Project Dissertation

Effectiveness of Performance Management System

At

Nucleus Software Exports Ltd

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Certificate from the Institute

This is to certify that the Project Report titled **Effectiveness of Performance Management system at Nucleus Software Exports Ltd** is a bonafide work carried out by Mr. Ankush Malhotra of MBA 2013-15 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfilment of the requirement for the award of the Degree of Masters of Business Administration.

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DECLARATION

This is to certify that the report titled "**Effectiveness of Performance Management System at Nucleus Software Exports Ltd"** which is submitted by me in partial fulfillment of the requirement for the award of Degree of Masters of Business Administration from "**Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42**" comprises only my original work and has not been submitted in part or full for any other degree or diploma of any university.

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Ankush Malhotra

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Executive Summary

The project at Nucleus Software Exports Ltd was focused on Performance Management System. Project was divided into various phases:

1. The first phase mainly concentrated on getting a theoretical knowledge about an ideal Performance Management System. During this tenure, an in depth knowledge about the topic was achieved including its various features, loopholes, contribution to the organization etc. Then, a questionnaire was prepared in order to check the effectiveness of the current system prevailing at Nucleus Software Exports Ltd.

2. In this phase, the online questionnaires were mailed to the employees to extract their views on e-PMS at Nucleus Software Exports Ltd. More than 150 questionnaires were sent out of which only 60 responded.

3. In the subsequent phase of the project, analysis of the data was conducted. It was done by recording the data in an excel sheet and analyzing it was the main part of this phase.

4. The last phase suggested practical recommendations to the organization based on the study and research done on the topic.

TABLE OF CONTENTS

S.No.	TITLE NAME	PAGE No.
1	Introduction	7
2	Review of literature	11
3	Conceptual framework	17
4	Research methodology, Data Analysis, Interpretation & Findings	24
5	Conclusion and Recommendation	35
6	Bibliography	37
7	Appendix	38

CHAPTER 1

INTRODUCTION

Performance appraisal provides review and evaluation of the individual job performance. It helps to understand the gap of the performance. Each employee will have a discussion with their manager about what they have done well, what they have to improve and how to achieve future goal.

Through performance appraisal the manager tries to give feedback to the employee, analyse where all training is needed and also find out the potential candidate. After the performance appraisal the sheet is signed by the candidate and a copy is given to the employee and the original is send to the HR department.

There are different methods are used for performance appraisal. One of the methods used to appraise the performance of employee is writing an essay. In this method manager write weakness, strength, past performance, potential of employees and provides recommendations for improvement. Moreover, performance appraisal can be cascaded down in to two methods. The first method is known as comparative standard and the other is absolute standard. Simple ranking, paired comparison, forced distribution etc. will come under comparative standards. Critical incidents, BARS, MBO etc. are the subject matter of absolute standard method.

Performance management is a management process for ensuring that the employees are focussing on their work efforts so that they can contribute in achieving organization goals. It consist of three phases:

a. Setting standards for employee performance.
b. Maintaining a dialogue between the supervisor and employee to keep the performance on track.
c. Measuring actual performance relative to performance standard.

Objectives of Performance Management System are:-

1. To check the efficiency of individuals, teams and the organization.
2. To fix promotion criteria based on competence and performance.
3. To decide upon the pay raise.
4. To ascertain the training and development needs of the employee.

Company Profile

Nucleus Software is a leading software powerhouse providing innovative and pioneering software solutions for Banks and Financial organizations globally. Nucleus Software offers a host of competitive IT solutions and consultancy services designed to support the whole spectrum of business offerings across retail banking, corporate banking, cards and cash management. With over 150 customers across the globe, the company is consistently innovating with cutting edge and industry driven products in the domain. Nucleus Software is listed on the National Stock Exchange and Bombay Stock Exchange in India.

As of 31 March 2015, Nucleus Software had 14 offices across 10 countries and seven wholly owned subsidiaries. They are:

- Nucleus Software Solutions Pte. Ltd., Singapore
- Nucleus Software Inc., US
- Nucleus Software Japan Kabushiki Kaisha, Japan
- VirStra i-Technology Services Ltd., India
- Nucleus Software Netherlands B.V., Netherlands
- Nucleus Software Ltd., India
- Nucleus Software Australia Pty. Ltd., Australia

Nucleus Software is a global service provider of integrated software products for banks and financial institutions and has two flagship products viz. Cash@Will and Finnone.

Cash@Will

Nucleus Software launched Cash@Will in 2009 which was a robust and technologically advanced software based on J2EE framework. When it comes to transactional banking, this software provides more services, more transparency and quick response time. This software provides cutting edge to Nucleus clients in transaction banking domain. Cash@Will J2EE version has enhanced banks and financial institutions ability to differentiate themselves through offering their clients a single platform for processing their cash management and trade transactions.

The software has a feature like powerful limit and exposure management module, supply chain community based workflow definition, dynamic cash flow forecasting and delinquency tracking. It supports various products like pre-shipment financing, invoice discounting, factoring and reverse factoring services. It is also equipped with integrated risk management and tracking through alerts and exceptions.

FinnOne

FinnOne is a web based global banking product designed to support banks and financial solution companies in dealing with assets, liabilities, core financial accounting and customer service. The software comes with a wide variety of integrated applications that cover different aspects of global web baking. The applications include loan originating system that automates and manages the processing of many types of loans, a credit card application system with strong credit and fraud detection tools and a multilingual web-based collection service that organizes legal pay-outs.

FinnOne was ranked as the World's No. 1 Selling Lending Software for 7th consecutive year. FinnOne, the flagship product of Nucleus Software, is a powerhouse of seamlessly integrated applications, designed to provide operational support, risk management and decision making support to banks and financial service companies. The FinnOne suite provides solutions for the asset as well as liability sides of business in addition to account management, core financial accounting, risk management, document management and customer services. It had credit management from origination to termination. It caters to loans, ranging from simple EMI backed retail finance to highly complex commercial lending scenarios. It also supports multi branch, multi-currency, multi product and bi-lingual implementation. It focuses on both, retail and corporate loans, thereby emerging as a comprehensive solution to back any line of the lending business.

In order to understand the Performance Management System (PMS) at Nucleus Software Exports Limited, some concepts need to be explained which play a very important role in using the PMS successfully. They are:

1. Key Result Areas (KRA's): The performance of an employee is largely dependent on the KRA score achieved by the employee during that particular year. Thus, it is necessary to answer a few basic questions i.e.

    a. What are the guidelines for setting the KRA's for an employee?
    b. How does an employee write down his KRA's for a particular financial year?
    c. KRA's: The Four Perspectives.
    d. How is the KRA score calculated for an employee on the basis of the targets sets and targets achieved?

2. Behavioral Traits: Some of the qualitative aspects of employees' performance combined with the general behavioral traits displayed by the employee during a year constitutes his behavioral traits. An employee is assigned a rating on the basis of the intensity of the

behavior displayed by him. They play a very important role in deciding the final performance rating for an employee.

3. Promotion and rating distribution guidelines: The promotion and normal distribution guidelines provide the framework within which the performance appraisal process has to work. It is very important that the HR department pays due attention to these guidelines while preparing Bell curves for various functions and the consolidated Bell curve for all the functions. These guidelines also help in deciding upon the promotion cases in a year.

CHAPTER 2

Review of literature

In this chapter, an attempt has been made to review the existing literature on Performance Management System. In depth discussion of various research papers is done to enhance our insights on the topic.

