

A Study on Employee Relationship Management

S.Md.Ershad, Assistant Professor, Dept of MBA, Santhiram Engineering College,

Nandyal-518501 Email:ershad.mba@srecnandyal.edu.in

E.Chenna Keshava, Dept of MBA, Santhiram Engineering College, Nandyal-518501

ABSTRACT:

Recent studies highlight the importance of employee relationship management in the context of strategic human resources management, outlining the role of organizational context. Accordingly, the paper presents an employee performance appraisal conceptual framework including the role of contextual factors, where strategic human resources management plays a key role. Moreover, the model includes two sets of procedural and representative basic performance criteria, as well as a new category of profile performance criteria as the foundation for developing flexible, customized and meaningful employee performance appraisal systems and processes aimed at improving individual and organizational overall performance.

Keywords—Conceptual model, organizational context, employee relationship performance criteria.

I. INTRODUCTION

Employee Relationship Management in the modern business environment became a part of the performance management process. New approaches in this field emphasize that the influence of organizational context has a significant role in performance measurement

Considering the above, the main purpose of this paper is to develop a conceptual framework for employee performance appraisal emphasizing the role of the organizational context factors in establishing customized performance criteria considering that performance management should include information on main strategic processes in order to provide strategic alignment to the

major objectives of the organization.

Moreover, according to Pulakos (2009), considering organizational context in developing employee performance appraisal systems and processes leads to establishing performance criteria and standards customized according to employee performance

Appraisal contexts in order to define different requirements for different positions [5].

Also, recent studies on the issue of the organizational context of employee performance appraisal systems and processes outline the role of the social context emphasizing daily behaviors and interactions as factors for enhancing efficacy of performance management [6]. Furthermore, Levy, Silverman & Cavanaugh (2015) underline the role of social context in influencing the efficacy of employee performance appraisal systems and processes

II.The Employee relationship Management Context

A. The Influence of Organizational Context

Recent studies emphasize the role of organizational context in performance appraisal systems and processes Among the most important factors of organizational context researchers highlight the role of the organizational culture, human resource strategy, economic factors or leader-employee information exchange.

Furthermore, Levy and Williams (2004) identify two main categories of contextual factors influencing the performance appraisal systems and processes, *proximal* and *distal* factors, underlining the purpose of performance appraisal, rather motivation and appraisal frequency as proximal factors, and organizational climate and culture, organizational objectives, human resources strategies, economic factors and technological developments as distal

factors. The same authors organize the proximal factors in structural and process factors, identifying the purpose of the appraisal process, the characteristics of the performance appraisal system, performance standards and performance dimensions as the most important structural factors, and rather motivation and rater accountability as the main process factors .

Moreover, the recommendations of many authors point out that researchers should develop their own approaches towards performance appraisal contexts as this could provide an external validation of research frameworks by developing relevant models in relation to the organizational context.

Thus, we can emphasize the key role of organizational contexts in implementing effective performance appraisal systems and processes, authors arguing that the role of social context is also essential since it has a direct influence on the levels of post-implementation employee satisfaction.

Also, a review of ten years of research in human resources management highlights that contextual factors may influence the effectiveness of employee performance appraisal, mentioning the role of work context in the appraisal process and factors that may influence this process using feedback for enhancing performance.

To summarize, according to the recent studies mentioned above, the employee performance appraisal systems and processes ought to be adjusted to company specific organizational contexts in order to be effective, thus fostering higher levels of performance.

B. New Approaches on Employee Performance Appraisal

A recent study outlines that employee relationship management and processes are related to other human resources systems and processes and influenced by the organizational context containing features such as organizational culture, economic factors, trust in human resources management and the frequency the appraisal is applied in the organization . Another recent study emphasizes the importance of understanding the specific context where the employee performance appraisal is implemented in order to foster the appraisal success. Other studies propose a strategic and contextual approach to performance appraisal systems and processes, highlighting the influence of contextual factors on designing the performance appraisal systems and. As a consequence, the strategic approach to performance management in organizations becomes a powerful instrument to enhancing the overall organizational performance by creating a steady dialogue between managers and employees.

