



Performance Management Systems: Challenges & Strategies

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Abstract:

Performance Management Systems (PMS) play a crucial role in aligning individual performance with organizational objectives, thereby driving overall success. This system involves a continuous process of performance planning, monitoring, coaching, and feedback, with the goal of achieving optimal employee performance. It emphasizes linking individual contributions to organizational goals, rewarding outstanding performance, and addressing underperformance to enhance overall organizational efficiency. Managing employee performance is as vital as managing financial resources, as it directly influences both financial and non-financial outcomes. The effective implementation of performance policies, strategic alignment of goals across different organizational levels, and clear role definitions are essential to achieving desired results. This article explores the challenges faced in PMS, such as goal clarity, setting performance benchmarks, and providing the necessary support, while also proposing strategies for addressing these challenges to improve PMS efficacy and outcomes.

Keywords: Performance Management Systems, Employee Performance, Organizational Goals, Strategic Alignment, Performance Monitoring, HR Actions

Introduction

The concept of Performance Management has been one of the most important and positive developments in Human Resource management. Performance Management is all about performance. Performance management system is the process of performance planning, Performance monitoring, and coaching, measuring, individual

performance linked to organizational goals, giving employees feedback, rewarding individuals based on performance goals, etc. Managing employee performance is an integral part of the work that all managers perform throughout the year. It is as important as managing financial resource outcomes because employee performance or the lack

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thereof has a profound effect on both the financial and other components of any organization. To accomplish these objectives, managers need to identify organizational goals to be accomplished, communicate individual and organizational goals to employees that support the overall strategic mission of the organization. The Performance Management System (PMS) should monitor and evaluate employee performance and use performance as a basis for appropriate HR actions including rewarding noteworthy performance and taking action to improve less than successful performance.

Strategic implementation of the performance policy and its execution yield the desired results. The alignment of the organizational goals with Strategic Business Units/Departmental goals/Individual goals is one of the important areas in PMS. The policy objectives and measures taken at the strategic levels have to be cascaded to the lower level. Individual employees role and goal clarity, setting individual/team targets, designing performance benchmark for different level of employees, providing necessary human and technical support to employee/s and other related strategic and functional aspects are the challenging areas.

Performance Management System

The most prevalent notion of Performance Management is that of creating a shared vision of the purpose

and aims of organizations, helping each individual employee to understand and recognize their part in contributing to them, and there by managing and enhancing the performance of both individuals and organization.

Performance management is a systematic process which a manager can use to get the team members to achieve the team's objectives and targets, improve overall team effectiveness, develop performance capabilities, review and assess team and individual performance, and reward and motivate. Effective performance management requires:

- Identifying tasks and accountabilities.
- Defining competencies necessary to be successful in a position.
- Ensuring that team members have the required competencies.
- Having in place a system to develop competencies.
- Providing timely feedback on how effectively the team members are applying their respective competencies to accomplish their tasks and achieve the goals.
- Rewarding and motivating effective performance.
- In the event that performance does not meet established requirements, the manager must understand the corrective processes and methods that can help improve employee performance.

Performance Management has expanded in scope and reach and now

aims to knit together individual goals, departmental purpose and organizational objectives. It now incorporates issues that are central to many other elements of HRM, from recruitment, induction, training and Development, reward management, through to capability procedures and termination (Boxall and Purcell, 2008). Now a day, Performance Management has become synonymous with the totality of day-to-day management activity because it is concerned with how work can be organized in order to achieve the best possible results. The extent to which these holistic Performance management initiatives now operate is remarkable. The management of performance will increasingly become an organization focused rather than an individual-focused activity. The ability to demonstrate an active engagement with the corporate social responsibility agenda is growing rapidly. In the future, performance management will be less about quantifying the output of individual employees and more about the effective performance of the organization in society (Beardwell and Claydon 2010).

Objectives of the Study

1. This study focuses on the challenges faced by the HR managers in implementing PMS at organization.
2. This article make an attempt to analyze the different studies conducted related to Performance Management System.

3. It focuses on the strategies to overcome from such challenges.

Methodology

The study is based on secondary data which involves different research articles and papers and textbooks and journals. The researcher has analyzed all these papers and made an attempt to conceptualize the studies conducted and developed this study.

