

Performance Management System (PMS) Practices in Ramagundam Super Thermal Power Station (RSTPS), Telangana

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Abstract: The Performance Management System (PMS) has come as a boon for organizations to identify the exact requirements to achieve organization's goals and by the way to identify the right personality for the higher/horizontal positions. This system can better evaluate the employees in the organizations. Organizations which largely depend on the skills of its Human Resources may find Performance Management System as the right strategy for evaluation. To set the exact objectives for employees based on performance to work in the exact task which all together different in job descriptions, responsibilities, skills required and the roles. To cater this change in the need for promotions, evaluation of performance there should be a system which manages the employee performance. PMS evaluates the performance of managers for promotions, transfers, depositions, increments to develop employee's career through their skills evaluation and also potential to perform the tasks of higher positions.

Keywords: Mid-year Review, Normalization, Performance Management System, PMS Cycle, Self-Appraisal

I. AN INTEGRATED PERFORMANCE MANAGEMENT SYSTEM MODEL

Organizations expend considerable amount of efforts, time and money in order to motivate and utilize the human talents optimally in the name of performance management. Unfortunately few attempts are not successful because lack of coherence among HR initiatives and misdirected and random efforts. Integration of performance management activities with a specific objective

II. STATEMENT OF PROBLEM

With the advent of economic reforms and globalization, competition has become very severe and tough. In order to survive domestic as well as global competition more and more and its alignment with strategic planning of organization can minimize these negative outcomes and contribute effectively for organization effectiveness. There are number of performance management practices available at the conceptual level. The Australian model, which is used for personnel administration, which is also in use by several other countries, is presented below.

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Corporations are recognizing the importance and necessity of performance improvement. Central public sector undertakings are not an exception.

NTPC is first among central public sector undertakings in implementing Performance Management System. PMS implementation requires structural, cultural and attitudinal changes which can be brought through its employees, policy, strategy and process. To run this system successfully the manager should lead the company with a clear vision to fulfill the mission, focus on the right priorities, realizing the creative power of employees in teams to meet competitive challenges from a global market place. The managers need to create a corporate culture by extracting performance from the employees. The study focuses on how these are taking place and contributing to the PMS implementation in NTPC. The study is confined only to NTPC, Ramagundam (RSTPS) unit also known as Ramagundam Super Thermal Power Station (RSTPS). Among all the units, RSTPS is ahead in implementing the PMS seriously.

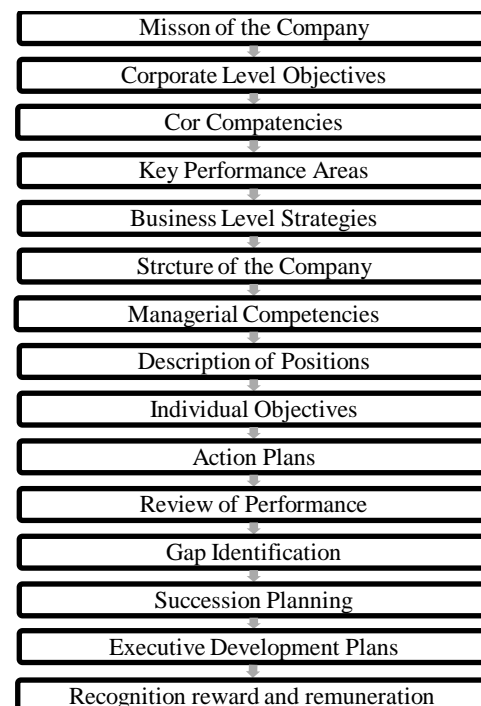


Fig 1: Formulated by researcher

III. OBJECTIVE OF THE STUDY

The main objective of the study is to examine the Performance Evaluation aspects of PMS with the help of certain identifiable variables.

IV. HYPOTHESIS

In conformity with the objective of the study, the broad hypothesis formulated and tested is that PMS Evaluation variables do not contribute to PMS Effectiveness. The Correlations are tested by using the following principle $r = \frac{\sum XY}{\sqrt{X \times Y}}$ Cross – Tabulations is specifically useful when data is in nominal form. Under which, each variable is classified into two or more categories and then cross classify the variables in these sub – categories. It is used to inspect the relationship between and among those variables.

