

## **EFFECTIVENESS OF PERFORMANCE MANAGEMENT SYSTEM AND ITS EVALUATION – ITS CHALLENGES AND EFFECTIVENESS IN CONTEST TO BUSINESS PROCESS OUTSOURCING (BPOS) WITH REFERENCE TO NOIDA REGION**

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### **ABSTRACT**

BPO (Business Process Outsourcing) industry is the fastest growing industry in India. It plays a major role in providing services related to different business activities. It is increasing by leaps and bounds in India. Employees are responsible and needed for the growth of any industry. They are asset to the industry and rare competitive advantage. They act as pillar for the sustainable business and its productivity. In India the BPO sector is growing continuously because of the cheap labour. However their retention is a major challenge. More and more people are joining this sector due to high salary package they are getting in this industry. Therefore how they are performing and their steps towards achievement of organisational objective is also important. The purpose of this study is to know the effectiveness of performance management system and how the performance is being evaluated in BPO industry. The data collected for the study is secondary data. The research area is Noida region.

**KEYWORDS:** Business Process Outsourcing, Employee Development, Motivation, Performance Management, Performance Appraisal

### **INTRODUCTION**

Performance of employees is a major tool for the working of the organisation. The success of the organisation depends on the way its employees are working. Managing and analysis of the employees is very important so that employees can be aware of areas where they need to improve, and abilities and capabilities where they are standing stronger. Performance management system consists of performance appraisal and employee development.

Performance management basically refers to the process of measuring, managing and developing the performance of the employees. It is the ongoing process of communication between the supervisors and its subordinates to make decisions and strategically achieving the objectives. It allows the organisations to align the resources and system in a strategic way.

There are various methods available for evaluating the performance of the employees. The process of evaluating the performance of the employees is called as performance appraisal. However the challenge lies in the identification of the best method which can help in identifying the areas where employees need to improve and through which the employee can find that they are best and at what. A good performance management system helps in clarifying the job responsibilities and duties.

Clarification of duties and responsibilities help in increasing the productivity of the organisation as there will be no confusion regarding the work. In no. of cases, it has been found that if the employees are not aware of the task they have to perform then they will not show any interest in the work because of this the productivity of the organisation gets effected.

The performance management system help in knowing which employees is to be promoted and give reward. Promotion and rewards helps in increasing the enthusiasm of the employees and they work with great confidence and zeal. It increases their motivational level and employees' involvement in the organisational activities also increases. The employees work with good concentration due to which the output also increases. Evaluating the performance of the employees helps in finding the areas in which there is need to given training to the employees which will help the employees to increase their skills and develop themselves. The employee development however is the ongoing process. You can not develop the employees in one day. One needs to done the continuous assessment of the employees. Therefore the effectiveness of the performance management system plays an important role in it.

There are various techniques and methods available for the performance appraisal. This study focuses on to what extent these methods are effective in the BPO industry.

BPO sector is on boom in India especially in IT enabled services. The Indian BPOs are increasing at 50 percent growth rate and it has given employment to around .7 million people across the country. The demand for the Indian BPOs is increasing continuously. It is becoming attractive sector especially in India because of the great infrastructure and low labour cost.

The young generations is running towards this industry because of high salary. It has been found and reported that working in the BPO acts as gap filling job for the young generation. It is kind of part time job. Most of the workers join the organisation just for few months later on leave it and sometimes just for earning their pocket money. But there is need to give more concern regarding the retention of the employees and measuring their performance. The organisations should hire the people who can stay in the organisation for the longer period and can perform well according to the expectations of the organisations. If the employees will join and leave the job by taking it so lightly then it will have a negative impact on the overall growth of this sector. Hiring the employees again and again will become cost to the organisation. It is the waste of time, money and energy. Most importantly it may lead to loss of the talented performers.

Therefore it has become necessary to continuously check on the performance of the employees and measurement and analysis of their duties and task given to them. Here the performance management system plays an important role as it would help the employees to enhance and develop their skills in which they are lacking.

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## DISCUSSIONS

Performance Appraisal is the part of the performance management system. There are various methods available for measuring the performance of the employees. Employees are the most valued asset for the organisation; one can not produce the replica of these. Assessing their performance, measurement, positive reinforcement, communication and decision making are the key elements for the performance appraisal. The methods chosen for measuring the performance of the employees should have these elements because the presence of these elements shows the effectiveness of the performance management system. A good performance appraisal method is the one which ensures that an individual gets perception of ways to achieve the organisational goals and objective. If the employees know exactly about the goals then it acts as a motivational factor for them. Motivated employees work harder and put their best which leads to increase in the productivity of the organisation.

It is the duty of the management and superiors to communicate to the employees or subordinates how they are performing. Because it would help in making the decisions about what kind of training is required to give to employees so

that they do less mistake while doing the job related activities.