PMS as an Emerging Challenge

- **Lack of in-depth knowledge:** The employees are informed about the PMS and the process. But some of the employees may not give much concentration about their Key Result Areas and act differently which will impact their performance. Because of the timeline it's difficult to give more time for their understanding the process.
- **Coordinating with all the Heads of the Department:** In the time of Performance Review coordinating with all the functional heads is quiet challenging. Scheduling and checking their availability for virtual and physical meetings for the managerial level performance reviews will be time consuming process for the Hr managers.
- **Time Constraint:** The HR managers have got multi tasks like salary administration, statutory benefits administration, Grievance handling, training and development programmes, and so on. Along with

all those responsibilities handling PMS with same zeal and enthusiasm is quiet difficult on the part of HR managers.

- **Gaining Support from the Departmental Managers:** Once they introduce PMS in the organization the departmental managers have to regularly monitor the performance of their subordinates. So the managers who are handling the departments have to show more enthusiasm in conducting performance review and in providing constructive feedback to their employees. If they are not showing any interest in conducting performance reviews and it will affect on authenticity of the results. Performance review and feedback is the most important element in PMS. But if that process is just conducted for name sake without following the conditions prescribed then it will not give positive results. So gaining the respective departmental managers support is also a challenging task for the HR managers.
- **Lack of Honesty:** Some managers while evaluating the performance generalizing the team member's performance in to positive performance just to showcase the management that the goals which have been set are fulfilled. Not being able to differentiate the excellent performance and poor performance will create more conflict among the employees.

- **Lack of Interest:** Introducing structured PMS in the organization is quiet difficult on the part of managers. Before implementing PMS the employees must have awareness about Performance management system. Depending on the investment of the organization we can understand to what extent PMS can be implemented in a structured way. The process of PMS must be informed about the importance to develop their competencies and skills which is required to complete any of the assigned tasks. But there is a possibility of lack of interest on the part of employees if they are not taking PMS seriously.
- **Understanding the Training Need:** In the process of PMS its mandatory to give organize training programmes to enhance the skills and competencies of the employees specific role performance. But for conducting such training programmes the organization needs financial support from management. Conducting trainings in the short span with limited budget sometimes may not be very effective.

The employees should be aware about performance standards and the method measurement of performance. If the employees are not familiar with the method of measurement of performance they may not bother much about their performance. So making them understand is a challenging factor for the HR

managers who will be handling that process. Planning of employee rewards is also a responsibility of the managers. And employee rewards should be linked with the performance standards. Attractive reward system will surely influence the employees to work with enthusiasm which will result in greater productivity. If there is lack of support from the management in introducing the attractive reward system then definitely PMS may not be very effective in practice. In the initial phase of implementation of PMS, the employees should have awareness about the benefits of introducing PMS in the organization.. Here are more possibilities of distraction because of multiple tasks. In the process of PMS it is required on the part of managers that they have to conduct training programmes if the employees are lacking the competencies and skills.

According to Qureshi (2010), many organizations install Performance Management Systems (PMS) formally and informally in their organizations, with the motivation to achieve better organizational results. In practice, organizations have difficulty in implementing a performance management system because its different dimensions are not taken into considerations enough. This article describes the findings of a comparative analyses conducted between a standard performance management model and performance management systems as applied by Local Development Organization (LDO). Data was collected from 50 employees of the organization

with a Cronbach Alpha (0.935). Results identified barriers to implementation of effective PMS, also recommendations and viable Solutions are presented.

According to Cascio and Aguinis (2005), Performance Management is a continuous process of identifying, measuring, and developing individual and group performance in organizations. It is not a once-off event that takes place during the annual performance review period. This definition highlights the fact that performance management is systematic. It integrates individual and organizational performance and has a lifecycle that takes place over a defined period. They also stated that performance management systems that are designed and implemented well can serve several important purposes; these include linking employee activities to organizational strategy, communicating organizational expectations, evaluating employee progress, making employment decisions, rewarding performers, and developing non-performers as well as keeping a record of human resource decisions.

A study conducted by Swatichauhan, Dr. Manisha Sharma about Performance Management System highlighted that a well-managed performance management system in an organization is very important. PMS is installed formally and informally in different organization but they have difficulty in implementing because various aspects are not evaluated properly. Many organizations fail due to improper implementation of PMS.

Performance management is about enhancing the employee's performance which ultimately helps an organization to achieve organizational objectives successfully. This research paper analyzes the perception of managers about the functions of PMS and find out the effectiveness in organization. . PMS is installed formally and informally in a different organization but they have difficulty in implementing it because various aspects are not evaluated properly. This research paper analyzes the managers and what was their experience with Performance management systems and how they carried it out.

