

ROLE OF PERFORMANCE MANAGEMENT FOR AN ORGANISATION SUCCESS –A CASE STUDY OF MCB

By

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A thesis presented to the Department of Management Sciences, Bahria University Karachi Campus,
in partial fulfillment of the requirement of the MBA degree



**Spring
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Bahria University Karachi Campus



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DEDICATION

I devote this work to everyone who helped me completing this work by providing their indigenous advice and assistance particularly to my colleagues and manager at various firms/companies who take out time for my assistance in giving their feedback.



AKNOWLEDGMENT

I am first of all thankful and obliged to Almighty Allah who gave me the wisdom, competence and strength to complete my research project and prepare a dissertation.

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Last but not the least; I would like to pay my special thanks to the officials of Management Sciences department for their support during the course of preparation of this dissertation.

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ABSTRACT

Many emerging organizations in Pakistan have adopted the best practices of Performance Management System. MCB (Formerly Muslim Commercial Bank) is one the big 4 banks in

Pakistan. MCB has also adopted the practices of Performance Management System. Organizations take it as a guarantee that after adopting this system employee will be highly motivated and results will be better than earlier. In practice Researcher has seen that the result of this system is not as were expected. But still organizations in Pakistan are adopting this performance management system. This study is designed to assess the real impact of the performance management system on the success of organization-particularly in case of MCB.

The respondent of this study are the employees of MCB. Employees of operational level and above have been selected. Head of HR and manager HR are also selected for interview purpose. Approx.100 employees have been reached to fill the questionnaire and interview purposes.

Based on the study of the related literature reviews and the analysis carried out on the primary data it is clear that MCB is putting their efforts in the effective implementation of PMS as it has a key role in the success of MCB, so Researcher is rejecting our null hypothesis and accepting alternative hypothesis that H1: PMS has role in the success of MCB

Researcher concludes from the data analysis of the responses collected from 500 respondents that PMS has effective role in the success of MCB. For the implementation of PMS MCB has given appropriate weights to each aspect of the PMS which are general, performance planning, periodic review, annual review, compensation to reward recognition and HR Development aspect for improvement. Each of sub variables aspects tested has a key role in the effective implementation of PMS at MCB.

Chapter 01: Introduction

1.1 Introduction

It is famously said by many of entities that “employee are their real assets”. The word asset is a financial term which means anything which can generate profit for the organization. Indeed employee are then the real assets for all the organizations either it is of service sector or manufacturing or financial etc. because employees are the one who put their efforts and generate profits of millions for their organization. Generally organizations can be classified as either small or medium or large sized organizations. Of course employees exist in all organizations. It is a well-known fact that a regular employee spends more of their awakening time at office rather than at home. At the earlier time, organizations perceive employees as only workers (labor) who are paid for their work done. It was perceived that employer’s duty is over when the employees are paid their wages. However with the shift in the paradigm of the technology that has enlarge the sphere of the organizations, the workload and business of the organizations have also sufficiently increased resulted is vest of empowerment of employees to handle more of the organizational affairs.

From the initial time there is an element of lack of trust between the employer and the employees. Employers want the best performance with the maximum work load from the employees at a given minimum level of perquisite and every employee want a maximum perquisite with the minimum work load. Thus a conflict of interest has arisen. Employers usually assess the performance of their employees at a particular interval of time. This assessment may be in formal or informal. Informal assessment can time place at the real time by the supervisors and peers who are next to you. However organizations have established a formal system of assessment i.e. a well-known term known as “Appraisal”

For a long time the formal method of appraisal is being carried out by almost every organizations for the assessment of their employees for many purposes like promotion, increase in salary, training needs etc. At practical, appraisals came out with many shortcomings with the top highlighted weakness that appraisal is a one way assessment of the employee in which the employee performance is compared with the line items or goal which either the employee is not aware or either with the goal which is not earlier accepted by the employee. Further the scope of appraisal system is narrow.

After many studies, Human Resource Management came up with a formally recognized Performance Management System. Performance Management is not only related to the Performance Appraisal, performance appraisal is in fact the part of the performance management system. In a nut shell Performance Management System is a process of creating the work environment in which employees are enabled to perform to the best of their abilities. It begins when an employee join organization and end up when he/she leaves. A Performance Management System includes the following;

- a) Clear job description of an employee, related to the objectives of the organization
- b) Appropriate selection
- c) Establishing and agreeing performance standards and measures with employees
- d) Providing the necessary training
- e) Providing regular feedback on the performance and coaching
- f) Rewarding people for going well
- g) Providing a career structure

The key concept that differentiate the concept of Performance Management System from other is the mutually (between employer and employee) establishing and agreeing Performance Standards and Measures at the initial time. The main benefit of this activity is that employee feel ownership of the task because these are the task that he himself made and mutually agreed. Also there will be no conflict of the parameters for which employee will be assessing in the future date because all such parameters are mutually decided and agreed between employee and employer. Also career management is unique selling point of this system as employer counsel and set a clear carrier path of employee and each employee are well aware of the their carrier management progress. By knowing carrier path employee get motivated and work hard to accomplish their carrier path effectively.

1.2 Statement of Problem:

Many emerging organizations in Pakistan have adopted the best practices of Performance Management System. MCB-Formerly Muslim Commercial Bank is one the big 4 banks in Pakistan. MCB has also adopted the practices of Performance Management System. Organizations take it as a guarantee that after adopting this system employee will be highly motivated and results will be

better than earlier. In practice Researcher has seen that the result of this system is not as were expected. But still organizations in Pakistan are adopting this performance management system.

This study have been designed to assess the real impact of the performance management system on the success of organization-particularly in case of MCB.

1.3 Significance of Study

The study is accomplished with the hope to identify the impact of the practices of Performance management system on the organizational success of MCB in term of employee motivation and accomplishment of organizational goals. This study will be worthwhile for the Human Recourse department and officials of the MCB. Other organizations particularly banks working in Pakistan can learn sufficiently from this study and this study will try to identify the role of PMS for organizational success.

1.4 Scope:

- This study have been performed in keeping in mind the organizational culture of Banks working in Pakistan, particularly MCB
- The study covers the employees of the MCB located at Karachi. The Head office of MCB is located at Karachi, therefore our main focus was at Head office where the Human Recourse department is also located and also staff from different branches.
- The study covers the employees at operational level and above
- The time frame of this study is the financial year 2016

1.5 Assumptions:

- Information regarding the policies of PMS is gathered from the Human resource department at verbal conversation. It is assumed that they have given the correct information.
- There is no change in the policies of MCB during the time of research work
- Data will be analyzed on the basis of the data gathered by the selected employees.
- It is assumed that the data gathered through questionnaire and interview from employees are reflecting the actual practices and fact.

1.6 Definition of Key Terms:

1. Performance Management System:

This system ensure that the organizational goals are consistently met and employees have the same goals as of organizational goals so that employees may put efforts to meet their and organizational goals. This system includes all the development activities of employees and their appraisal too.

2. Appraisal:

Appraisal is the qualitative and quantitative assessment of an employee of his/her performance at a particular period of time by the boss.

3. Reward Management System

It is a mechanism which takes the inputs from various other performance standards measures of each individual employee and draft a suitable reward, monetary as well as non-monetary, for the employees.

