamics result in increased extension performance.

**BARRIERS TO IMPLEMENTING EFFECTIVE PERFORMANCE MANAGEMENT SYSTEMS:**

1. **Organizational Barriers**

   Variations in performance within systems may be due to common causes or special causes. Common causes are faults that are built into the system due to prior decisions, defects in materials, flaws in the design of the system, or some other managerial shortcoming. Special causes are those attributable to a particular event, a particular operator, or a subgroup within the system.

2. **Political Barriers**

   Political considerations are organizational facts of life. Appraisals take place in an organisational environment that is anything but completely rational, straight-forward, or dispassionate. It appears that achieving accuracy in appraisal is less important to managers than motivating and rewarding their subordinates. Many managers will not allow excessively accurate ratings to cause problems for themselves.

3. **Interpersonal Barriers**

   Interpersonal barriers also may hinder the performance management process. Because of a lack of communication, employees may think they are being judged according to one set of standards when their superiors actually use different ones. Furthermore, supervisors often delay or resist making face-to-face appraisals. Rather than confronting substandard performers with low ratings, negative feed-back, and below-average salary increases, supervisors often find it easier to “damn with faint praise” by giving average or above-average salary ratings to inferior performers.
4. Performance Managers

Performance managers can improve on a performance measurement system, as objectively as possible, upon discussion with the line managers. They need to clearly define the role for each position in the organisation, and communicate the positions to the new entrants respectively. They may formulate a reward system that is in tune with industry standards, and company's retention and performance strategy, and take local and overseas opportunities as factors of consideration. As facilitators of training and development activities, they may identify their teams’ individual training needs which may involve technological, behavioural or cross-cultural contents. As career counsellors, they may develop different career paths - technical or managerial, and attempt to satisfy the needs of the employees.

“The Indian IT industry has set an exceptionally high standard with regard to workplace and employee practices. With the continued growth and rapid evolution of the industry, as well as the changing aspirations of its young workforce, IT companies - small or large - will have to constantly look at innovation to excel as employers,” said Kiran Kamik, president, Nasscom, in a statement. Small and medium-sized IT and business outsourcing companies are constantly looking at adopting best practices such as innovative performance appraisal system, individual career development programmes and recreational activities, to make themselves more attractive to employees in a fiercely competitive market, says a survey on exciting emerging companies in India conducted by the National Association of Software and Services Companies (Nasscom).

At the BPO company, which has seen its attrition rate coming down to 8% from 28% last year, employees are encouraged to post their feedback anonymously, which is taken up by teams that address it the best. By creatively designing the total reward package towards more short-term incentives and benefits, and linking the package to performance, companies can ensure that they get higher productivity without hefty increases in salary costs and minimise attrition costs at the same time. The general parameters for the measurement of employees’ performance in BPO’s are:

• Speed i.e. process performance
• Accuracy and
• Productivity of each process,

Although the measuring parameters are different for employees at different level, but the general classification of the above mentioned parameters for “Customer care Executives” and “Team leaders” are as follows:

• Average Call Value (the sales made or the revenue collected etc.)
• Time and cost per call
• Average Handling Time (talk time and after call wrap up)
• Adherence to Schedule (availability to take calls etc.)
• Percentage of abandoned calls
Discipline
Attendance
According to a recent survey, “The Pay for Performance can be as much as 22% of the salary”, Thus, good performance is highly rated in the IT and BPO industry.

Recommendations for effective performance management:

1) Senior management should show commitment
The process of performance management within the company lacks participation and benefits none without active senior management support and leadership.

2) Employee resistance should be kept minimal
PMS is made for aligning the goals of employee and the organization, thus, effective performance management system is only going to be effective when employees understand the importance of performance management system in their own careers.

3) Training infrastructure and capacity building programs
Surprisingly, given the level of resources provided for the rollout of the new performance management system, employees at every level of the organization appear to lack the necessary knowledge and skills required for their particular contribution to the system.

4) Benchmarking
Effective performance management can only be sustained when the performances are compared with the standards set in the organization and as this is done on a continuous basis, this leads to improvement of performance and brings it closer to the benchmark set by the organization.

5) 3rd axis measurement
If performance is to be measured on a two axis system, organizational goals and employee performance for these goals respectively, then a 3rd axis also needs to be measured which is employee’s personal goals, because then only performance can be measured in true terms.

CONCLUSION
We conclude the research by stressing effective performance management is a key tool of communication and motivation within organizations seeking a competitive edge through strategic change and control. The framework for performance management system design has its core element as improving individual performance in accordance with the organization’s performance, keeping in mind employee’s personal goals. Overcoming barriers to change through winning the psychological battle of employee involvement by effective performance and evaluating parameters has become the need of the hour. The KRA’s that determine the effectiveness of a PMS are,

• Developing external relationship - Communicating this Idea to employees and evaluating their commitment levels through structured parameters will help in achieving organisational objective.
• Building organisational capabilities - This KRA contributes in enhancing skill based performance for quality work.
• Taking a selective and focussed approach and maintaining quality research – This KRA provides a transparent system for evaluation of employee performance in terms of job description.
• Service and education output – This KRA contributes in managing talent in the organization.

The afore said KRAs as discussed in full length are only suggestive in nature. The final implementation may be based on some primary research over the aforesaid parameters so that its contribution may ultimately result into epitomizing performance for establishing a cognitive environment.

REFERENCES