Mondy (2002) have said that performance management deals with the challenge organizations face in defining, measuring, and stimulating employee performance, with the ultimate goal of improving organizational performance. Performance management has come to signify more than a list of singular practices; rather, it is seen as an integrated process in which, managers work with their employees to set expectations, measure and review results and reward performance, in order to improve employee performance, with the ultimate aim of positively affecting organizational success.

Sunil and Suman (2012) conducted the study with three main objectives namely to know the performance management system and how it helps in organizational development, to assess the efficacy of performance management as a tool for HR

interventions and to know how performance management leads employee satisfaction, this ultimately increases employee retention. The study found that the main purpose of performance management is to link individual objectives and organizational objectives in such a form as to give best possible platform to the employees to perform at the highest level. From literature reviews, it is understood that PMS is both a strategic and an integrated approach to delivering successful results in organizations by improving the performance and developing the capabilities of teams and individuals. Performance management is seen as an integrated process, in which Managers work with their employees to set expectations, measure and review results and reward performance, in order to improve employee performance, with the ultimate aim of positively affecting organizational success. That is, it is essential for both companies and employees as it help to improve the employee performance and achieve the desired goals of the companies.

Cascio (1995) in his study “Whither industrial and organizational Psychology in a changing world of work?” argued that the nature of work was changing and were the different definitions of what jobs and job performance were all about. There appeared to be a general move toward more flexible definitions of work roles and jobs, where jobs were viewed as dynamic and more interchangeable and

were defined with less precision. The focus was on the personal competencies required to perform various work roles and jobs rather than a narrow review of specific tasks and duties inherent in fixed jobs and work roles. There is a growing recognition that counterproductive behaviors that distract from organizational goals should also be specified and treated as aspects of performance perhaps as conditions of employment.

Strategies to Implement PMS at Organization

The employees and subordinates should be clear with the individual and organizational goals. The managers have to make aware their employees or subordinates about the skills and competencies required to reach those targets. If the employees are not competitive enough to handle the things it would be difficult to perform with more competence. The organization can conduct need based training programmes to improve the competency level among the employees. And the employees should be encouraged to self managed teams by giving an opportunity to empower towards gaining higher performance. Constructive feedback in the periodical intervals will be helpful to work in the right direction and there will be less distraction in the work. There should be consistently in the manner in which the system operates and the managers in charge should meet regularly to deliberate on how the comparison is to be done. It is also crucial to review the system constantly to remove

weak areas and during this process, the employees should be involved deeply. The employees have to be informed about the evaluation so that the employees will be more conscious and they make sincere effort to perform according to the expected performance. A motivating work climate will where managers encourage supportive work culture and easy supervision will boost the employees to utilize their fullest capacity to do the work effectively. Performance management system tries to ensure that the employee makes the greatest contribution possible to the success of the organization.

When implementing performance management system in the organization, the culture and structure of the company need to be considered. The success of the organization depends upon the committed work force, but the techniques used must be fair and equitable for every employee. Managers must create an environment which the employees should adopt the changes in the organization. In every activity sector new trends emerge, while old trends are left behind or revamped into something new to fit the overall context in that specific area of activity.

To implement effective Performance management systems in the organization the managers have to develop clear job descriptions and specific tasks together with performance indicators. And there should be a proper method for evaluating employee's performance against the predefined benchmarks. And by providing the necessary coaching and guidance as

and when required will increase the competency level to perform their job better. The management can frame good number of motivating incentives and rewards which will enhance the workers to perform according to the expected competencies. Managers can suggest the management regarding the best rewarding compensation to attract employees to gain those incentives and at the same time they can retain the skilled and talented employees for a very longer period of years which will in turn bring more effective work from the experienced employees where less effort is required on the part of the managerial personnel. The managers can hold regular meetings for their subordinates and staff for performance discussions to find better solutions against the set targets. Employees have to get more freedom in sharing their views and opinions with regard to their nature of work and their work style and any other issues which is connected with it. Not only incentives and rewards providing lucrative remuneration to motivate employees is also responsibility of the management after the standards set to reach all those mission of the organization. If employees are satisfied with the salary package then the willingness to work will be more and the organization can expect higher work commitment and employee loyalty at work. If the Promotional prospectus of the organization is based on performance oriented then even that will boost the

employees to reach the targets or standards.

Conclusion

A well planned Performance Management System will lead to greater productivity in the organization. If the management supports financially the HR department with regard to implementing PMS then it is quite helpful for the HR team. Even the departmental managers have to get training in understanding the process of PMS and its benefits. PMS will be more effective if attractive monetary and non monetary rewards are planned. And the HR managers have to be more enthusiastic in getting the support from the management.

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