Chapter-02: Literature review

2.1 Literature Review:

In chapter Leadership and Human Resource Management, of Business Management writer put consideration on the definition of performance management system, he said that it a whole and complete system for the human resource department. HR department by adopting this system integrate the organizational goal with the individual goals with mutual acceptance of both employer and employee. The input of the strategic goals in performance management system is from Board members. Thus this system removes the distance of the communication of the strategies from Board to the lower level of organization. In performance Management system, the initial step is to set the performance measurement criteria. The performance measurement criteria should be linked with the organizational goal and objective so that if the individual goal meets then some part of the organizational goal also meets. The purpose of the performance measurement is also to set the objective basis of the appraisal. Earlier there was much room of the subjective basis of the appraisal; with its help many supervisors use it as a tool for demotion or dislike, now it is eliminated through PMS (Eugene William, 2010)

In the article “Performance Management and performance” researcher said that many organizations have adopted the performance management system for the improvement in their process and for their success, also for making streamline of organizational strategies with the lower level strategies. But either it is taking lot of time or not effective results have been noticed by such organizations. He made research for the reason of the same, he came out with the findings that PMS is effective in goal setting, job resources, feedback and recognition but it has not been fully accepted overall in the organizations. The key finding is that the implementation stage of the performance management system is the most neglected area and it is just implied on all the employees without their proper involvement. The results are not as expected because of the lack of involvement of all employees or at least all team heads in the implementation stage. It concludes that HR should ensure that the entire employee should be involved in the implementation of the best practices of the performance management system or at least all must be taken in trust. He ends up with his definition of the performance management system that it is the systematic process of improvement at organizational level by making improvements at lower level. In his recommendation, he said that HR people should take guidance from the engagement management model so that employees should be properly engaged at the implementation level stage of PMS (Mina Long, 2012)

A researcher in his article “Understanding the PMS” stated an extensive example of how PMS works. He stated that let assume the mission of XYZ organization is to increase his sale by 10% every year. 10% in quantifiable term assume is \$10M. There are 1000 employees in XYZ organization. Of course each employee may have their own goals and missions which are not necessary the same of the organization. Let suppose that the objective/ goal of employee is to increase their earning or promotion etc. which is different from the XYZ goal of 10% increase in sale. Through PMS, XYZ can involve employee in accomplishing their goal by means of converting organizational goal into individual goal. PMS says to each employee that if you want to achieve your goal you have to achieve organizational goal. For example, if employee achieves a target of sales of Rs. 10,000 then XYZ will fulfill the individual goal of increase in earning. Through this each employee will take the ownership of the XYZ goal and will fine XYZ’s goal as their individual goal. He concluded that this activity should be agree on mutual understanding and not just imposed on employee to get the desired result (Dr. Eva Gray, 2012)

In a thesis titled “Evaluation the performance management system implementation” writer said that in many organizations PMS is assumed a way of evaluating performance appraisal. It is a wrong concept. In fact performance appraisal is included in the PMS it’s not wholly PMS. PMS starts from the day the employee is hired and ends up when he/she resigns or left. PMS included conversion of organizational objective into individual goals, hiring of right employee who can mean organizational goals effectively, if there is any need of training then proper training and development is to be done, setting the appraisal measurement factor at an initial day so that later on he/she should be judged on the earlier decided factors and also career management of each employee is involved in the Performance Management System, that’s is why this system is also known as the full solution for HR department.(Allision Calif, 2009)

A researcher in his thesis “Success of performance management in any organization” stated that although adoption if the practices of PMS is a first step towards improvement and smoothness in the operational and managerial goals in any organization. However it is not guarantee for the success of organization. If successfully implemented, then it will end up with unbelievable results which can be observed not only at high level but also at the lower level. Motivation of employee increase which result in satisfactory environment in the work place. Implementation of PMS is the core duly of managers at every level not HR, it is a wrong concept that prevail in many minds that implementation of PMS is the responsibility of HR department, in fact it is the responsibility of the managers who are technical people and who know the real impact of the policies at the practical field. Thus managers of all level must be taken in trust and they should be trained for the

dissemination of the best practices of PMS along with the help of HR guys. Alone HR cannot effectively implement PMS at any organization. (Micheal Mukichi, 2011)

2.2 Areas of Further Studies:

This research is focused on the role of PMS on the success of MCB. Researcher can work in the following topics

- the impact of PMS on the motivation of employees
- the correct implementation of PMS at MCB
- comparison of the PMS between various banks in Pakistan

CHAPTER 03: Research Methodology

3.1 Research Design & Methods:

This Research is based on the qualitative analysis and quantitative Analysis Both, This research is a Descriptive Research which is intended to extend the boundaries of current information related to the role of Performance Management in organizational success. Researcher has taken the understanding of PMS at MCB through detail discussion with the HR Manager, MCB and have read various articles on the topic. After it Researcher has selected variables and through questionnaire Researcher have tested the applicability of the selected variable to know about the role of PMS Key variables on the organizational success of MCB. Thus a deductive analysis have been performed to test the variables.

3.2 Respondent of the Study:

The respondent of this study have been employees of MCB. Employees of operational level and above have been selected. Head of HR and Manager HR have also be selected for interview purpose. Approx.100 employees have been reached to fill the questionnaire and interview purposes.

3.3 Research Instrument:

Researcher intends to gather data through questionnaire and interview. Questionnaire is assumed to be suitable when the respondent are educated and have sufficient time to read, understand and respond to the questions in effective manner. Researcher assumes that our selected sample are educated and have sufficient time to correctly respond the questions. Also Researcher will take interview of employees regarding PMS at MCB; the interview will last for 5 to 15 minutes depending upon the style of the interviewee response.

3.4 Sources of Data:

- 1) Primarily Researcher have collected data from employees of operational level and above using questionnaires and interview
- 2) Through secondary method, Researcher have extracted the information by reading the policies of PMS at MCB and through related material available at research sites.

3.5 Treatment of the Data:

The data gathered by primarily source have been analyzed and interpreted by graphs and charts. Graphs and charts are the easy method of analysis which is understandable by non-technical people too. Also as the data is less Researcher can suitably use graphs and charts to illustrate the responses.

3.6 Variables:

Dependent Variable:

Organizational success of MCB

Independent Variable:

1. General aspect of PMS
2. Performance Planning aspect of PMS

3. Periodic Review aspect of PMS
4. Annual Review aspect of PMS
5. Compensation-reward and recognition aspect of PMS
6. HR Development- Performance improvement aspect of PMS

Independent Sub Variables:

1. General Aspects
 - a. Clearly defined purpose of PMS
 - b. Accountability of senior management for PMS implementation
 - c. Aligned mission and strategy of the departments
 - d. PMS development with input from departments
2. Performance Planning aspect
 - a. Employee consider it attainable
 - b. Relevant performance expectation is set
 - c. Employees are clear about how their performance is to be measured.
3. Period Review Aspect
 - a. Prior agreement on the factors against which performance to be judge
 - b. Performance is measured on the agreed factors
 - c. Feedback is given after the activity is performed
4. Annual review aspect
 - a. Sufficient information for appraising staff members' performance is available (e.g. critical behaviors recorded during the year).
 - b. Appraise is provided opportunity to give his/her point of view about the final evaluation.
 - c. Outcomes of performance review are fed directly into other human resources systems, (e.g. reward, training and development).
5. Compensation-reward and recognition aspect
 - a. Pay decisions are linked to performance achievements
 - b. PMS establishes a clear connection between performance and rewards.
6. HR Development-Performance improvement aspect of PMS

- a. Coaching for weak employees
- b. Dedicated annual training system
- c. Employee involvement in training planning

3.7 Hypothesis:

Hypothesis: Ho: PMS has no role in the success of MCB

Hypothesis: H1: PMS has role in the success of MCB

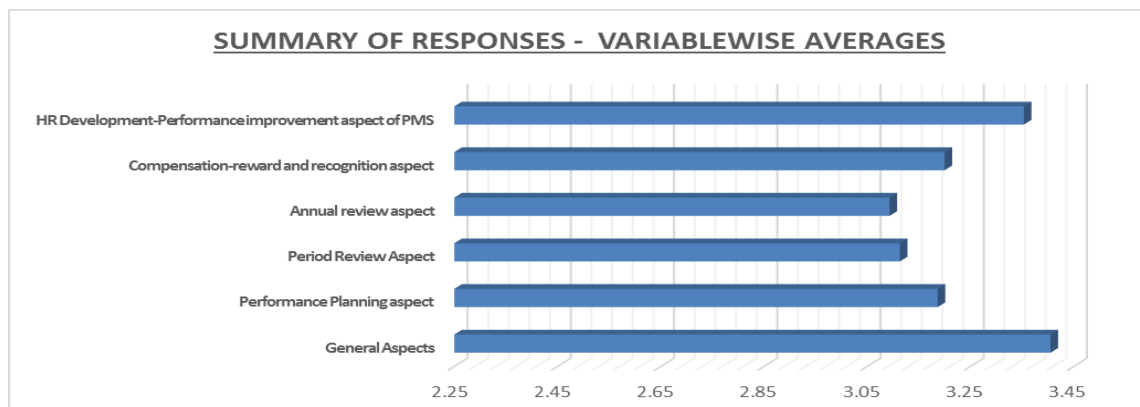
CHAPTER 04: Analysis of Data

4.1 Summary of Analysis:

RESULT:

| Question Ref. | General Aspects | Performance Planning aspect | Period Review Aspect | Annual review aspect | Compensation-reward and recognition aspect | HR Development-Performance improvement aspect of PMS | |
|-----------------|-----------------|-----------------------------|----------------------|----------------------|--|--|------|
| Q1 | 3.82 | 2.98 | 3.04 | 2.90 | 3.32 | 3.28 | |
| Q2 | 3.36 | 3.20 | 3.28 | 3.10 | 3.08 | 3.38 | |
| Q3 | 3.80 | 3.38 | 3.02 | 3.28 | | 3.40 | |
| Q4 | 2.64 | | | | | | |
| Avg Scores | 3.41 | 3.19 | 3.11 | 3.09 | 3.20 | 3.35 | |
| Overall Average | | | | | | | 3.23 |

GRAPHICAL ANALYSIS:



ANALYSIS:

With overall average score being 3.23 and average score of all variables being above 3, it can be concluded that on an average, the respondents have stated that they agree with the fact that PMS has role in the success of MCB.