1. In the research paper "Evaluation of the performance appraisal systems in KNUST and GIMPA libraries", (Aforol and Antwi, 2012) the transparency of the performance appraisal system at the two libraries was examined.

The authors stressed on the importance of the performance appraisal to improve the performance of the employees but also cautioned it not to be overemphasized. According to the authors, "The differences of the employees' performance are attributed to differences in skill and ability in one part and difference levels of motivation in another. Inadequate skills and ability are usually rectified through training and development, while differences in motivation are corrected through the appropriate motivational strategies and policies. The top three ways by which respondents would like to be motivated if performance was considered positive were; to be promoted, to be granted study leave with pay, or to be commended by supervisors. Other options such as being given salary increments, cash prizes, and citations were least preferred."

After analyzing 46 questionnaires (71.7% from KNUST & 28.3% from GIMPA), the authors diagnosed the following problems in the performance appraisal system of the libraries:

1. The objectives of the performance appraisal system were known by the staff, but they did not have access to the formal documents on the system. Therefore, they were not able to bestow much trust to the system. ". If they had such documents in addition to their appointment letters, it would have served as a working manual which would be useful to their performance."

2. The employees of both the libraries were de-motivated as the incentives set for high performers were not desirable to the recipients.

3. Regular meetings were not held with the employees because of which feedback process was inefficient.

Per the findings of the study, the following recommendations can be made to improve upon the performance appraisal systems in the two academic libraries:

1. Staff without formal professional training should be given requisite training in the course of their work and those yet to be employed must have prerequisite training before being employed.
2. Job description and/or working manual should be given on appointment to serve as a guide to performance of duties.
3. Motivation preferred by staff should be given for outstanding performance.
4. Regular formal meetings should be held and feedback on performance given regularly.

2. In the research paper titled "A New Framework for Selection of the Best Performance Appraisal Method", (Jafari, Bourouni and Amiri, 2009) the authors have presented a framework for performance appraisal comparison and showed how an organization can use it. Initially the authors explained the approaches for measuring performance under 3 categories:

1. Absolute standards: In this method, employees are compared to a standard, and their evaluation is independent of any other employee in a week group. Included in this group are the following methods: the essay appraisal, the critical incident appraisal, the checklist, the graphic rating scale, forced choice and behaviorally anchored rating scales.
2. Relative standards: Individuals are compared against other individuals. These methods are relative standards rather than absolute measuring device. The most popular of the relative method are group order ranking, individual ranking and paired comparison.
3. Objectives: Employees are evaluated on how well they accomplished a specific set of objectives that have been determined to be critical in the successful completion of their job. This approach is frequently referred to as Management by Objectives (MBO). "Management by objectives is a process that converts organizational objectives in to individual objectives. It consists of four steps (Ingham, 1995): goal setting, action planning, self-control and periodic reviews."

The authors have also highlighted the importance of 360 degree feedback which relies on the input of an employee's superiors, colleagues, subordinates, sometimes customers, suppliers and/or spouses.

In order to determine the most effective performance appraisal method, the key question that arises is "The best for what?" The authors focused on the seven criteria to compare the framework. These are:

Training needs evaluation: this criterion determines that the appraisal method has the ability to distinguish staff's training needs.

Coincidence with institutes: this criterion determines that a method can coincidence itself with organization's institutes or not.

Excite staff to be better: this criterion focuses on employees, their motivation, creating feedback and assist to human resource planning.

Ability to compare: whenever an organization wants to make decision about preferment, eviction, privation, wage and payment and displacing, it should evaluate its employees; compare them and organization's parts. Therefore an appraisal method should have the ability to compare staffs.

Cost of method: it contains cost of procurement, codifying and implementation cost of method.

Being free of error: halos effect, leniency, severity and attribution bias.

Based on the comparison between the methods and the frameworks used, the authors designed a normalized matrix and through the use of various formulae, the ratings of the various methods were charted out.

Table 1: Methods and Frameworks

MBO	0.91
360 degree Feedback	0.87
BARS	0.72
The checklist	0.72
Forced choice, Ranking	0.66
The critical incident	0.54
The graphic rating scale	0.51
The essay	0.4

As shown above, MBO is the best method to apply in putative organization as a performance appraisal method. After that, 360 degree feedback, BARS and checklist are the most suitable methods for appraisal. Forced choice method and Ranking, include group order ranking, individual ranking and paired comparison, are indifferent.

3. In the research paper "Effectiveness of Performance Appraisal: Its Outcomes and Detriments in Pakistani Organizations", (Ishaq, Iqbal and Zaheer, 2009) the authors have done a survey of various public and private organizations of Pakistan in order to find out the awareness and effectiveness of outcomes and detriments of Performance Appraisal System. 300 managers and employees participated in the survey. The questionnaire consisted of 33 questions on outcomes and detriments of Performance Appraisal. These were closed ended questions with 5 options based on the Likert Scale. Following is the set of hypothesis used in the survey:

H1: There is a significant difference of opinion between managers/employees working with public and private sector organizations regarding (a) outcomes of effective performance appraisal and (b) detriments to effectiveness of performance appraisal

H2: There is a significant difference of opinion between managers and employees working with public/private sector organizations regarding (a) outcomes of effective performance appraisal and (b) detriments to effectiveness of performance appraisal.

H3: There is a significant difference of opinion between male and female managers/employees working with public/private sector organizations regarding (a) outcomes of effective performance appraisal and (b) detriments to effectiveness of performance appraisal.

After analyzing all the responses of the questionnaire, the findings were as follows:

1. The average perceptions of managers/employees of public and private sector organizations of Pakistan were same in respect of variables of outcomes and detriments of effectiveness of performance appraisal.

2. The average perceptions of managers/officers and employees/operatives of public/private sector organizations of Pakistan were same in respect of outcomes but different in case of detriments of effectiveness of performance appraisal.

3. The average perceptions of male and female managers/employees of public/private sector organizations of Pakistan were different in respect of outcomes but same regarding detriments of effectives of performance appraisal.

Conclusions substantiated the research objectives while answering the research questions that Pakistani public and private sector organizations do believe in the role of outcomes and detriments for effectiveness of performance appraisal. The respondents are more aware about outcomes of effective performance appraisal than factors that can make harm to the effectiveness of performance appraisal. As regards detriments to PA effectiveness, Managers have different view from employees. Likewise, regarding outcomes of PA effectiveness, male and female managers/operatives have different views.

