

# A STUDY ON IMPACT OF PERFORMANCE MANAGEMENT SYSTEM ON EMPLOYEES' PERFORMANCE OF HEG Ltd.

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## Abstract:

The goal of the current study is to analyze and look at how a performance management system affects employee's performance. According to this perspective, employee's performance and performance system are strongly correlated, and strong and capable employee's performance has a direct bearing on the operation of the organization. The primary goals of the study are to assess employee performance, enhance manager-staff communication regarding performance management, determine the most effective way for the company to conduct employee performance reviews, and identify ways to improve employee performance. Not every corporation can hire people who are a great fit for a certain position, thus in these situations, the company conducts performance reviews on its employees to help them become competent and effective. This helps the organization grow and develop both directly and indirectly. So, we examine the different variables for this study like planning & development, rewards and motivation which are affected the performance of the employees. Regression and correlation were used to look at the relationship between the variables and how the independent variable affected the dependent variable and to test the hypotheses of the variables by chi square test. We found and concluded that a performance management system significantly affected employees' performance of the organization.

**Keywords:** Planning & Development, Rewards, Motivation, Employee Performance, Performance Management System, Etc.

## Introduction:

For a business organization, performance management is a crucial procedure that guarantees employees concentrate on their task in ways that advance the organization's objective. Performance management actually encompasses a variety of systems. One type of performance management form is the performance management system. Managers and supervisors are in charge of overseeing their staff members' performance. The implementation of the performance management system should be outlined in each organization's policy. Companies should use performance management procedures that best suit their goals and the type of the work they conduct, while still adhering to this policy's standards. It is crucial that this research be done, or that already-conducted research be broadened to include an understanding of employees' experiences with and opinions of the performance management and appraisal system in order to construct a thorough and comprehensive performance system. Furthermore, it's critical that managers and staff members comprehend the importance of performance management and the processes that support it in determining an organization's long-term success or failure. Employees are unlikely to participate actively in the process if they are unhappy or disagree with the performance management system since they do not see the benefits. Because of the ineffective employee performance, organizational performance and productivity will suffer. In conclusion, as employee performance has a big impact on organizational performance, this issue would be fascinating and important for any kind of firm. Additionally, knowing how

HRM practices affect employee's performance could assist companies in improving their management structure, which would enhance both employees and organizational performance.

### **HEG Ltd. Mandi deep**

The top producer of graphite electrode in India right now is HEG Ltd, a prestigious business of the LNJ Bhilwara group. It processes advanced UHP (Ultra High Power) electrodes in one of the biggest integrated graphite electrode facilities in the world.

More than 30 nations worldwide are the destination of more than 70% of the company's exports.

The company's current standing both in India and overseas is mostly attributable to its dedication to continuously improving the quality of its products to meet global standards and rise to new challenges in order to succeed in every circumstance.

"A vibrant globally acknowledged top league player in Graphite Electrodes and allied businesses with commitment to growth, innovation, quality, and customer focus" was the "vision" we created for ourselves in the 1990s. Our primary focus at Graphite is UHP quality electrodes, and we have broadened our product line and proven it on some of our clients' most demanding furnaces. We have years of expertise now providing high-quality UHP grade electrodes to customers worldwide.

Thanks to the support of our clients, we have been able to expand our manufacturing capabilities and grow into one of the world's leading manufacturers of UHP grade electrodes for EAF applications. The secret to our success has been our capacity to procure the best raw materials from suppliers across the globe and the expertise of our workforce.

We have established a captive power plant with a capacity of more than 77 MW in order to preserve our competitiveness.

As a conscientious producer of graphite electrodes, we persist in allocating resources towards technology, innovation, and human capital development.

### **Literature Review:**

**Adam Study (2020)** was to find out how the employees of UN-Somalia Habitat's program fared in terms of PMS. Furthermore, the study aims to examine how UN-Somalia Habitat's program is affected by performance standards, performance metrics, quality improvement procedures, and progress reporting. The investigation proved that there is no correlation between quality improvement methods, performance criteria, or personnel performance. However, the study did find a considerable positive correlation between employee performance and progress reports. Regression analysis also showed that staff performance benefited greatly from progress reporting. based on a survey of 924 employees of Indian tech service companies.

**Manipuri et al., (2019)** conducted a pilot study to examine the impact of a PMS on worker performance. Thirteen distinct parameters were used to evaluate the performance management system. It was found using multiple regression analysis that nine components were in charge of improving performance, and that five elements affected performance management. The results showed that employee productivity is significantly increased by the performance management system. In an attempt to give a comprehensive analysis of the effect of performance management on performance in public institutions using three techniques, Gerrish (2016) used 2,188 impacts from 49 researches. First, the impacts of a "medium" level performance management system are examined. The influence of management is examined in the second section, which also assesses whether effective performance management practices reduce the total effect.

Thirdly, it examines the impact of "time" on performance management. Through research, an averagely small impact of performance management was found. The impact is substantially greater when high-quality research incorporates best practice indicators.