- a.** The strongest positive response 3.41 being for the General Aspect of PMS and individual sub variable scores from Q1 to Q3 suggests that majority of the employees agree to the fact that the PMS is well defined with clear accountabilities and targets that are aligned with vision & mission however, a score of 2.64 in Q4 suggests that the departments feel their participation in PMS development should further be enhanced.
- b.** With all average scores for HR Development-Performance improvement aspect of PMS being higher than 3, it can easily be implied that the employees are satisfied with the training & development provided on job to the employee which not only enhances their skill set but also brews greater efficiency.
- c.** Planning, periodic review & Compensation aspects also show positive responses from employees however there is further room for improvement in the targets set by the management. 54% of the employees (as can be seen in question-wise analysis Q5) disagree that the set targets are attainable. If the targets set are too high, the employees will feel demotivated and hence the overall success of MCB will be hindered. Management needs to conduct further study into this aspect as to what employees feel to be un-attainable and the reasons thereof.
- d.** The weakest response by the employees with an aggregate average of 3.09 (although still higher than satisfactory level) is that for the Annual review aspect of PMS. Respondents replied positively for the fact the appraisee' is given due opportunity to review & provide feedback on his/ her annual review and that they agree that the results are fed into the HRS however the weakest aspect of this variable is that being for employees belief that sufficient drivers and measures are available to evaluate & appraise the employee performance during the year. 46% of the employees responded that they deem current measures for employee annual performance appraisal to be insufficient. The Management needs to either improve the current performance measures, if not already in place, or to properly resell the performance criteria & drivers so that the employees fully understand the scales on which the annual performance is evaluated.

4.2 Question-wise Analysis:

4.2.1 General Aspect of PMS:

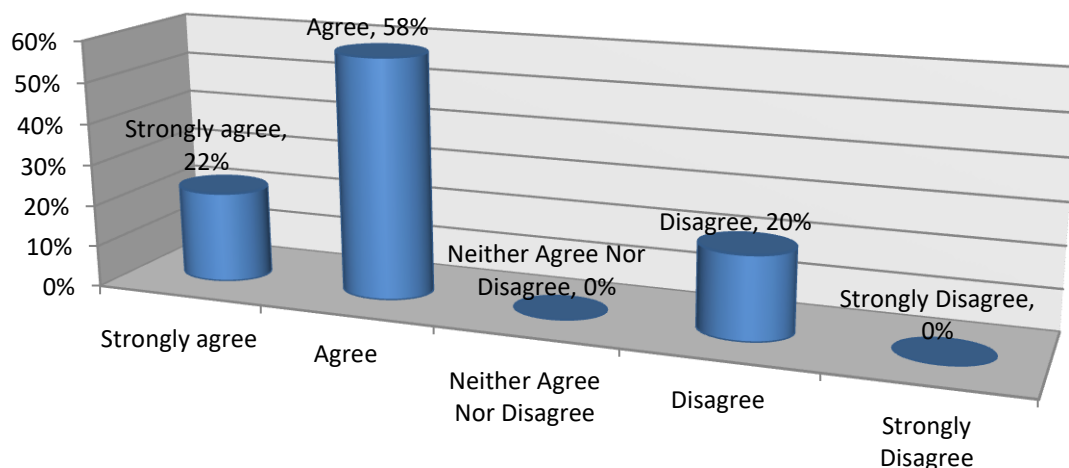
Q1. Clearly defined purpose of Performance Management System (PMS) is communicated effectively to all employees.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 22% |
| Agree | 58% |
| Neither Agree Nor Disagree | 0% |
| Disagree | 20% |
| Strongly Disagree | 0% |

GRAPHICAL ANALYSIS:

Q.1



ANALYSIS:

The majority of the respondents have responded in favor that the purpose of the PMS is clearly communicated to them and they are well aware of its purpose. However Researcher has found that few employees are not fully aware of the purpose of PMS which means that MCB has to re-disseminate the purpose of the PMS so as that they may better utilize the PMS.

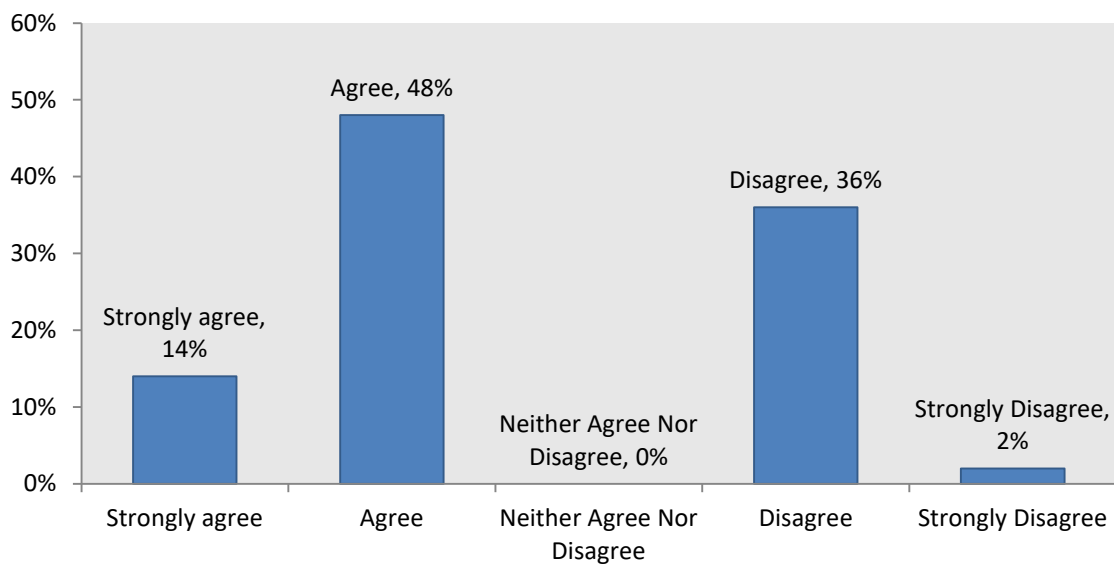
Q2. Senior Management is accountable for effective implementation of PMS.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 14% |
| Agree | 48% |
| Neither Agree Nor Disagree | 0% |
| Disagree | 36% |
| Strongly Disagree | 2% |

GRAPHICAL ANALYSIS:

Q.2



ANALYSIS:

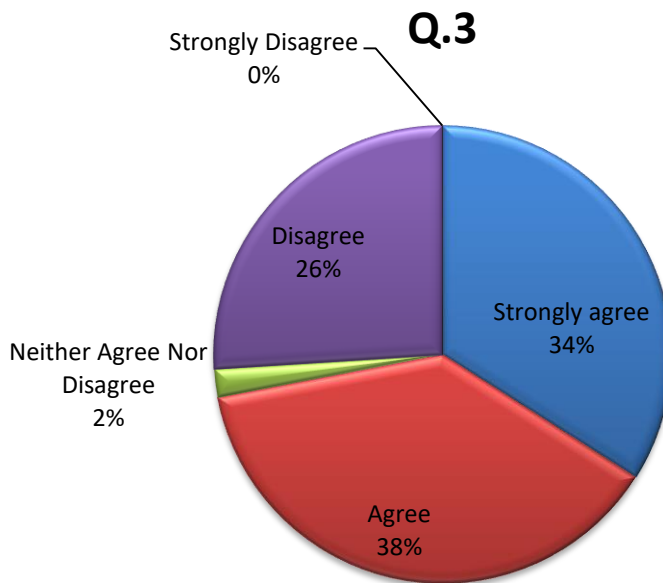
It has been agreed by 62% of the respondents that senior managers are responsible for PMS implementation. It is not solely the responsibility of HR Manager to implement PMS. The main role is of operational managers for the effective implementation of PMS. However, 38% has disagreed with the statement and in their point of view it is not the responsibility of the Seniors Managers.