4. In his research paper titled "The Negotiated Performance Appraisal Model: Enhancing Supervisor-Subordinate Communication and Conflict Resolution", (Billikopf, 2010) introduced the concept of Negotiated Performance Appraisal (NPA) Model. Following is the figure demonstrating it:
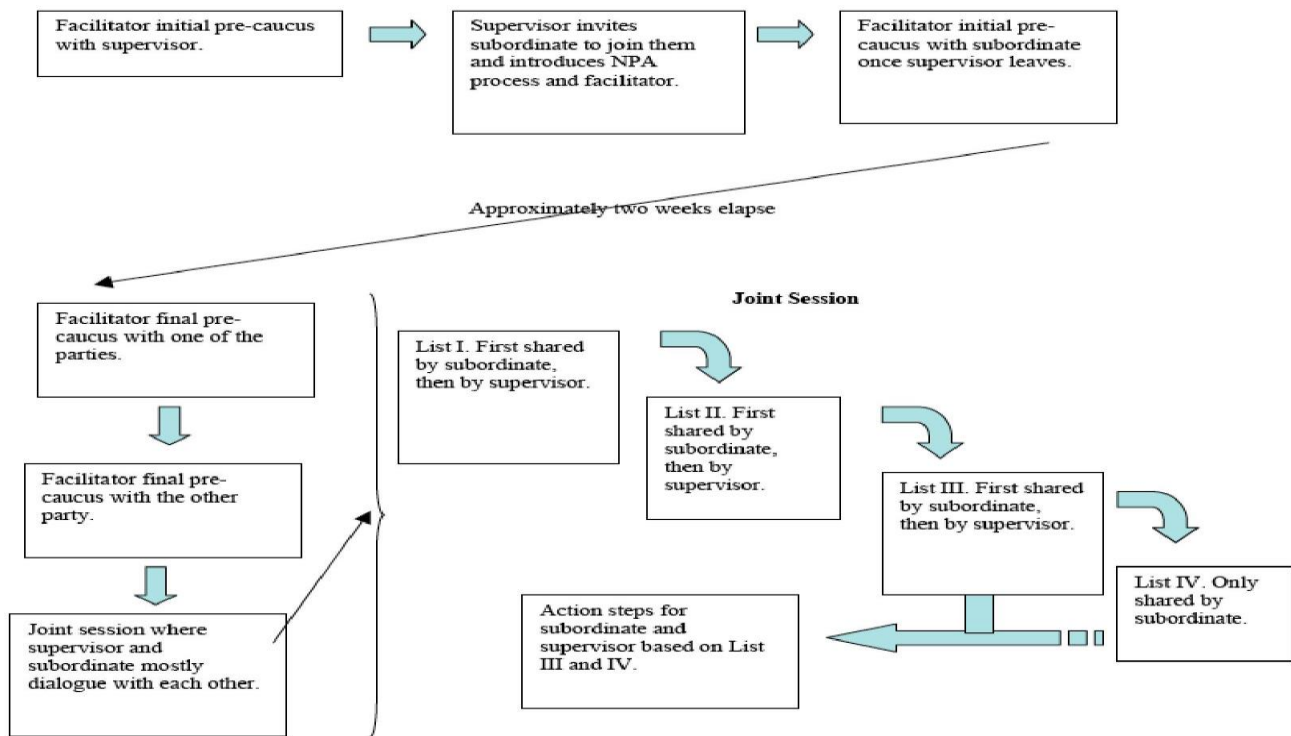
Figure 1: Negotiated Performance Appraisal Model

The author talks about the importance of NPA as a major tool in effective Performance Management System. He gives an overview of NPA describing the importance of each phase in detail. A sample score card in order to evaluate the performance of facilitator was given in order to highlight the importance of having a third-party association. The role of NPA in alternate Mediation Model in case of disputes between supervisor and subordinates was also described.

In conclusion, the NPA is a tool that can be used by facilitators and organizational consultants to help enhance dialogue between supervisors and subordinates. The process is more effective when directed by a third party facilitator. The facilitator can help the supervisors and subordinates understand how to complete the required lists. Just as important, a facilitator can help the parties understand principles of interpersonal negotiation. Top among these are framing ideas so they will be given more consideration by the other party, and learning how to dialogue in ways that defensiveness is minimized. Those who have participated in the NPA process as supervisors or subordinates often feel it easier to continue to communicate even after the facilitator has left. Finally, with a few minor modifications, the NPA process can be an effective mediation approach for supervisor-subordinate disputes.

CHAPTER 3

Conceptual Frame Work

In this chapter, we will provide an overview of the concepts of Performance appraisal, methods of performance appraisal, performance management- its objectives, coverage, roles and problems. Features of an effective performance management system will also be discussed. Moreover, differences will also be highlighted between performance management and performance appraisal.

1. Performance appraisal

According to **Edwin Flippo,** "Performance Appraisal is the systematic, periodic and impartial rating of an employee's excellence, in matters pertaining to his present job and his potential for a better job."

According to **Dale Beach,** "Performance Appraisal is the systematic evaluation of the individual with regards to his or her performance on the job and his potential for development."

2. Methods of performance appraisal

- **Critical incident method**

    In this method manager write down the positive and negative performance behaviour of the employees in their job.

- **Weighted checklist**

    In this method the rater who have a clear idea about the job make a list a descriptive statement about the effective and ineffective behaviour on job.

- **Paired comparison analysis**

    In paired comparison method each employee is compared against one another and ranked high or low performer. Then at the end they count how many times each employee was ranked as high or low and according to that they rank the employees.

- **Graphic rating scales**

    In this the employees were marked or rated on the degree to which each of them have that particular characteristic.

- **Essay Evaluation**

In this method manager writes about employee's performance. But these methods have a disadvantage which is that the quality depends up on the managers writing skill.

- **Behaviourally anchored rating scales**

In this method based on the performance and behaviour, employees were put in different slots like good, poor and average. The conditions on the basis that a person is rated as good, poor and average is mentioned in the BAR scale. The rater has to mark each employee according to that.

- **Performance ranking method**

In this method each employee is compared with everyone on the basis of the performance and ranked.

- **Management By Objectives (MBO)**

MBO process managers and employees sit together and set the employees goal. In this way employee also know what they have to achieve and they partially agree to the target. MBO focuses on goal rather than the way to achieve that goal.

- **360 degree performance appraisal**

360 Degree Feedback is a system or process in which manager get feedback about the employees from the people who works with them. It is confidential and anonymous feedback to the employees.

- **Forced ranking (forced distribution)**

In forced ranking method managers are forced to distribute employees as top, average and low performer. Some employees are put in low performer category even though they are average performer because when the managers compare them with others their performance may be low.

- **Behavioural Observation Scales**

It is used in the field where the performance cannot be measure on the basis of the output. In this, manager check whether the employees are showing a particular behaviour or not if yes then how often.

3. Performance Management

Performance Management is aimed to "establish a framework in which performance by human resources can be directed, monitored, motivated and refined, and that the link in the cycle can be audited." This definition is very important as it lays down the key processes of performance management system. The process of performance management starts with the joining of a new incumbent in a system and ends when an employee quits the organization. It includes setting up the goals for a particular job position, communicating them with the employees, motivating them to work according to the set KRAs, assessing the performance and receiving their feedback. Performance management can be regarded as a systematic process by which the overall performance of an organization can be improved by improving the performance of individuals within a team framework. It is a means for promoting superior performance by communicating expectations, defining roles within a required competence framework and establishing achievable benchmarks.

The performance management approach focuses more on observed behaviours and concrete results based on the previously established smart objectives. By adopting techniques like Management by Objectives (MBO), smart objectives are established in terms of either facts and figures and in the entire process the superior plays the role of a coach or a facilitator. The objectives are mutually decided at the beginning of the performance season and serve as a standard of performance for evaluation. In this method, the employees can offer a feedback on their contributions by filling up a self-appraisal form.

4. Objectives of the Performance Management System

Performance management in HR is aimed at improving the overall corporate performance by enhancing individual performance within the framework of a team. It pushes for optimum performance by setting the right expectations, communicating effectively, defining clear roles, and setting achievable objectives.

The following actions are included in corporate performance management systems:

1. Development of precise job descriptions and creating detailed employee performance plans inclusive of their performance indicators and key result areas (KRA).

2. Setting up a strong selection process in lines with the company policies so that the right candidates are selected for the job.

3. Discussing and setting performance standards to measure productivity and output set against benchmarks that have been predefined.