Chi – square Test is also encountered while dealing with collection of values that involve adding up of squares. The Chi – square test is implemented by using the following Principle:

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$

V. ABOUT RSTPS, TELANGANA

Government will identify public sector companies that have comparative advantages and support them in their drive to become global giants. Government with these objectives has decided to grant the enhance autonomy and delegation of powers. The grant of autonomy to the Board of public sector enterprise is specific to the Enterprise identified by the Government. BHEL, BPCL, HPCL, IOC, IPCL, NTPC, ONGC, SAIL and VSNL, these enterprises are named as Navarathna Companies. The 2600MW Ramagundam super thermal power project is located in Karimnagar district of Andhra Pradesh south of river Godavari with the Corporate Objectives to realize the vision and mission; eight key corporate objectives have been identified by it include Business Portfolio growth, Customer Focus, Agile Corporation, Performance Leadership, Human Resource Development, Financial Soundness, Sustainable Power Development and Research and Development

A. PMS in RSTPS

PMS in RSTPS was introduced in 2004 May. It is now in maturity stage in the PMS life cycle. It is introduced in RSTPS to facilitate Human Resources to reach the company goals and targets. The senior management team contains Executives Directors, General Managers, General Managers in general posted in to subsidiary and Joint Venture Companies. Company here has more than 160 senior executives in various executive levels.

K.K. Sinha, Director Human Resources says that “Our business is transforming in to a demand centered business. In such scenario lies an immense growth opportunity for us. To meet the challenges and capitalizes on the growth opportunities there is a need to stream line organizational performance, build on the competencies and increase the level of the commitments of our employees. Further, PMS lays down the organizational

expectations before the individual and acts as a motivator by showing him or her criticality of his/her performance on over all organizational performance. KPAs based on PMS presents challenging but achievable targets to measure once performance with and drive a sense of achievement and accountability for results. Any PMS is as objective as its users. So it is important that all of us understand the system and play the role as envisaged.”

C.P.Jain, CMD feels that “NTPC is one of the top ranked enterprises in India. It has achieved this momentous position through the contributions of its employees. Human Resource at NTPC limited is given due importance through continuous monitoring and evaluation of its productivity.” He says that “You are aware that we are going through very exciting times in the business. As our industry is transforming in to a market driven one, the challenges and demand on our organizational performance has increased main fold. This translates the performance-oriented culture in the organization. Our employees need to work as union by transforming their performance to achieve goals of the organization. Performance at the organizational level can be improved only when performance orientation percolates to the gross roots level, with alignment of all our systems and procedures with the performance requirements and employees relating his role and responsibilities to organizational goals.”

The new PMS is critical in this direction. The system lays particular emphasis on objectively defining; the performance expectations of the organization form each individual role. It also enables each employee to see the linkage between his/her performance and that of all the organization. Each one of us has to play a critical role to ensure that all of our team members understand and implement the system in the right spirit.

B. Five – Step Model of PMS Cycle in RSTPS

PMS in RSTPS is a five step process which includes the following steps.

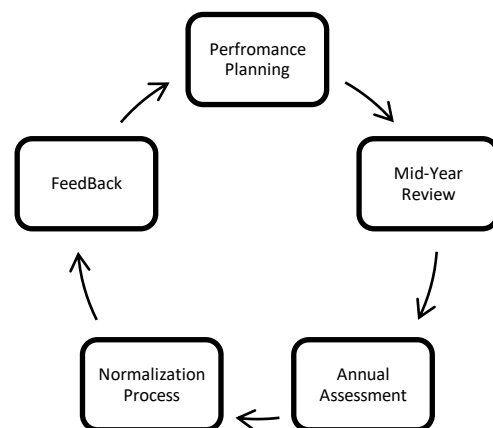


Fig 2: Source: Secondary Data

Table – 1 describes each step of PMS in RSTPS

Step 1	Performance Planning	<p>Tasks</p> <ul style="list-style-type: none"> Identify KPAs, constituents, weightages, Measures and targets. Identify functional and managerial competencies for the executives.
Step 2	Mid – Year Review	<p>Tasks</p> <ul style="list-style-type: none"> Joint Reviewing of Performance (KPAs, Competencies, Values and Potential) Documenting Mid – Year Review Discussions. Document changes in KPAs, if any
Step 3	Annual Assessment	<p>Tasks</p> <ul style="list-style-type: none"> Assessment of KPAs, Competencies, Values and Potential by reporting officer. Plans for Training and Development. Review by the Reviewing Officer.
Step 4	Normalization Process	<p>Tasks</p> <ul style="list-style-type: none"> Ensure parity and integrity by minimizing rater variation across various departments. Enhance objectivity and transparency in the appraisal system
Step 5	Feedback	<p>Tasks</p> <ul style="list-style-type: none"> Communication of score and relative Performance. Communication of Developmental Feedback.