Q3. Team and individual objectives are aligned with the mission and strategy of the department.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 34% |
| Agree | 38% |
| Neither Agree Nor Disagree | 2% |
| Disagree | 26% |
| Strongly Disagree | 0% |

GRAPHICAL ANALYSIS:



ANALYSIS:

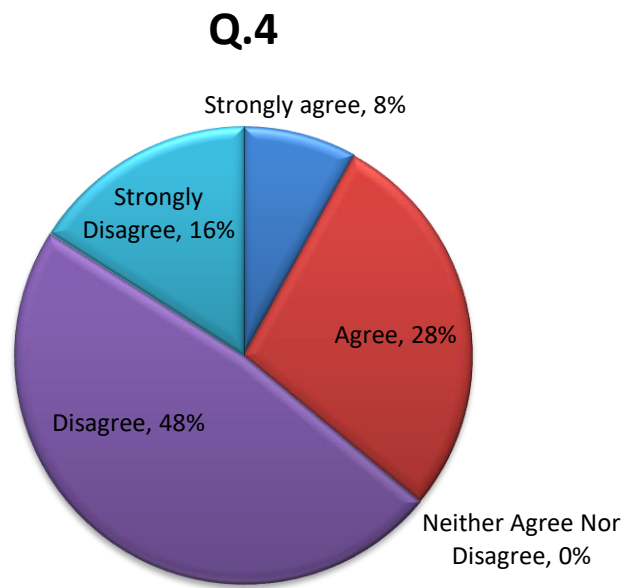
It has been accepted by the majority that their objectives are aligned with the corporate goals and mission. PMS have effective role in the alignment of individual role with the corporate goals. Few have disagreed with the statement which means that MCB need to work for the alignment of overall staff objectives with the organizational goal/ mission.

Q4. The PMS was developed with inputs from the staff throughout the department.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 8% |
| Agree | 28% |
| Neither Agree Nor Disagree | 0% |
| Disagree | 48% |
| Strongly Disagree | 16% |

GRAPHICAL ANALYSIS:



ANALYSIS:

From the overall responses it is noticed that in the formation of PMS the input of staff from the entire department is not thoroughly taken. This might be the reason of non- alignment of the individual goals with the corporate goal. Few have agreed with the instances of disagreed are more than agreed.

4.2.2 Performance Planning Aspect:

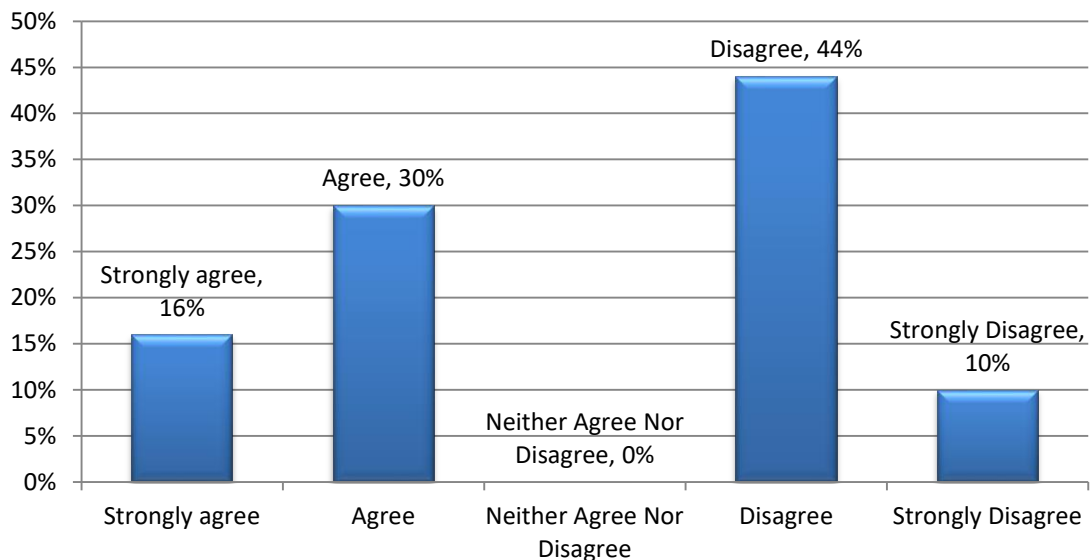
Q5. Employees consider performance standards attainable.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 16% |
| Agree | 30% |
| Neither Agree Nor Disagree | 0% |
| Disagree | 44% |
| Strongly Disagree | 10% |

GRAPHICAL ANALYSIS:

Q.5



ANALYSIS:

The performance standards set in the PMS are not considered attainable by all the employees. Researcher has noticed that 54% of the employees feel that such standards are not attainable so such standards are not assumed reachable. Few have agreed that standards are attainable. Had the standards are perceived attainable by all employees then it will be a motivator factor for the employees to achieve the goal and get rewards.

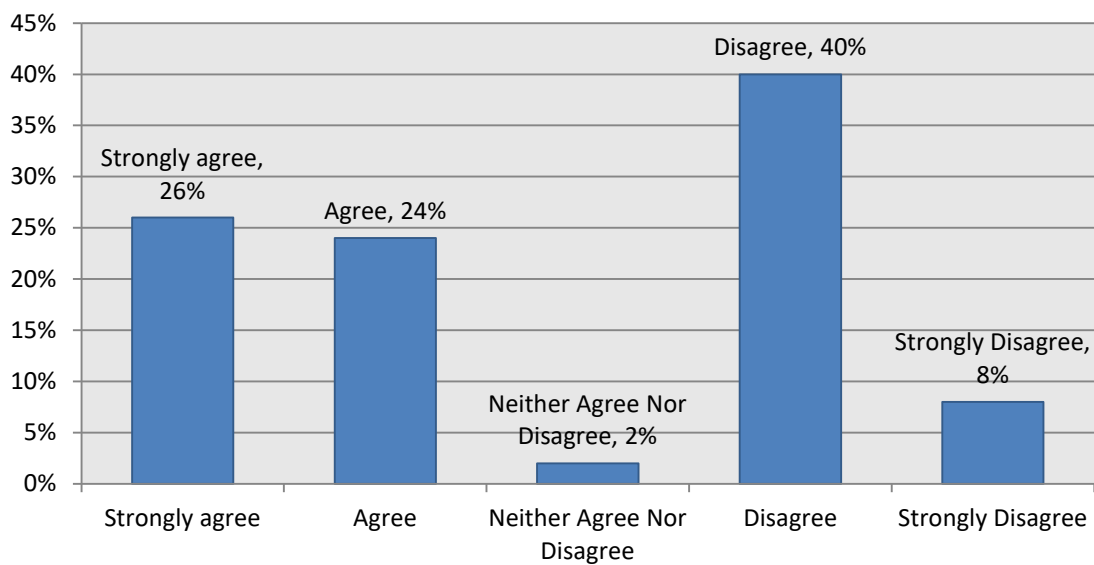
Q6. Relevant performance expectations are set between supervisor and employee.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 26% |
| Agree | 24% |
| Neither Agree Nor Disagree | 2% |
| Disagree | 40% |
| Strongly Disagree | 8% |

GRAPHICAL ANALYSIS:

Q.6



ANALYSIS:

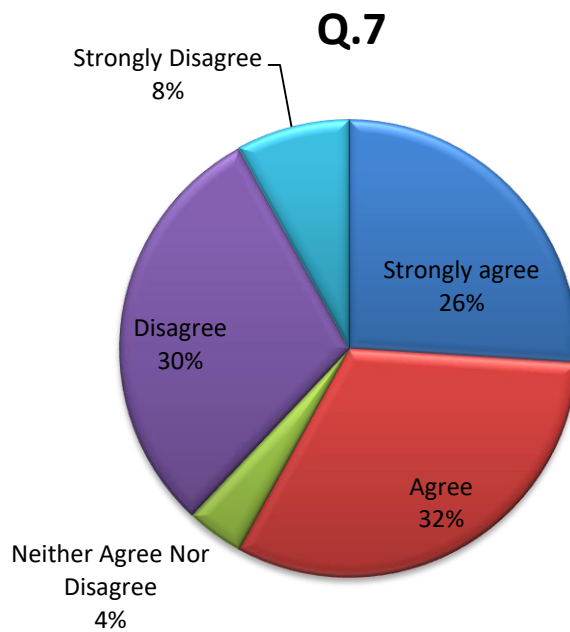
The responses collected are varied. Overall the responses are reflecting the dual answer that for the half respondent's performance expectation is set between employee and supervisor and for the remaining half it is not set. Researcher concludes that this expectation should be set through all employees.