4. Giving the employee feedback and coaching on a continuous basis right through his performance delivery period.

5. Catering to development and training needs by measuring productivity and performance quality.

6. Having discussions on the employees' quarterly performance and evaluating them based on the performance plan.

7. Developing and implementing a set rewarding and compensation system for employees who exceed performance benchmarks or those who excel in their jobs based on their performance plans.

8. Facilitating guidance sessions, career development support and promotional discussions for employees on a regular basis.

9. Holding comprehensive exit interviews to find out the reasons for an employee's discontentment with the company and the reason for his or her departure.

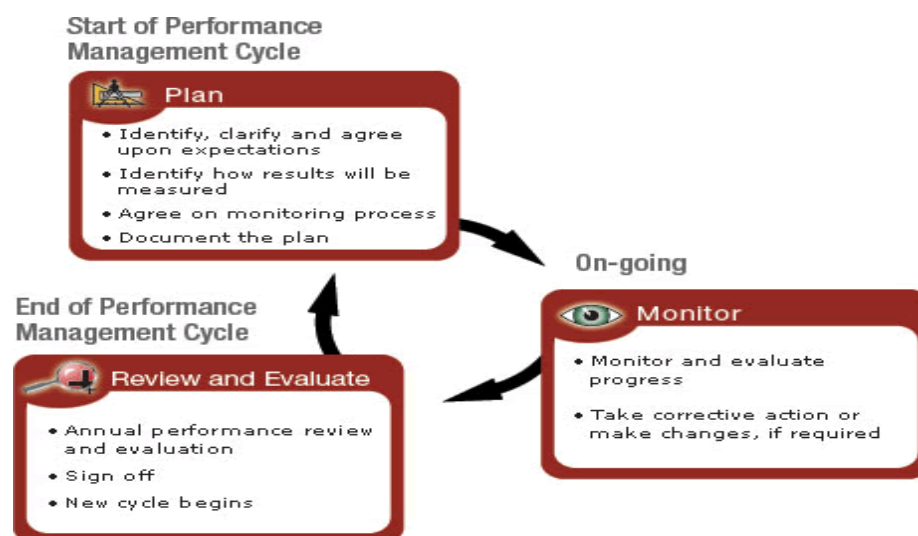**5. Components of an Effective Performance Management System**

Figure 2: Performance Management System

Performance planning: This is the basis of performance appraisals and it is a crucial component of a corporate performance management system. Both the appraiser and the appraisee carry out performance planning at the start of a work session. KRA's and performance budgets are decided after mutual agreements between the employee and reporting officer.

Performance appraisal and reviewing: Organizations usually have mid-year and annual reviews in which the employees' performance is reviewed; based on achievements and fulfilment of his goals as well as overall performance, he/she is appraised. The process combines both self-review as well as a review by the reporting officer. Measurable and quantifiable achievements are rated and causes for loopholes are detected and analyzed.

Performance feedback and personal counseling: This is a very important step in which the appraiser and employee sit in discussion. The appraiser talks to the employee about areas of improvement and about his levels of contribution, expected performance achievement, etc. Along with transparent feedback, the need for training and development is also identified. The appraiser needs to adopt necessary measures to ensure that the employee meets the company's expectation levels and that he improves overall performance.

Rewarding good performance: The motivation of an employee is determined when his good performance is recognized and rewarded. It could directly influence the self-esteem of a person. It is very sensitive in propelling his achievement orientation too. When an organization recognizes an employee's contribution and rewards him for it, he strives to do be better because of the motivation.

Performance improvement planning: This calls for setting of new goals and deadlines for employees. Key areas of improvement are made aware to the employee and he is also assigned a stipulated deadline for the same. He must show improvement within the jointly finalized and mutually accepted time-frame.

Potential Appraisal: The employee's lateral and vertical movement is influenced by this factor. Competency mapping and assessment techniques need to be carried out for successful appraisal. This needs to include crucial points such as job rotation and succession planning.

6. Key benefits of Performance Management Systems

In short, successful implementation of corporate performance management systems can result in overall benefit of the organization, the manager and the employee.

Organization
1. It improves overall performance of the organization and increases employee loyalty and retention.
2. It improves productivity of the company and also delivers cost advantages.
3. It sets clear accountabilities and overcomes communication barriers in the organization.

Manager
1. It saves on a lot of precious time and reduces conflicts within the team or department
2. It increases efficiency levels of team members and motivates better, consistent high performance.

Employee
1. It clarifies all the expectations of an employee including his exact role and KRA
2. It gives him an opportunity for self-review, assessment and introspection
3. It directly contributes to enhanced performance and better productivity levels.
4. Career paths are defined and it promotes job satisfaction and a positive mindset.

7. Difference between performance appraisal and performance management

Following table illustrates the difference between performance appraisal and performance management.

Table 2: Difference between Performance Appraisal and Performance Management

Category	Performance Appraisal	Performance Management
Implementation:	Operational	Strategic
Targeted goals:	Short- to mid-run goals	Long run goals
Strategy:	Retrospective	Forward looking
Time frame:	Episodic	Constant
Nature:	Process	System
Relation with business:	Isolated from business' needs	Integrated
Management:	Management by command	Management by agreement
View:	Individualistic	Holistic
Ownership:	HR owned	Management owned
Adaptability:	Rigid and inflexible	Supple and adaptable
Focus areas:	Focused on individual's past mistakes & behaviour	Focused on individual's growth
Feasibility:	Bureaucratic and superficial	Practical and effective
Relation with performance:	Mainly focused on quantitative aspects of performance	Mainly focused on qualitative aspects of performance
Linkage:	Linked to financial reward	Can be linked to total reward

CHAPTER 4

Research Methodology, Data Analysis, Interpretation & Findings

This chapter encompasses of the analysis of the questionnaires, Research methodology, Limitations of the studies and findings. Each question is being analyzed and then, an overall analysis is being done in order to find out the loopholes prevalent in the organization

Research methodology

Questionnaires were being filled which contains descriptive, quantitative and qualitative questions.

Objective of the study

The main objective of the study is to check the effectiveness of Performance Management System at Nucleus Software Exports Ltd.

Hypothesis used

H0: e-PMS at Nucleus Software Exports Ltd is ineffective.

H1: e-PMS at Nucleus Software Exports Ltd is effective.

Need of the study

Performance Management System is the most crucial aspect of assessing the performance of the employees and engaging them with the organization. By setting the goals themselves, employees feel to be a part of the organization. On the contrary, an ineffective PMS would discourage the employees as their efforts would go unacknowledged. Hence, in order to increase the effectiveness of the PMS, it must be scrutinized well and all the possible loopholes must be removed. Therefore, a need for a research survey on PMS was felt.

Scope of the study

The outcome of the study will help remove the loopholes in the current Performance Management System at Nucleus Software Exports Ltd. In addition to increasing its effectiveness, it will also provide scope for further improvements by encouraging more creative ideas to assess the performance of the employees.

Research Design

        Questionnaires were used to survey the employees. Former were distributed at random to the employees.

Sampling Method

        The sampling used in the study was random. In total, 60 employees participated in the survey. They were of variant grades and ages. Questionnaires were distributed to the employees at random and they were asked to fill them up.

