

**A STUDY OF PERFORMANCE MANAGEMENT SYSTEM AND ITS IMPACT ON EMPLOYEE  
PERFORMANCE IN TELECOM SERVICE PROVIDING COMPANIES OPERATING IN  
VIDARBHA REGION**



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## ABSTRACT

Performance Management is intended primarily for those who are responsible for designing and administering performance management systems in departments. It also provides practical advice for supervisors and appraisee's in performance appraisal. If people perform at their peak level, organization can compete and create waves. Performance Management Systems if properly designed and implemented can change the course of growth and pace of organizations. The basic need for the study is to evaluate performance and improve communication between two managers and staff on managing performance, to know how best the organization is conducting the performance reviews to its employees and how it is contributing towards the improvement of the employee performance. This directly and indirectly contributes to the growth and development of the organization.

Telecommunication sector in India has witnessed major changes in terms of technology upgrade. The technology up gradations demands employees to develop the skills to align themselves as per the demand of the new technology. This poses a challenge to HRM in terms of measuring the performance of employees. It is witnessed that the employees in telecommunication sector expect the performance management system to assess the exact performance against the key result area. They also need identification of the training needs and career growth path in the company for them. It is necessary to device a robust performance management system to ensure retention of talent which is also a challenge for telecommunication companies.

When it comes to discuss the performance management system, the companies project that their performance appraisal process is more process oriented than people oriented. Just for the discussion if we refer to the company performance management system, the face of it is the annual targets, measurement process and the review mechanism wherein it should focus

on growth opportunities for employee, expertise of the employee, reward and recognition. This may be the probable cause of around 4% companies point it out as management of the employee performance. In view of the importance of performance management, the study has been set out to analyze the performance management system and performance appraisal in particular. Both 27 these human resource functions contribute to the success of organizations and as well employee's performance.

Thus the research attempts to explore the performance management system, its impact, effectiveness and challenges that are facing by organizations. The research exploration is important since it offered insight to business management regarding the pertinent contemplations and antecedents to be carried out to efficiently implement performance management system to improve employee and organizational performance.

Managers, leaders and scholars could profit from the outlook obtained on the significance of trust and leadership qualities that are necessary to hit into the unrestricted attempts of personnel. Individual employee performance results in organizational performance and has a multiple impact on output, driving novelty and eventually productivity. With this outlook and viewpoint human resource professionals could be better prepared to plan appropriate interventions to assist that line managers get the needed training and development to tap into the flexible energy of workforce and formulate ways to encourage and keep hold of workforce.

Exhaustive literature review revealed that the performance management system has to be employee centric aiming at development of the employee. The design and execution of performance management system needs to be explored as a factor impacting employee performance motivation.

A model based on three parameters viz. PMS Design, PMS Execution and Employee



motivation is proposed. The responses obtained on five-point Likert scale for design, execution and motivation related questions were summarized in terms of numbers and percentage. In order to classify respondents based on their responses to questions in each category, Latent class analysis was performed. This analysis was carried out independently for design, execution and motivation related questions to group respondents based on their responses. The main objective of study is to develop a model specifying the relationship of motivation of employees and the design and execution of performance management system. The researcher has proposed a model based on the performance management system components and their impact on employee motivation to perform. Multinomial logistic regression is used for hypotheses testing. The employees were found to be highly influenced by the various techniques that were used by the organizations for performance management of the employees. The different techniques impacted on the employee performance working in the telecom service providing companies operating in vidarbha region.