Numerous studies using a range of research approaches have looked at the relationship between employee performance in companies and performance management. Here, we examine the most significant studies that tackled the problem and the most significant findings they reached, according to **Kaur and Singla (2019)**: The study's objective was to thoroughly assess the aspects of performance management that have a major impact on employee engagement and, in turn, increase organizational effectiveness. Although the research

on the subject is still relatively new, employee engagement has gained enormous traction in the commercial world. Proponents of the concept assert a substantial correlation between employee engagement and organizational performance, both within the workplace and among coworkers. It is impossible to achieve strong organizational performance without the active participation of every employee. The study found that participative decision-making and empowerment—which contribute to recognition—have the most beneficial effects on employee engagement. As a result, businesses will have an easier time developing PMS that boost worker engagement.

**According to Van Wayne berg (2017)**, efficient PMSs enhance worker productivity and wellbeing. The relationship between an employee's physical health and performance was largely independent, but the relationship was tempered by their psychological health. This study contributes to our understanding of effective PMSs, their application, and their potential to enhance worker welfare and productivity.

**According to Mulwa's (2017)** research, a PMS increases employee performance by providing a reliable performance metric, increasing productivity, and assisting employees in achieving their objectives. According to the study's findings, putting in place a PMS enhances worker performance by assisting workers in creating personal goals that are connected to the overall goals of the company, identifying skill gaps that require training, and generally increasing worker productivity. The study made several recommendations for management, including raising employee awareness of the importance of the PMS filling training gaps, rewarding top performers, conducting evaluations in a professional manner, and providing detailed notes on employee performance.

**Research Methodology:**

**Research Design:** Exploratory research design is used in this study.

**Sample Size:** 50 Employees of the HEG Ltd. Mandi deep, District Bhopal (M.P.)

**Sample Design:** Random Sampling Method is used for this research

**Data collection:** Basically, we used primary data for this study which are based on questionnaire method.

**Limitation of the study:**

- Time and cost are constraints.
- Sample was taken only HEG Ltd.
- Other Graphite Manufacturing organization are not taken for this study.

**Objective of the study:**

- To study about the Performance management system of HEG Ltd.
- To study about the employee performance affected by Performance management system.

**Hypotheses of the study:**

H01: There is no significant impact by planning & development on Employee performance.

H02: There is no signification impact by rewards on employee performance

**Data Analysis & Interpretation**

1. Your efforts are valuable and fulfilling, and they support the company's growth.

	No. of respondents	% of Respondents
Strongly Agree	32	64
Agree	8	16
Neutral	5	10
Disagree	3	6
Strongly Disagree	2	4
Total	50	100

**Interpretations:** In the question no. 1, 64% respondents strongly agree ,16% agree, 10% neutral, 6% Disagree & 4% strongly disagree with the organization.

2. Does the manager provide goals and plans for you to work toward?

	No. of respondents	% of Respondents
Strongly Agree	41	82
Agree	5	10
Neutral	2	4
Disagree	1	2
Strongly Disagree	1	2
Total	50	100

**Interpretations:** In the question no. 2, 82% respondents strongly agree ,10% agree, 4% neutral, 2% Disagree & 2% strongly disagree with the organization.

3. Do you think the company's performance management systems identify the need for training?

	No. of respondents	% of Respondents
Strongly Agree	38	76
Agree	6	12
Neutral	4	8
Disagree	1	2
Strongly Disagree	1	2
Total	50	100

**Interpretations:** In the question no. 3, 76% respondents strongly agree ,12% agree, 8% neutral, 2% Disagree & 2% strongly disagree with the organization.

4. Is the organization's promotional policy clearly defined?

	No. of respondents	% of Respondents
Strongly Agree	36	72
Agree	7	14
Neutral	3	6
Disagree	3	6
Strongly Disagree	1	2
Total	50	100

**Interpretations:** In the question no. 4, 72% respondents strongly agree ,14% agree, 6% neutral, 8% Disagree & 0% strongly disagree with the organization.

5. Does the business continue to pay salaries that are competitive with those of other businesses in this field?

	No. of respondents	% of Respondents
Strongly Agree	42	84
Agree	4	8
Neutral	2	4
Disagree	1	2
Strongly Disagree	1	2
Total	50	100

**Interpretations:** In the question no. 5, 84% respondents strongly agree ,8% agree, 8% neutral, 0% Disagree & 0% strongly disagree with the organization.

6. How frequently the performance appraisal is completed or the form is filled out.

	No. of respondents	% of Respondents
Strongly Agree	33	66
Agree	7	14
Neutral	5	10
Disagree	3	6
Strongly Disagree	2	4
Total	50	100

**Interpretations:** In the question no. 6, 66% respondents strongly agree ,14% agree, 10% neutral, 6% Disagree & 4% strongly disagree with the organization.