Sample Size

In total, 60 employees were surveyed. It included:

Gender	*Number of employees*
Male	49
Female	11

This data can also be bifurcated into:

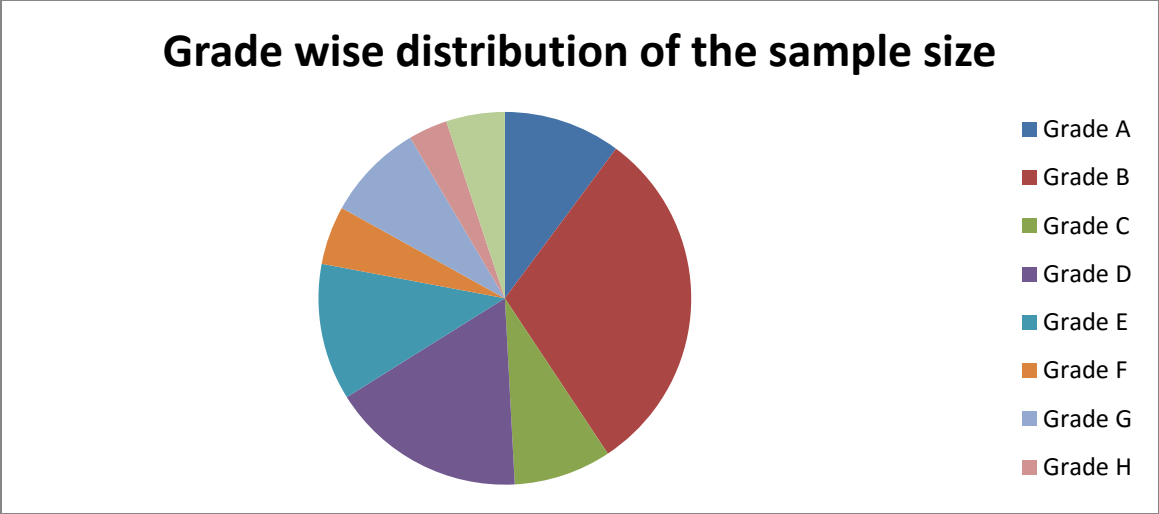| *Grade*	*Number of employees*
A	6
B	18
C	5
D	10
E	7
F	3
G	5
H	3
I	3

Figure 3: Grade wise distribution of the sample size

Following is the bifurcation of the 60 employees assessed based on their ages:

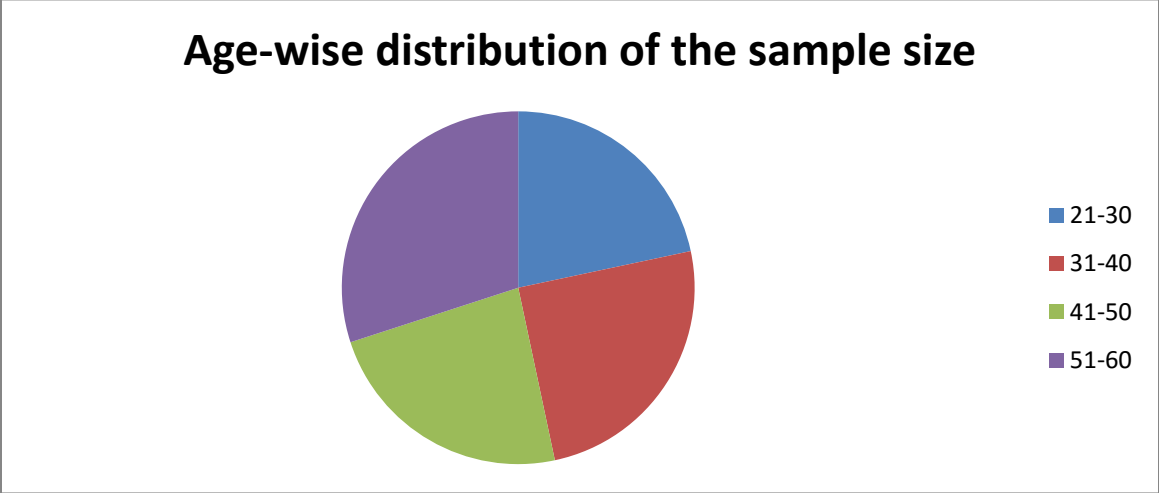| Age	Number of employees
21-30	13
31-40	15
41-50	14
51-60	18

Figure 4: Age wise distribution of the sample size

Limitations of the study

Following are listed some of the possible limitations of the study undertaken:

1. The study is limited only to a plant and therefore the finding of the study cannot be extended to other branches.
2. Time and cost are the other constraints, so the study of the sample has been limited to only 60 members.
3. The information collected is based only on the questionnaires and so the study is limited to what is being collected

This chapter encompasses of the analysis of the questionnaires. Each question is being analysed and then, an overall analysis is being done in order to find out the loopholes prevalent in the organization.

The questionnaire is divided into 4 categories:

1. *The organizational goals:* It includes the questions that focus on the planning stage. These are:
    1. e-PMS effectively helps Nucleus Software Exports Ltd to meet its organizational goals.
    2. Expectations from the controlling officer are clearly communicated at the beginning of the performance appraisal process.
    3. Goal setting helps to plan and organize one's activities.
2. *Appraisal:* It includes the questions that focus on the Performance Appraisal phase. These are:
    1. e-PMS assesses performance in an accurate manner.
    2. Appraisers help their appraisees with suggestions in order to improve their performance.
    3. It is possible for an employee to objectively assess achievement of goals while doing self-appraisal under e-PMS.
    4. Performance Related Pay/PRP based on e-PMS is fair.
3. *Feedback:* It includes questions on the feedback process. These are:

1. e-PMS is into its 5th cycle. By now you know each and everything about the system.
2. Subordinates receive feedback from their superiors once the appraisal process is over.
3. Superiors provide encouragement and support to their subordinates to improve their performance in case of negative ratings and maintain it in case of positive ratings.
4. In case of ambiguity, there is a helpdesk or manual with clearly specified guidelines accessible to all users.

4. *Characteristics*: It includes the questions that define the characteristics of the performance appraisal process. Such characteristics are: motivation, transparency, standard setting, measuring training and effectiveness. These characteristics are grouped as one category by taking a mean of all the questions so that equal weightage is given to each sub category. It includes the following questions:

1. e-PMS help employees to improve their performance, competency potential and strengthen the values.
2. e-PMS implementation has led to a focused approach towards work.
3. e-PMS reflects correct image of an employee's skill and competency.
4. e-PMS helps in long term career planning and development of all grades of employees.
5. e-PMS is capable of recognizing training and developmental needs of employees.
6. The present e-PMS is adequate for sustained employee as well as organizational development.
7. e-PMS is adequately transparent making it a fair system.
8. e-PMS effectively measures performance.
9. e-PMS creates healthy competition amongst employees.
10. e-PMS rightly reflects your KRAs with your current job profile.
11. e-PMS not only acts an appraisal tool but acts as a motivational tool by encouraging employees to upgrade their level of performance.
12. As an appraiser, do you think that the current e-PMS rates adequately?

13. Do you think that the frequency, manner & feedback need to be changed for increasing the effectiveness of e-PMS?

14. e-PMS ratings are absolutely free from personal biases and differences between superiors and subordinates.

15. Are you satisfied with the stretches assigned against each KRA by your reviewer?

As can be seen from the questionnaire attached that the options of most of the questions are "Strongly Agree", "agree", "Can't say, "disagree" and "strongly disagree". Therefore, to analyze these questions, weights are been assigned i.e. Strongly Agree is been given a weight of 5, Agree by 4, Can't say by 3, Disagree by 2 and Strongly Disagree by 1. The rest of the questions have options of Yes or No. Here, Yes is given a weight of 5 and No a weight of 1.