Q7. Employees are clear about how their performance is to be measured.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 26% |
| Agree | 32% |
| Neither Agree Nor Disagree | 4% |
| Disagree | 30% |
| Strongly Disagree | 8% |

GRAPHICAL ANALYSIS:



ANALYSIS:

The majority of employees are aware of the procedure that how their performance is to be measured. 58% of the respondents have agreed with the statement. However 38% have explicitly disagreed with the statement which means that they are not aware of measurement procedure of their performance.

4.2.3 Periodic Review Aspect:

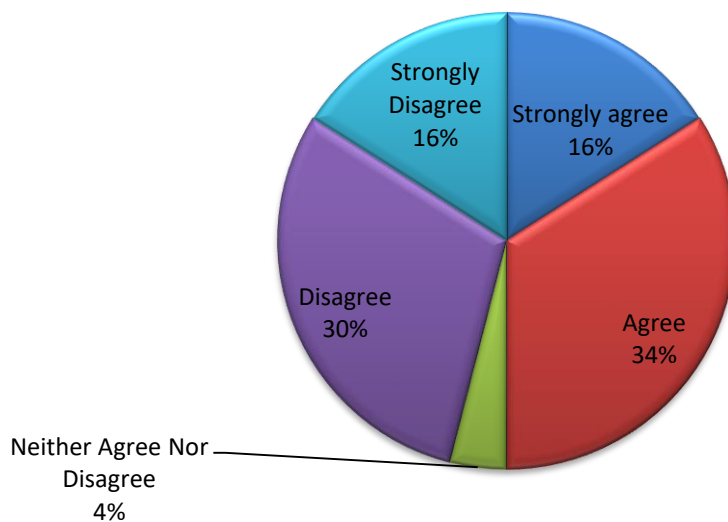
Q8. Prior to review, Supervisor and subordinate reach agreement about factors against which performance would be measured.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 16% |
| Agree | 34% |
| Neither Agree Nor Disagree | 4% |
| Disagree | 30% |
| Strongly Disagree | 16% |

GRAPHICAL ANALYSIS:

Q.8



ANALYSIS:

The responses are similar to question 6 which is of the same nature. The question was designed for two fold purpose. One for checking the validity of responses, as it is agreed with the question 6 in the similar ratio so Researcher concludes that the overall responses are valid and given in the true manner. Secondly through the analysis of this statement Researcher concludes that the overall factors for the expectation between employee and supervisor are not set.

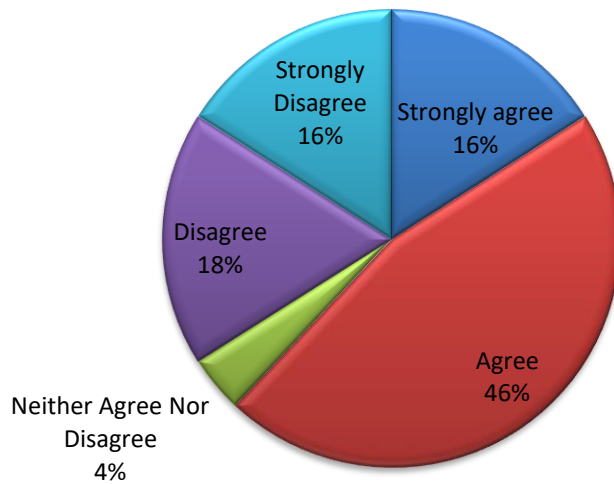
Q9. Performance is measured against the factors previously agreed upon.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 16% |
| Agree | 46% |
| Neither Agree Nor Disagree | 4% |
| Disagree | 18% |
| Strongly Disagree | 16% |

GRAPHICAL ANALYSIS:

Q.9



ANALYSIS:

The majority of the responses conclude that performance is measured against the predefined standards. Total 62% responses have agreed to the statement. However, 34% of the respondent has complaints that the real evaluation is based on various other factors that are not pre-defined.

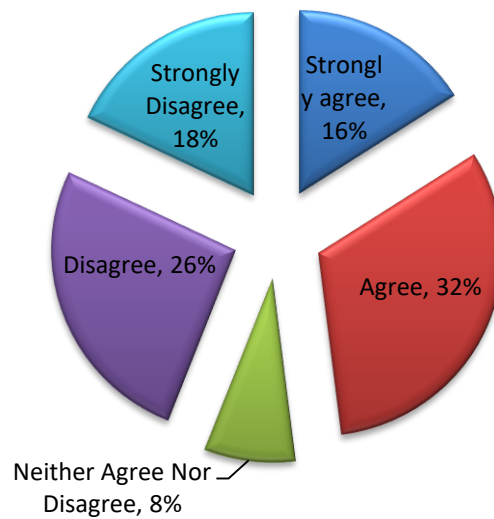
Q10. Feedback is given as soon as possible after the activity is performed.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 16% |
| Agree | 32% |
| Neither Agree Nor Disagree | 8% |
| Disagree | 26% |
| Strongly Disagree | 18% |

GRAPHICAL ANALYSIS:

Q.10



ANALYSIS:

Overall Researcher concludes that feedback is not given after the activity is being ended. Feedback should be timely given so that employee may rectify the action as soon as possible. Overdue feedback is not worth able.

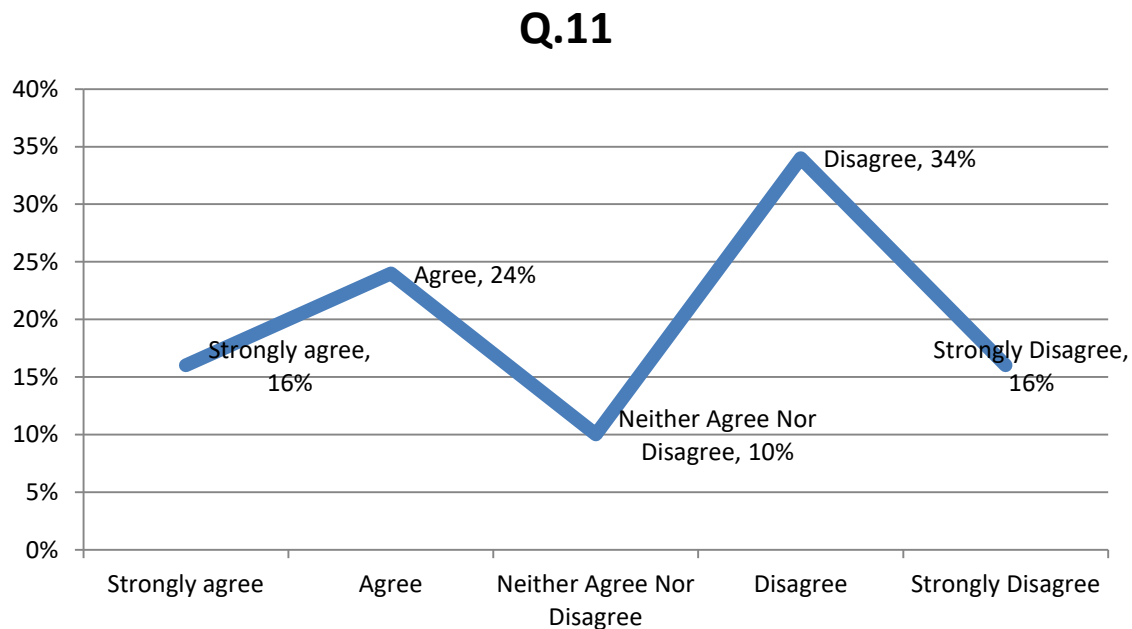
4.2.4 Annual Review Aspect:

Q11. Sufficient information for appraising staff members' performance is available (e.g. critical behaviors recorded during the year).

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 16% |
| Agree | 24% |
| Neither Agree Nor Disagree | 10% |
| Disagree | 34% |
| Strongly Disagree | 16% |

GRAPHICAL ANALYSIS:



ANALYSIS:

The instances of disagreed are more than agreed. Overall Researcher concludes that appraiser do not have sufficient information for the appraisal of the employees. This leads towards the subjective evaluation of the performance of employees. 50% disagreed and 10% neutral which means that only 40% are agreed with the statement and rest 60% do not agreed with the statement.