V. RESEARCH ANALYSIS AND RESULTS

PMS evaluation is based on both implementation and Transparency variables. Further, it also includes few other variables mentioned below. These variables are categorized as PMS Evaluation variables.

In this section an attempt is made to test the relation among the PMS Evaluation variables in NTPC Ltd., Ramagundam.

Identified variables of PMS Evaluation to measure PMS effectiveness include the following

- Opportunity to do the best every day.
- The opinions of employees are counted at work.
- Equipment and materials required for the work.
- Every employee receives recognition at least once in a week.
- Superior encourages the employee's work.
- Mission of company facilitates the job comfort.
- There are opportunities at work to learn and grow.
- PMS recognizes the need of learning.
- PMS identifies the new skills.

- Personal development plan motivates self – development.
- Feed – back system identifies Strengths and weaknesses.

The variables above can help to know whether the PMS evaluation is based on these variables or not. For example, it is primary criteria for any organization to provide the necessary resources required for work accomplishment. If the required equipment and materials are provided for the employees at work, then the employees can do their best and hence PMS is evaluated based on this variable.

Similarly, PMS provides employees with the opportunities to do their best every day and the system can be evaluated based on it. Further the PMS evaluation is effective if all the employees receive recognition for their contributions.

General tendency of employees is that they expect encouragement from their superiors. This helps in better accomplishment of their tasks. Hence to measure the effectiveness in PMS evaluation, the superior's encouragement at work is essentially considered.

As a part of PMS program, it is essential to consider the opinions and suggestions of employees at work. This is an effective variable to evaluate the PMS. The company's mission influence PMS and if this mission inspires the employees at work the PMS will be effective thus it is another important variable to evaluate the PMS. Further PMS is best evaluation when the Personal Developmental Plans designed in PMS motivates the self- development, PMS identifies new skills and needs of learning, feedback system identifies

Identification of variables contributing to the effectiveness of PMS evaluation is done in the following Methodology. In order to study the relationship among the PMS evaluation variables, eleven different variables have been identified and explained. To get clear perceptions of respondents the statements have been designed with a positive sense to reflect PMS implementation effectiveness.

This present analysis on PMS Evaluation variables are tested by using correlations. The hypothesis is framed for the set of variables defined, to find out whether the Evaluation variables are related with each other or not. The analysis results in the variables which are strongly related and contributing for the effectiveness of PMS evaluation and also the variables which are weakly related.

Formulation of Hypotheses contributing for PMS Effectiveness in RSTPS

1. There exists no relation between the identification of new skills in employees and PMS creates opportunities for career growth and these variables in no way contribute for PMS evaluation effectiveness.
2. There exists no relation between the opportunities for employees to learn and grow and the feed back system identifies strengths and weaknesses of employees.

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3. Further these two variables will not contribute for PMS evaluation effectiveness
4. There is no relation between the developmental programs motivates employees and employee self – development. Further these variables do not contribute PMS evaluation effectiveness.
5. There exists no relation between the superior’s encouragement at work and employees receive recognition for their work. Further these two variables in no way contribute for PMS evaluation effectiveness.

Table – 1 represents Correlation between identification of new skills and creates opportunities for career growth

	NT	PT	T	VT
Identification of New skills	17 (8.1)	55 (26.2)	102 (48.6)	36 (17.1)
Opportunities for career growth	15 (7.1)	56 (26.7)	104 (49.5)	35 (16.7)

Source: Primary data
r = 0.99

It is observed from the above table that 65.7 percent have opined that PMS identifies new skills in employees and thus it contributes for Performance Management System evaluation effectiveness. Further 66.2 percent have opined that PMS is providing opportunities for career growth in RSTPS and thus contributing for PMS evaluation effectiveness.

While analyzing the relatedness of the respondent’s opinion with regard to these variables, it is found that both these variables are strongly related and the value is 0.99. Therefore the hypothesis is rejected and can be concluded that this strong relation between these two variables contribute for PMS evaluation effectiveness.