In order to analyze the questionnaire, it is being compared to an ideal Performance Management System. An ideal PMS is been assumed to be achieved when all the employees rated every question of the questionnaire to be "strongly agree". Hence, the expected frequency will be 5 for each question. As we need to compare the actual and expected frequencies, Chi-Squared Test is used in the process.

The degree of freedom= number of respondents -1 =59

Level of significance (α) = 5% i.e. 0.05

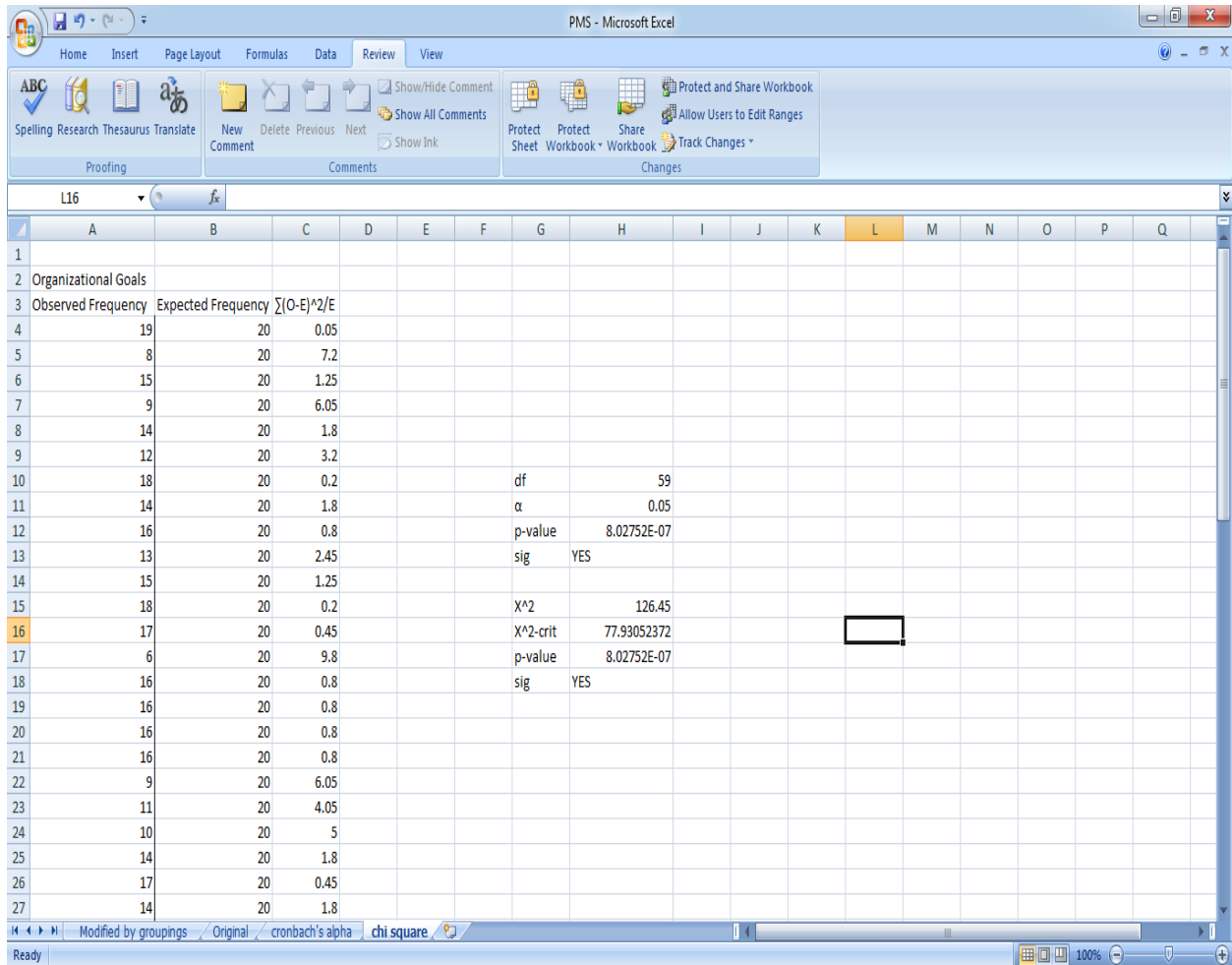Now, starting with the first category,

Organizational Goals

Figure 5: Calculation of p-value for Organization goals

As is seen in the figure 5,

p-value = 0.0000008027

Clearly, p-value< α

Hence, the null hypothesis is accepted.

i.e. The organizational goals set by Nucleus Software Exports Ltd are not 100% effective. Hence, they need some improvements.
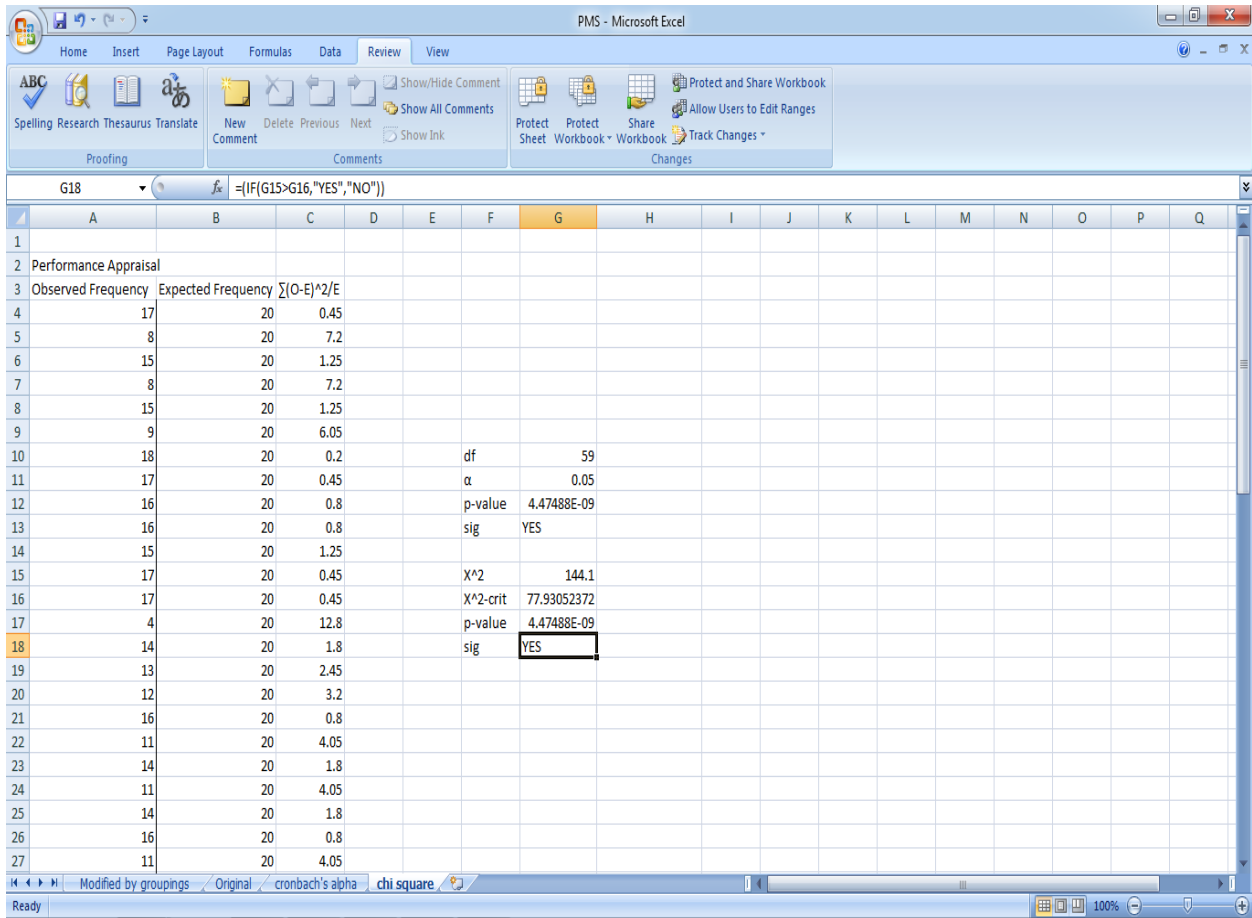
Performance Appraisal