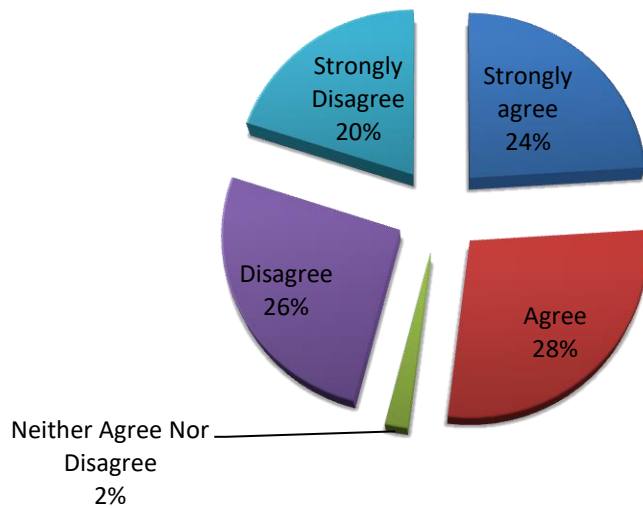
Q12. Appraise is provided opportunity to give his/her point of view about the final evaluation

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 24% |
| Agree | 28% |
| Neither Agree Nor Disagree | 2% |
| Disagree | 26% |
| Strongly Disagree | 20% |

GRAPHICAL ANALYSIS:

Q.12



ANALYSIS:

Overall Researcher concludes that all employees are not given opportunity to give their remarks on the appraisal process. This would lead towards one way communication which should be eliminated in effective implementation of PMS.

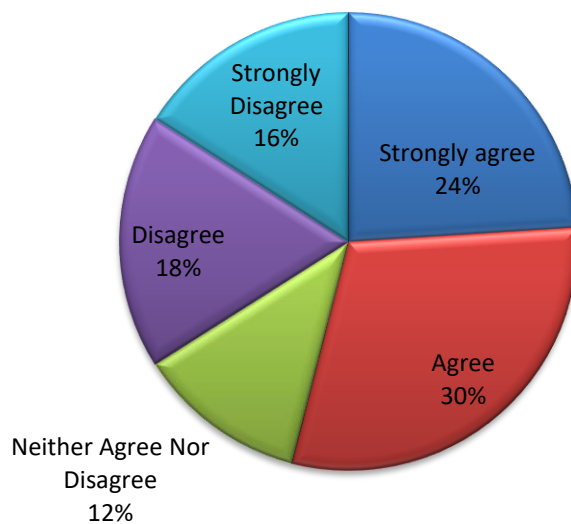
Q13. Outcomes of performance review are fed directly into other human resources systems, (e.g. reward, training and development).

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 24% |
| Agree | 30% |
| Neither Agree Nor Disagree | 12% |
| Disagree | 18% |
| Strongly Disagree | 16% |

GRAPHICAL ANALYSIS:

Q.13



ANALYSIS:

Based on the responses, 54% of respondents are agreed with the statement which means that the performance appraisal outcome is linked with the reward management. This should be linked effectively and should be clear in the reward management system so as to eliminate ambiguity. However rest 46% is not agreed with the statement which is the indicative of ambiguity of the linkage of both systems.

4.2.5 Compensation - Reward & Recognition Aspect:

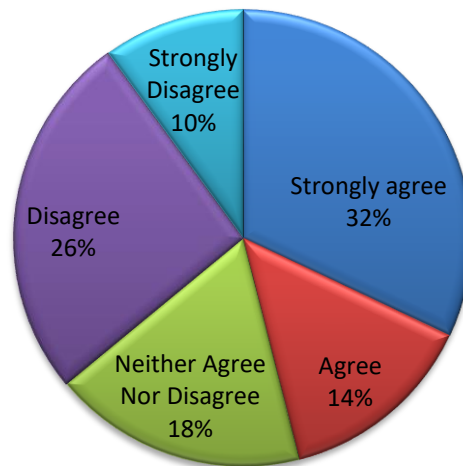
Q14. Pay decisions are linked to performance achievements.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 32% |
| Agree | 14% |
| Neither Agree Nor Disagree | 18% |
| Disagree | 26% |
| Strongly Disagree | 10% |

GRAPHICAL ANALYSIS:

Q.14



ANALYSIS:

Overall Researcher concludes that pay decision is not fully linked with the performance decision. In the PMS it is mistakenly assumed that pay decision is linked with the performance decision. It is only one of the criteria for the pay decision.

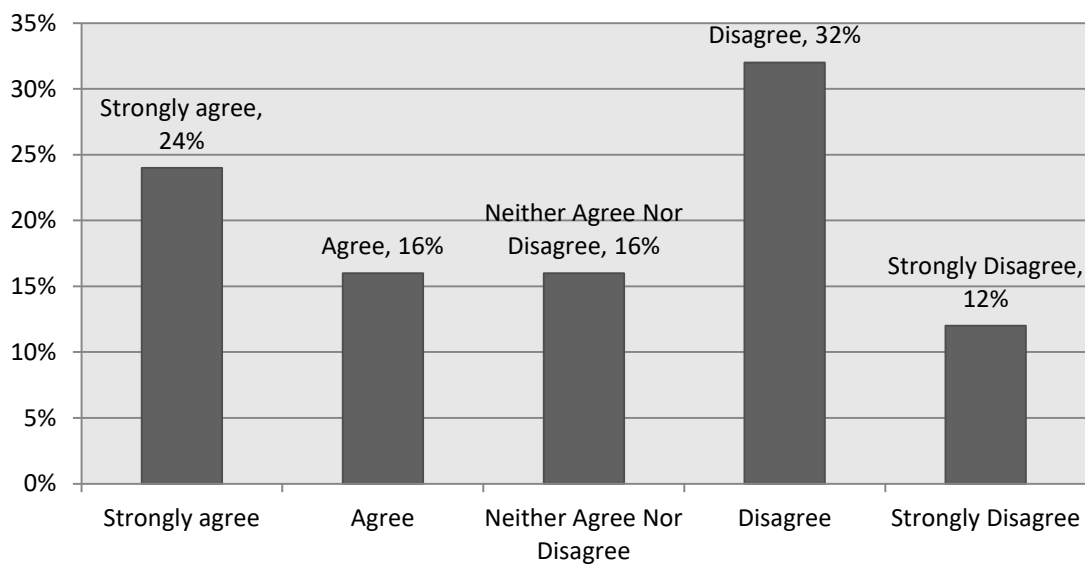
Q15. PMS establishes a clear connection between performance and rewards.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 24% |
| Agree | 16% |
| Neither Agree Nor Disagree | 16% |
| Disagree | 32% |
| Strongly Disagree | 12% |

GRAPHICAL ANALYSIS:

Q.15



ANALYSIS:

The majority of answer was given against the statement which concludes that PMS at MCB is unable to establish clear connection between the performance and reward. Researcher has noted that for the senior managers the connection is visible that's why they have respond in favor.

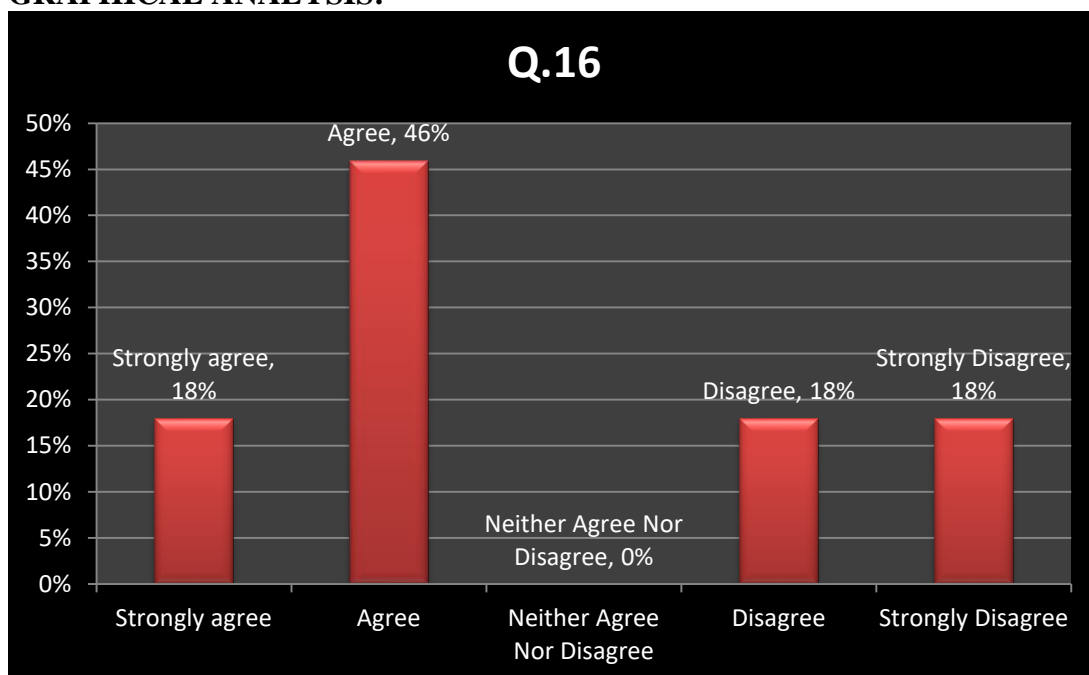
4.2.6 HR Development – Performance Improvement Aspect:

Q16. Coaching & mentoring programs are used to develop weak employees.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 18% |
| Agree | 46% |
| Neither Agree Nor Disagree | 0% |
| Disagree | 18% |
| Strongly Disagree | 18% |

GRAPHICAL ANALYSIS:



ANALYSIS:

It has been agreed by majority that coaching and mentoring programs are taken place for enhancing the performance of weak employees. 64% give their consent in positive. Researcher has noticed that 36% disagreed out of which 18% have strongly disagreed with the statement which is an alarming sign for the MCB to look into the matter.

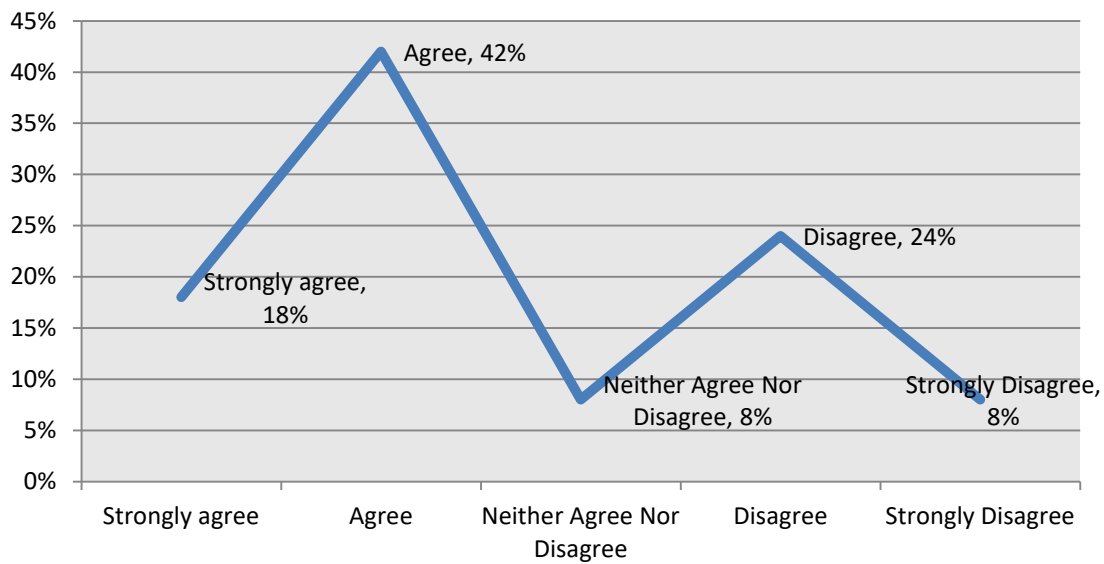
Q17. There is dedicated annual training and development program in place (whether conducted within the bank or outsourced).

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 18% |
| Agree | 42% |
| Neither Agree Nor Disagree | 8% |
| Disagree | 24% |
| Strongly Disagree | 8% |

GRAPHICAL ANALYSIS:

Q.17



ANALYSIS:

Annual training and development program has been taken place in MCB which is agreed by the majority. Employees are selected for the annual training programs based on their requirement. This is the reason that few respondents have given their response in negative.

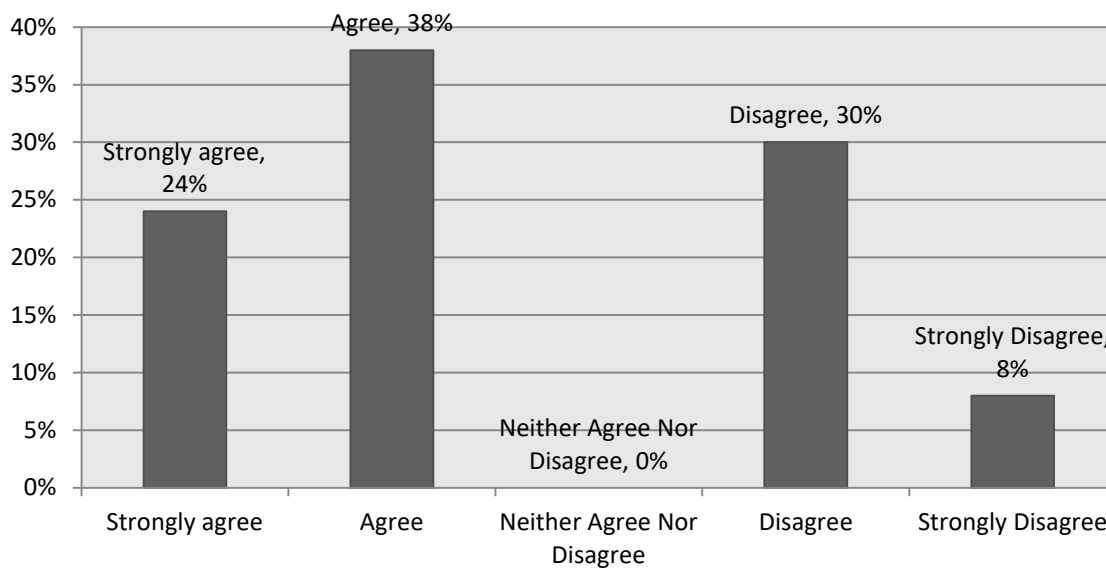
18. Employees are involved in the Training & Development planning.

RESULT:

| | |
|----------------------------|-----|
| Strongly Agree | 24% |
| Agree | 38% |
| Neither Agree Nor Disagree | 0% |
| Disagree | 30% |
| Strongly Disagree | 8% |

GRAPHICAL ANALYSIS:

Q.18



ANALYSIS:

At MCB employees are involved in the planning session of training and development programs. The majority of the respondents have answer in positive. However all employees are not involved in the planning session that is why Researcher has noted that 38% of the employees have disagreed with the statement.

CHAPTER 05: Critical debate

5.1 Introduction:

The main purpose of this study is to identify the role of Performance Management for an organization success and how effectively Performance Management system affects the performance of the organization and employee of the company. According to Eugene William 2010 which Researcher has discussed earlier in Literature review chapter. In PMS the initial step is to set the performance management criteria, which means criteria, should be linked with organizational goal and objective so that if individual goal meets then some part of the organizational meet, so the main purpose of the performance of the performance Management is also set the objective basis of the appraisal.

Many Organizations have adopted the performance management system for the improvement in their process and for their success, and also for making streamline of organization strategies with the lower level strategies. Moreover PMS is effective in goal setting, Job Resource, Feedback and recognition by researcher (Mina Long, 2012)

It is wrong concept that PMS is assumed a way of evaluating performance appraisal. In fact performance appraisal is included in the PMS it's not wholly PMS. PMS starts from the day the employee is hired and ends up when he/she resigns or left. PMS included conversion of organizational objective into individual goals, hiring of right employee who can mean organizational goals effectively, if there is any need of training then proper training and development is to be done, setting the appraisal measurement factor at an initial day so that later on he/she should be judged on the earlier decided factors and also career management of each employee is involved in the Performance Management System, that's is why this system is also known as the full solution for HR department by researcher (Allison Calif, 2009)

According to researcher (Micheal Mukichi, 2011). Motivation of employee increase which result in satisfactory environment in the work place. Implementation of PMS is the core duly of managers at every level not HR, it is a wrong concept that prevail in many minds that implementation of PMS is the responsibility of HR department, in fact it is the responsibility of the managers who are technical people and who know the real impact of the policies at the practical field. Thus managers

of all level must be taken in trust and they should be trained for the dissemination of the best practices of PMS along with the help of HR guys.