The effectiveness of the performance management system is needed to know in BPO sector because it is the sector where labour turnover is very high. Stability of the employees has become necessity for the organisations. If the employees will leave the organisation in a shorter period then they would not perform wholeheartedly and not work hard because they are aware of the fact that they would be joining the organisation or BPOs for short time. One of the reasons for this is hiring of unskilled employees. The people hired in BPOs are the youngsters and there is not criteria for higher educational qualification therefore people who join the organisation is just to fetch money. They do not have any objective or goals for joining the organisation. The BPOs should focus on hiring the skilled and well qualified employees who have certain goals and mission in their life.

At the time of joining, this sector pay higher salary but later on there is a constraint on increment. There is no scope for increasing the pay. After a certain period when employees find that there is no increment in their pay then it acts as demotivational factor. They avoid doing work which leads to decrease in the productivity of the employees as well as organisation.

It has been found that in BPOs sector, there is lack of motivational factors such as monetary and non-monetary rewards. Motivation is the important element for the effective performance management system. The employees should be given various monetary and non-monetary rewards so that they get motivated to perform well. If they would be motivated then will stay in the organisation for longer period It is necessary for the employees to be motivated. If the employees are motivated themselves then their performance would be much higher. Performance of the employees also depends on the work environment.

The work environment of the employees should be enjoyable. It should be transparent. It should be biased free. The employees should be provided with the facilities and services in which they feel comfortable. The women working in this sector should be treated with respect and dignity. They should be given free cab services so that they can easily arrive at the workplace without any problem.

In BPOs there is a time constraint. Employees have to work atleast for twelve hour per day. Time should be reduced so that they can enough time for relaxation and rest. They can give enough time to their family and friends. This way of working will allow them to be more active at the workplace and will increase their satisfaction level. It will encourage them to work and perform efficiently and effectively.

The employees should support and encourage their co-workers. Rather than working for themselves only, they should listen to the problems of each other and should make efforts to resolve those problems. If your co-worker is lacking in his performance then one should motivate him/her to improve his/her performance. Even during the process of performance appraisal co-workers, superiors and subordinate should give clear and true feedback about the employees' performance. It should not suffer from any halo or horn effect. One should not rate someone higher in the performance because he/ she is a good friend or rate low because of some personal issues. If the performance would be rated unbiased free and co-workers would motivate each other to perform well then the performance management system would be effective otherwise it will be waste of time, money and resources. In hiring the employees, a large amount of cost is incurred. Later on a huge amount of money is being spent on training and development of the employees. The organisation should consider all these factors in mind.

Leadership and effective team-work promotes good performance. The group leader or team leader should not be rigid. If they know that they can provide the guidance related to their performance and work then they should put a step forward in providing them necessary guidelines.

The work pressure in BPO industry is very high. There is no flexibility in the job. Employees should be allowed to work in either night shift or morning shift according to their comfort level. The women are more comfortable in the morning shift because of the family issues and security issues. If there will be less work pressure then their performance would be better because certain amount of pressure is required for the employee to get motivated to perform well and work hard. But that pressure should not be get converted into stress. Job stress will hinder the performance of the employees. Due to job stress the performance of the employee gets affected in a negative way and the productivity and growth of the organisation reduces.

It has been found by many surveys that due to late working hours, the employees' health gets affected. Late working hour's leads to job stress which ultimately affect the health of the employees. This is the major problem which is occurring in the BPO sector. The health problems, from which most of BPOs' employees are suffering, are digestive problems, sleeping problems and eyesight problems. It creates job dissatisfaction among employees. Because of this more and more employees are leaving the job. Job stress is the real reason for the depression. It affects the family life of a person along with his/her career. Unclear roles and purposes also lead to job stress. Working timings, work load, repetitive work, insufficient holidays are the cause of the stress.

The employees do not get holidays easily because there is lack of leave policy. The employees do not get enough to socialise and to be with friends and family. It reduces the morale of the employees and their satisfaction level.

There are various challenges which the BPO industry is facing. If this sector can meet these challenges then it can be one of the best sectors.

In this sector, the jobs are target oriented. It means that the employees have to meet the targets anyhow. The targets which are given to the employees should be such that either they can achieve them or if they can not then the pressure should not be given to them in achieving those. The targets should not be too high that it becomes difficult to fulfil the criteria.

In most of the BPO, the shifts are nightshift because most of the business processing is of US and UK where there is time difference between India and these countries. The late working hours has led to the problem of broken marriages. Therefore there should be flexibility in working hours.

Employees should be provided with enough number of holidays so that they can rest at home. Leaves are important for any individual as it increases the efficiency of the employee. The organisation can give holiday packages to the employees. It will act as a reward for the employees which will motivate them to perform well and stay in the organisation. The reward system is lacking in this sector which can be one of the reason for their turnover.

One of the biggest challenges is to bring the transparency in the system. The performance appraisal should be conducted in a way so that the employees have trust and confidence about the results given to them. Everyone whether the subordinate, superiors, co-workers, stakeholders, customers should give fairer feedback about the performance of the employees.

## CONCLUSIONS

From the above study it can be concluded that BPO industry needs give a concern on managing the performance of the employees. If the industry can meet the above challenges then the working conditions can be much better than the present time.

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