Figure 6: Calculation of p-value for Performance Appraisal

As is seen in the figure 6,

p-value = 0.000000004474

Clearly, p-value<α

The null hypothesis is accepted.

i.e. the performance appraisal of Nucleus Software Exports Ltd is not 100% effective. Hence, it needs some improvements.
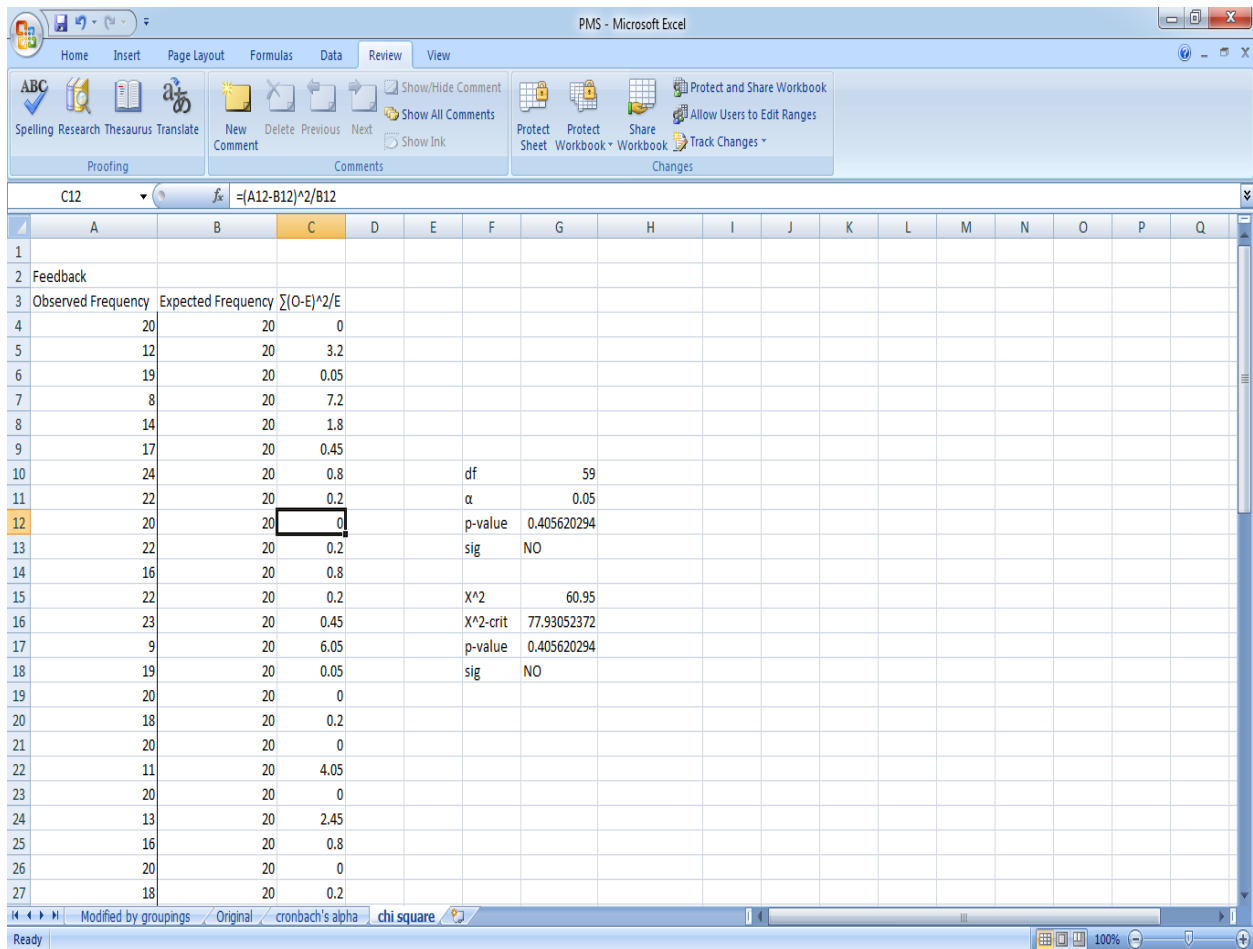
Feedback

Figure 7: Calculation of p-value for Feedback

As is seen in the figure 7,

p-value= 0.40562 >0.05

Clearly, p-value> α

The null hypothesis is rejected.

Hence, the feedback process of Nucleus Software Exports Ltd is effective.

Characteristics

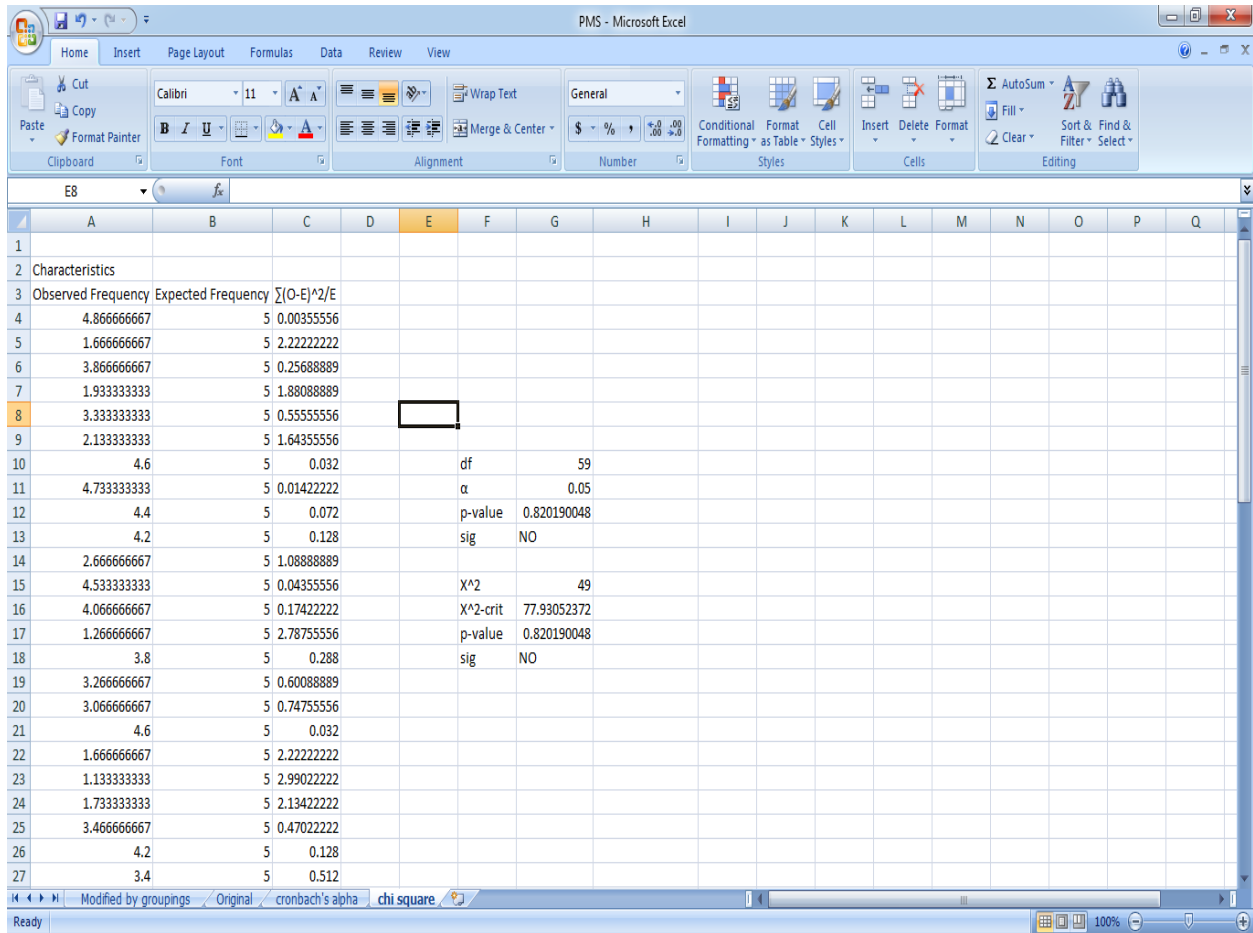Figure 8: Calculation of p-value for Characteristics