5.2 Demonstration of relationship between various variables:

There is a relationship direct relationship between dependent variable with independent variables; means organization success is co-related with different aspects of performance management system which General aspects, Performance Planning aspect, Periodic review aspects, Annual review aspects, Compensation-reward and recognition aspect and HR-Development-Performance Improvement aspects.

Every organization success is mainly dependable on above mentioned aspects of Performance Management System. No Organization can achieve its desirable goals if the same is not directly communicated to their employee who is main contributor (Real Assets) of the company.

In a nut shell Performance Management System is a process of creating the work environment in which employees are enabled to perform to the best of their abilities. It begins when an employee join organization and end up when he/she leaves. A Performance Management System includes the following;

- a) Clear job description of an employee, related to the objectives of the organization
- b) Appropriate selection
- c) Establishing and agreeing performance standards and measures with employees
- d) Providing the necessary training
- e) Providing regular feedback on the performance and coaching
- f) Rewarding people for going well
- g) Providing a career structure

5.3 Discussion and Debate:

The result of research indicates the success of organization is dependent on different variable which include General aspects, Performance Planning aspect, Periodic review aspects, Annual review aspects, Compensation-reward and recognition aspect and HR-Development-Performance Improvement aspects.

According to the research result, it indicates that the performance Management system (PMS) is communicated effectively to all employee in MCB. Approximately majority of staff is agreed with the above statement. As per result senior management is accountable for effective implementation of performance management system, team and individual objective are aligned with the mission and strategy of the department in MCB.

The result indicates that the performance standards is relatively higher and not considered as attainable because of high expectancy from employees, but somehow the relevant performance expectation has been set between supervisor and employer after consultation and also employee are well aware how their performance would be evaluated.

The result of study shows that in MCB, prior to review supervisor and subordinate reach agreement about factor against which performance would be measured and also performance is always been measured against the factor which previously agreed upon. Moreover return feedback is always given to employee in order to make correction and for betterment.

From the study it has been analyzed that in MCB Bank, Overall Researcher concludes that all employees are not given opportunity to give their remarks on the appraisal process. This would lead towards one way communication which should be eliminated in effective implementation of PMS. Further performance appraisal outcome is linked with the reward management.

According to researcher and result indicates the pay decision is not directly linked with performance and MCB is unable to establish clear connection between the performance and rewards.

From the analysis it is indicates that in MCB coaching and mentoring programs are taken place for enhancing the performance of week employees. Further annual training and development has been taken place ad employee are selected for their annual training program based on their requirement and also at MCB employee's are involved in planning session of training and development but not all of employee's.

CHAPTER 06: Finding and conclusion

6.1 Finding:

Based on the study of the related literature reviews and the analysis carried out on the primary data it is clear that MCB is putting their efforts in the effective implementation of PMS as it has a key role in the success of MCB, so Researcher is rejecting our null hypothesis and accepting alternative hypothesis that H1: PMS has role in the success of MCB

6.2 Conclusion:

From the data analysis of the responses collected from 500 respondents that PMS has effective role in the success of MCB. For the implementation of PMS MCB has given appropriate weights to each aspect of the PMS which are general, performance planning, periodic review, annual review, compensation to reward recognition and HR Development aspect for improvement. Each of sub variables aspects tested has a key role in the effective implementation of PMS at MCB.

6.3 Recommendations:

Based on the research performed following are our recommendations;

- MCB should train their senior staff for the effective implementation of PMS so that senior staff becomes accountable for its better implementation and utilization.
- MCB should take the overall input of the employees from the entire departments about the PMS and implement it with their inputs.
- MCB should counsel their employees and help them in attaining the performance standards.
- MCB should set the performance standards expectation with the employees before finalizing performance standards and help such employee in order to achieve the desired performance.
- MCB should carry training session in which the criteria for the measurement of performance standard should be educated to them so that employees may work in that regard.
- MCB should evaluation of the performance should be strictly restricted to the pre-defined or pre agreed standards or criteria so that the evaluation should be free from all the objectivity.
- MCB should carry formally sessions of senior managers with the employees for the timely feedback.
- MCB should place mechanism for the daily or at least weekly evidence for the performance that is maintained with the supervisor and on the basis of which the overall performance is to be measured.
- Appraise should be given enough opportunity to be heard and his/her point of view should be considered and need to be satisfied for the effective appraisal.
- MCB should make the linkage of reward system with the performance system clear and effective and the measurement should be transparent in reward system.
- MCB should take persistent steps for establishing a clear connection between rewards and performance.
- MCB should counsel their weak employees through proper coaching and mentoring programs so that all employees may put their best in achieving the organizational goals.
- All employees or their representatives should be involved in the training and development planning session so that such may be effectively planned.

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QUESTIONNAIRE SURVEY

RESEARCH TOPIC: “Role of performance management for an organizational success-A case study of MCB.”

Thank you for participating in this process of examining Role of performance management for an organizational success-A case study of MCB This survey is being conduct for my MBA Thesis and will be used only for research purpose. Kindly devote few minutes to answer the questions below.

Thanks & Regards,

Syed Noman Weqar

MBA (W/E), Bahria University, Karachi

Biographical Data:

1.1. **Gender**

| | | | |
|------|--------------------------|--------|--------------------------|
| Male | <input type="checkbox"/> | Female | <input type="checkbox"/> |
|------|--------------------------|--------|--------------------------|

1.2. **Age Group**

| | | | | |
|-------|-------|-------|-------|-----|
| 21-30 | 31-40 | 41-50 | 51-60 | +61 |
|-------|-------|-------|-------|-----|

1.3. **Educational Status**

| | | | |
|--------|--------|----------|-----------|
| Ph. D. | Master | Graduate | Any Other |
|--------|--------|----------|-----------|

1.4. **Position Held**

1.5. **Number of Years in the Service**

| | | | | |
|-------|--------|---------|---------|--------------|
| 0 – 5 | 6 – 10 | 11 – 15 | 16 – 20 | 21 and above |
|-------|--------|---------|---------|--------------|

Key: Strongly Agree: SA; Agree: A; Disagree: D; Strongly Disagree: SD; Neutral: N

| S No | Statement | SA | A | D | SD | N |
|---|---|----|---|---|----|---|
| GENERAL ASPECTS | | | | | | |
| 1. | Clearly defined purpose of Performance Management System (PMS) is communicated effectively to all employees. | | | | | |
| 2. | Senior Management is accountable for effective implementation of PMS. | | | | | |
| 3. | Team and individual objectives are aligned with the mission and strategy of the department. | | | | | |
| 4. | The PMS was developed with inputs from the staff throughout the department. | | | | | |
| PERFORMANCE PLANNING ASPECTS | | | | | | |
| 5. | Employees consider performance standards attainable. | | | | | |
| 6. | Relevant performance expectations are set between supervisor and employee. | | | | | |
| 7. | Employees are clear about how their performance is to be measured. | | | | | |
| PERIODIC REVIEWS ASPECTS | | | | | | |
| 8. | Prior to review, Supervisor and subordinate reach agreement about factors against which performance would be measured. | | | | | |
| 9. | Performance is measured against the factors previously agreed upon. | | | | | |
| 10. | Feedback is given as soon as possible after the activity is performed. | | | | | |
| ANNUAL REVIEW ASPECTS | | | | | | |
| 11. | Sufficient information for appraising staff members' performance is available (e.g. critical behaviors recorded during the year). | | | | | |
| 12. | Appraisee is provided opportunity to give his/her point of view about the final evaluation. | | | | | |
| 13. | Outcomes of performance review are fed directly into other human resources systems, (e.g. reward, training and development). | | | | | |
| COMPENSATION – REWARDS AND RECOGNITION ASPECTS | | | | | | |
| 14. | Pay decisions are linked to performance achievements. | | | | | |
| 15. | PMS establishes a clear connection between performance and rewards. | | | | | |
| HR DEVELOPMENT – PERFORMANCE IMPROVEMENT ASPECTS | | | | | | |
| 16. | Coaching & mentoring programs are used to develop weak employees. | | | | | |
| 17. | There is dedicated annual training and development program in place (whether conducted within the bank or outsourced). | | | | | |
| 18. | Employees are involved in the Training & Development planning. | | | | | |