Table – 2 represents Correlation between Opportunities to learn & grow and feedback system identifies strengths and weaknesses

	NT	PT	T	VT
Opportunities to learn & grow	12 (5.7)	56 (26.7)	101 (48.1)	41 (19.5)
Feedback system identifies S&W	19 (9.0)	57 (27.1)	119 (56.7)	15 (7.2)

Source: Primary data
r = 0.94

With regard to the opinion of the respondents about the opportunities to learn and grow 48.1 percent have felt that it contributes for Performance Management System evaluation effectiveness. With regard to the opinions about the feedback system identify strengths and weaknesses 56.7 percentage have felt the same. Further, the correlation test worked out for the above variables revealed to be positive and the value is 0.9. Hence there exists a strong relation between these two variables and the hypothesis is rejected. Therefore these two variables are contributing for PMS evaluation

Table – 3 Represents Correlation between developmental programs motivates self – development and PMS objectives make the job comfort

	NT	PT	T	VT
Developmental programs help the self – development	09 (4.3)	58 (27.6)	120 (57.1)	23 (11.0)
PMS objectives make the job comfort	08 (3.8)	52 (24.8)	118 (56.2)	32 (15.2)

Source: Primary data
r = 1.0

With regard to the opinion of the respondents 57.1 percent felt developmental programs helps in self – development and 56.2 percent have opined that PMS objectives make the job comfort in RSTPS.

Table – 4 represents Correlation between superior’s encouragement at work and employees recognition for their work

	NT	PT	T	VT
Superiors encouragement@work	19 (9.0)	65 (31.0)	99 (47.1)	27 (12.9)
Employee recognition	21 (10.0)	71 (33.8)	94 (44.8)	24 (11.4)

Source: Primary data
r = 1.0

The correlation studied for these two variables revealed to be positive. The value of correlation is 1.0. So there exists a perfect relation between these two variables and the hypothesis is rejected. Hence one can say that these two variables can strongly contribute for the PMS evaluation effectiveness.

From the above table, it is clear that 47.1 percent of respondents felt that superior’s encouragement at work contributes for PMS evaluation effectiveness and with regard to another PMS evaluation variable that is employees recognition (at least once in a week) 44.8 percent have opined that it is contributing for PMS evaluation effectiveness.

Further a correlation value is worked out to be positive and its value is 1.0. Thus, it can be surmised that both of these variables are perfectly related to each other and with which one can say that superiors encouragement at work and employee recognition are contributing for PMS evaluation.

Chi – square Test application on PMS Evaluation variables

The degree of influence of the respondents opinion with respect to the opportunities to do the best and their opinions at work are counted was determined with the help of Chi-square test to test whether the framed hypothesis holds good between these two variables.



Hypothesis

There exists no relation between the opportunities to do the best and opinions of employees at work are counted. Further these two variables in no way contribute for PMS Evaluation

Table – 5 represents Cross – tabulation between opinions of Employees@work are counted& superiors encouragement at work

PMS Evaluation Variables	Opinions of Employees@work are counted		TOTAL
	YES	NO	
Opportunities to do best			
YES	62 (29.5)	77 (36.7)	139
NO	36 (17.1)	35 (16.7)	71
TOTAL	112	98	210

Source: Primary Data

Calculated value = 0.69

Expected value at 5% level = 3.841

Expected value at 1% level = 6.635

On cross analysis of the respondent’s opinion on variables above it is clear that among the respondents 29.5 percent perceived that their opportunities to do the best are recognised.16.7 percent of respondents perceived that there are no opportunities do the best and opinions of them are not counted at work. Further most of the employee felt that (36.7 percent) they have opportunities to do the best but their opinions at work are not counted and 17.1 percent have felt that their opinions are counted but there are no opportunities to do the best at their work. Further, the Chi – square test indicates since the observed value is less than the expected value at both the levels, the hypothesis is accepted and it can be concluded that there is no relation between these two variables and these two variables are not contributing for PMS Evaluation. The company needs to count the employees opinions and provide opportunities to perform their best everyday to bring the overall effectiveness in PMS. The aim of the study is to review, analyze and present the status of PMS effectiveness through PMS evaluation. The study is based on both primary and secondary data and the information was also gathered through personal discussions with the executives, supervisors and managers of different departments in the plant, which has been incorporated in this study. The data collected is transformed in to suitable tabular forms for drawing inferences. On the other hand, the analysis made as per the executive’s opinion all the *PMS Evaluation variables* such as identification of new skills, opportunities to learn and grow, feedback system identifies Strengths and Weaknesses, developmental plans motivates self – Development, PMS make job comfort are contributing for the effectiveness of PMS in the view point of PMS Evaluation. Further, there are no variables contributing for PMS Evaluation.

VI. SUGGESTION

In view of the above mentioned findings the it is suggested that effectiveness in PMS Evaluation though restricted to Executive level, remaining work – force should have an awareness of the system and about its concepts especially to reinforce there commitment to effective Performance. Training people of all levels in theoretical aspects of the new system and practice as a precondition fetches the success of PMS, also to include more number of PMS programs in annual training plan to give more priority to the aspects of PMS.

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