As is seen in the figure 8,

p-value = 0.820190048

Clearly, p-value> α

The null hypothesis is rejected.

Thus, the characteristics of PMS at Nucleus Software Exports Ltd are effective.

Findings

Following are the findings observed in the survey:

1. The organizational goals set for the process of Performance Management System needs some improvements.
2. Performance Appraisal system of the Performance Management System needs some improvement.
3. Feedback process of Performance Management System is effective.
4. The characteristics like transparency, motivation, standard setting etc. are also effective.

CHAPTER 5

Conclusion and Recommendation

This chapter encompasses of conclusion of the study and recommendations for the firm.

Based on the findings of the survey, we can conclude that the overall Performance Management System at NUCLEUS SOFTWARE EXPORTS LTD is not effective. Its main weakness lies in the planning and performance appraisal process. Improving upon these will increase the effectiveness of the Performance Management System by many folds.

Following are the recommendations given in accordance to the survey:

1. The goals defined should SMART. Moreover, efforts to include employees' opinion in the planning phase should be encouraged.
2. Significant importance to previous records should also be given. Probably, plotting a graph to represent the performance of each employee would give a clear picture of his career path.
3. The ratings given should be supported by factual incidents.
4. Automatic e-mail reminders should be given in order to ensure that the deadlines are adhered.
5. Managers should keep a close eye on the employees' performance. The former should on recording latter's achievements and failures so that the rating is not solely based on the recent events.
6. 360 degree feedback can also be included as a part of Performance Management System in order to get an overall view of the employee's performance.
7. In the appraisal form, the competencies must be divided based on the employee's performance. i.e. the appraiser must list the competencies the employee need to improve upon, the competencies he has met and the competencies is excellent in, in order to get a clear picture of the employee's career path.
8. The KRAs should be divided into short term goals and the number of objectives met in an interval of 1 week or 2 weeks should be recorded in order to recognize the constant performers.

9. A committee should be set to ensure that the managers are not biased.

10. While giving appraisals, the legality of the reviewed language should be checked by legal scan wizards to ensure that the language used is parliamentary.

11. Include Mid-year review in the PMS as the employees get a chance to know their weaknesses and can improve them before the final appraisal process. Moreover, the goals set in the planning phase, can also be modified if need be.

CHAPTER 6

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CHAPTER 7

Appendix

Following is the questionnaire used for the survey:

Questionnaire

e-PMS/ Electronic Performance Management System

I'm a management student from Delhi School of Management, Delhi Technological University. As a part of my dissertation report, I'm conducting a research survey on **"Effectiveness of the e-PMS/ Electronic Performance Management System in Nucleus Software Exports Ltd".** It's a kind request to help me by filling up the questionnaire in succeeding paragraphs. I assure you that your response will be kept confidential and used only for academic purposes. Kindly make sure that you fill up your basic details so as to help me analyse the outcome of the survey under various demographics.

A. Designation (Optional)……………………………………
B. Gender: Male ☐   Female ☐
C. Grade ………………………
D. Age:

21-30 yrs		31-40 yrs		41-50 yrs		51-60 yrs	

E. Date of last promotion ………………………
F. Number of years of service in Nucleus Software Exports Ltd………………………..

Please give your opinion by putting a tick mark. In any case, mark only one response for each question.

S. No.	Questions	Strongly Agree	Agree	Can't say	Disagree	Strongly Disagree
1.	e- PMS effectively helps Nucleus Software Exports Ltd to meet its organizational goals.					
2.	e- PMS helps employees to improve their performance, competency potential and strengthens the values.					
3.	e- PMS is into its 6th cycle. By now you know each and everything about the system.					
4.	e- PMS assesses performance in an accurate manner.					
5.	Expectations from the controlling officer are clearly communicated at the beginning of the performance appraisal process.					
6.	Goal setting helps to plan and organize one's activities.					
7.	e- PMS implementation has led to a focused approach towards work.					
8.	You are satisfied with the number of KRAs approved by your reviewer.					
9.	e- PMS reflects correct image of an employee's skill and competency.					
10.	e- PMS helps in long-term career planning and development of all grades of employees.					
11.	Appraisers help their appraisees with suggestions in order to improve their performance.					
12.	It is possible for an employee to objectively assess achievement of goals while doing self-appraisal under e- PMS.					
13.	Subordinates receive feedback from their superiors once the appraisal process is over.					
14.	Superiors provide encouragement and support to their					

	subordinates to improve their performance in case of negative ratings and maintain it in case of positive ratings.					
15.	e- PMS is capable of recognizing training and development needs of employees.					
16.	Performance Related Pay/PRP based on e- PMS is fair.					
17.	Appraisees can put forward their grievances effectively in case they are not satisfied with their ratings.					
18.	In case of ambiguity, there is a helpdesk or manual with clearly specified guidelines accessible to all users.					
19.	The present e- PMS is adequate for sustained employee as well as organizational development.					

20. e- PMS is adequately transparent making it a fair system?

    Yes ☐   No ☐

21. e- PMS effectively measures performance?

    Yes ☐   No ☐

22. e- PMS creates healthy competition amongst employees?

    Yes ☐   No ☐

23. e- PMS rightly reflects your KRAs with your current job profile?

    Yes ☐   No ☐

24. e- PMS not only acts as an appraisal tool but acts as a motivational tool by encouraging employees to upgrade their level of performance?

    Yes ☐   No ☐

25. As an appraiser, do you think that the current e- PMS rates adequately?

Yes ☐   No ☐

26. Do you think that the frequency, manner & feedback need to be changed for increasing the effectiveness of e- PMS?

Yes ☐   No ☐

27. e- PMS ratings are absolutely free from personal biases and differences between superiors and subordinates?

Yes ☐   No ☐

28. Are you satisfied with the stretchers assigned against each KRAs by your reviewer?

Yes ☐   No ☐

29. What do you want to change in the current e- PMS? (Simple and short)

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…………………………………………………………………………………………………...

I'm grateful for your time and support.