

# **IMPACT OF PERFORMANCE MANAGEMENT SYSTEM ON EMPLOYEES' PERFORMANCE AT ATLAS BATTERY LIMITED**

**By**

**MEHAK MIRZA  
31372**

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**Statement**

Name of Student	Mehak Mirza .
Registration No.	31372 .
Thesis Title	Impact Of Performance Management System On Employee's Performance At Atlas Battery Limited .

**Supervisor-Student Meeting Record**

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
5	Nov-10-2015	Faculty 11	Data Analysis	Mehak
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7	Dec-12-2015	Faculty 11	Findings & Conclusion .	Mehak

**APPROVAL FOR EXAMINATION**

Candidate's Name: Mehak Mirza Registration No. 31372 .

Thesis Title: Impact of Performance Management System on Employee's performance at Atlas Battery limited .

I hereby certify that the above candidate's thesis has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at -----9%----- that is within the permissible limit set by the HEC for the MBA thesis. I have also found the thesis in a format recognized by the Department of Management Sciences.

Supervisor's Signature: [Signature] Date: 11/02/16

Name: S. M. AZHAR RIZVI

HoD's Signature: [Signature] Date: \_\_\_\_\_

## Abstract

**Purpose-** The purpose of study is to conduct the impact of performance management system (PMS) on employees' performance, plus PMS influences on associated variables such as employee-supervisor relationship, employee retention, and achievement of goals and objectives.

Study of impact of PMS on other factors i.e. employee-subordinate relationship, employee retention and goal achievement was included, on the assumption that a positive impact on these factors would imply a total effect on employee satisfaction and ultimately employee performance, leading to the achievement of corporate objectives.

To investigate and correlate the cause and effect relationship, Atlas Battery Ltd (ABL) engaged in the manufacture of automotive batteries was chosen, due to convenient accessibility to information and management support in understanding the existing PMS processes.

**Problem statement and hypotheses-** Extensive literature review was conducted on aspects of PMS and effects on variables impacting Employees' Performance and the problem area identified as, the measurement of impact on shortlisted dependent variables including performance, retention, supervisor-subordinate relationship and achievement of goals. Hypotheses were formulated around the four dependent variables and one independent variable i.e. PMS.

**Methodology/sample-** Qualitative and quantitative analysis have been done to study the impact of PMS on employees' performance, employee-subordinate relationship, employees' retention and goal achievement at Atlas Battery Ltd. data was collected through a well-structured questionnaire which was distributed among 80 employees of ABL to study the results. SPSS tool was used to analyze the data and interview response was compiled and utilized in examination and presentation of data.

**Findings-** SPSS analysis included a demographic profile of the respondents including age, length of service and departments. Cronbach's Alpha test was administered to test the significance of reliability for the correlation tests and variables of this study. The test

revealed that the results from the correlation tests are reliable enough to conclude the study. Two tailed Pearson's correlation was applied to the four hypotheses as indicated below:

1. PMS has significant impact on employee performance.
2. PMS has significant impact on Employee retention.
3. PMS has a significant impact on Supervisor-Subordinate relations.
4. PMS has an impact on achievement of goals.

**Conclusions-** Statistical inferences from SPSS yielded positive correlation between the dependent and independent variables as hypothesized. Whereas all variables had a positive correlation, degrees of significance varied between different variables. Literature review has further reinforced the assumptions that an effective performance management system will increase employee retention, enhance supervisor-subordinate relationship, and support employees in achieving corporate objectives, ultimately culminating in maximizing employee performance.

**Practical Implications-** ABL management can use the results in favor of their organizational improvement by further improving PMS by boosting their performance evaluation on more frequent basis, while ABL can improve their employees' manager relationship by empowering employees in decision making. Employees' retention can further be improved by offering different benefits in their policy such as performance, acceptance and referral bonus and by offering flexible work hours. For improvement of company's goal achievement, ABL management has to upsurge awareness among the employees about their performance goals and employees' at all levels should be highly encouraged to be an effective part of goal setting.

**Keywords-** Performance management, Performance management process, Employees' performance, Manager-subordinate relationship, Employee retention, Goal achievement.

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