7. Does pay have an impact on performance?

	No. of respondents	% of Respondents
Strongly Agree	40	80
Agree	3	6
Neutral	4	8
Disagree	2	4
Strongly Disagree	1	2
Total	50	100

**Interpretations:** In the question no. 7, 80% respondents strongly agree ,6% agree, 8% neutral, 4% Disagree & 2% strongly disagree with the organization.

8. Does your manager give you credit for your work?

	No. of respondents	% of Respondents
Strongly Agree	39	78
Agree	5	10
Neutral	2	4
Disagree	3	6
Strongly Disagree	1	2
Total	50	100

**Interpretations:** In the question no. 8, 78% respondents strongly agree ,10% agree, 4% neutral, 6% Disagree & 2% strongly disagree with the organization.

**Hypotheses Testing**

**Hypotheses 1**

H01: There is no significant impact by planning & development on Employee performance.

H11: There is a significant impact by planning & development on Employee performance.

Results						
	Strongly Agree	Agree	Neutral	Disagree	strongly Disagree	Row Totals
Contribution to success	32 (36.75) [0.61]	8 (6.50) [0.35]	5 (3.50) [0.64]	3 (2.00) [0.50]	2 (1.25) [0.45]	50
training needs	38 (36.75) [0.04]	6 (6.50) [0.04]	4 (3.50) [0.07]	1 (2.00) [0.50]	1 (1.25) [0.05]	50
Planning & Objectives	41 (36.75) [0.49]	5 (6.50) [0.35]	2 (3.50) [0.64]	1 (2.00) [0.50]	1 (1.25) [0.05]	50
Promotional Policy	36 (36.75) [0.02]	7 (6.50) [0.04]	3 (3.50) [0.07]	3 (2.00) [0.50]	1 (1.25) [0.05]	50
<b>Column Totals</b>	147	26	14	8	5	<b>200 (Grand Total)</b>

The Null hypotheses is rejected and alternate hypotheses is accepted so the planning & development impact on employee performance. The chi-square statistic is 5.9611. The *p*-value is .918032. The result is not significant at *p* < .05.

**Hypotheses 2**

H02: There is no signification impact by rewards on employee performance

H12: There is a signification impact by rewards on employee performance

Results						
	Strongly Agree	Agree	Neutral	Disagree	strongly Disagree	Row Totals
Maintain Salary level with other companies	42 (38.50) [0.32]	4 (4.75) [0.12]	2 (3.25) [0.48]	1 (2.25) [0.69]	1 (1.25) [0.05]	50
Performance Appraisal form filled	33 (38.50) [0.79]	7 (4.75) [1.07]	5 (3.25) [0.94]	3 (2.25) [0.25]	2 (1.25) [0.45]	50

compensation	40 (38.50) [0.06]	3 (4.75) [0.64]	4 (3.25) [0.17]	2 (2.25) [0.03]	1 (1.25) [0.05]	50
supervisor	39 (38.50) [0.01]	5 (4.75) [0.01]	2 (3.25) [0.48]	3 (2.25) [0.25]	1 (1.25) [0.05]	50
<b>Column Totals</b>	154	19	13	9	5	<b>200 (Grand Total)</b>

The Null hypotheses is rejected and alternate hypotheses is accepted so there is an impact by rewards on employee performance. The chi-square statistic is 6.9101. The p-value is .863498. The result is not significant at  $p < .05$ .

**Findings, Suggestions and Conclusions:**

**Findings:**

1. In the question no. 1, 64% respondents strongly agree ,16% agree, 10% neutral, 6% Disagree & 4% strongly disagree with the organization.
2. In the question no. 2, 82% respondents strongly agree ,10% agree, 6% neutral, 2% Disagree & 0% strongly disagree with the organization.
3. In the question no. 3, 76% respondents strongly agree ,12% agree, 8% neutral, 2% Disagree & 2% strongly disagree with the organization.
4. In the question no. 4, 72% respondents strongly agree ,14% agree, 6% neutral, 8% Disagree & 0% strongly disagree with the organization.
5. In the question no. 5, 84% respondents strongly agree ,8% agree, 8% neutral, 0% Disagree & 0% strongly disagree with the organization.
6. In the question no. 6, 66% respondents strongly agree ,14% agree, 10% neutral, 6% Disagree & 4% strongly disagree with the organization.
7. In the question no. 7, 80% respondents strongly agree ,6% agree, 8% neutral, 4% Disagree & 2% strongly disagree with the organization.
8. In the question no. 8, 84% respondents strongly agree ,12% agree, 4% neutral, 0% Disagree & 0% strongly disagree with the organization.

**Conclusions:**

Overall company performance management system is good and we find out the planning & development and rewards strategy followed by company is impacted on employee performance.

**Suggestion:**

Based on the study's findings, management of any firm is urged to sit down and reconcile its PMS practices in order to make them more sustainable. Examining and considering employee issues is encouraged, as is helping staff identify them and deal with them together. Businesses should implement recognition strategies. Employees will be more motivated and upbeat when they believe that their efforts are appreciated and acknowledged. To achieve the essential goals, organizations should involve employees in goal creation and offer rewards for their efforts.

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