Another study directly expresses the importance of the organizational context, underlining that, in relation to organizational goals, or size, a company may differently organize the performance appraisal systems and processes, based on specific performance criteria, in order to positively impact employee performance.

III. The employee relationship process

A. Key Elements

Employee performance appraisal is a process aimed at measuring employee performance over a time span, while employee performance management encompasses activities destined to enhance employee performance, from appraisal and feedback for each employee to training and reward activities.

Accordingly, an adequate model of employee performance appraisal should consider issues such as: clarity of performance appraisal goals and role, focus on results and behaviors, etc.. Also, Kondrasuk (2011) outlines that ideal performance appraisal systems and processes simultaneously focus on employee results and behaviors to enable the best administrative decisions and to enhance employee performance [19].

Moreover, a study undertaken by the Chartered Institute of Personnel Development (CIPD, 2011) indicates the following key elements of a performance appraisal process :

- 1) *Measurement* – assessing performance according to agreed objectives and assessing employee behaviors and attitudes to their values;
- 2) *Feedback* – informing the employees on their achieved levels of performance, while mentioning the issues which should be enhanced;
- 3) *Positive reinforcement* – giving constructive criticism on what should be improved;
- 4) *Exchange of views* – providing a discussion on work results and how employees should be supported by managers to achieve their aspirations in relation to their future career;
- 5) *Agreement* – achieving a common agreement between managers and employees on what needs to be done to improve and sustain performance.

Furthermore, a model of performance management developed by Armstrong (2009) emphasizes elements of the employee performance process, such as setting objectives, feedback on the achieved performance and learning . We included these elements in the design of the proposed conceptual model of employee performance appraisal.

B. Performance Criteria and Standards

The literature indicates that performance appraisal systems should use key performance standards and indicators directly related to a specific job/position. Further, performance standards and indicators should encompass

information on overall strategic processes in order to achieve the strategic alignment with the major strategic objectives of the company.

Furthermore, Pulakos (2009) emphasizes the role of establishing performance standards adjusted to the organizational context in order to define different expectations according to the specificities of jobs/positions and of company's activities where the appraisal system is implemented.

Our proposed conceptual framework for employee performance appraisal includes three categories of basic performance criteria: procedural and representation criteria and profile criteria – knowledge, skills/abilities and attitudes.

For all three categories, we proposed a set of six basic performance criteria regarding employee behaviors, as follows:

1) **Procedural criteria** – task accomplishment in relation to quality standards; permanent preoccupation for avoiding errors; clear procedures for collaborating with peers in performing work tasks; complying with protocols in performing work tasks; consistency in observing quality specifications; consistency in solving workplace problems;

2) **Representation criteria** – orientation towards positive results; seriousness in accomplishing work tasks; orientation towards quality; effective communication; openness to problem solving; respect in approaching relationships throughout the company.

3) **Profile criteria** – ability to communicate efficiently; capacity to understand work tasks; competence in developing good work relationships; ability to efficiently act in crisis; proficiency in solving organizational problems; attention in carrying out tasks.

IV. A PROPOSED EMPLOYEE RELATIONSHIP CONCEPTUAL FRAMEWORK

A. Key Elements

The performance appraisal process refers to the opportunity to exchange information, where the quality of rater – appraised employee relationships is essential for the efficacy of this process. Moreover, Fletcher (2001) states that performance appraisal processes enable companies to develop a variety of activities that allow the development of employee competencies in a quest to improve relationship.

The proposed performance appraisal conceptual framework is based on recent trends in the specific literature stressing out the importance of organizational context in influencing performance appraisal systems and processes. In addition, the attention on strategic human resources management brings a new perspective, with a

focus on employee performance management and improvement. Thus, we included in the model the company strategy and the purpose of employee performance appraisal process in accordance with Murphy and DeNisi (2008). Also, we included the type of business and the strategic objectives of the company, contextual factors with a strong influence on adopting customized performance criteria and standards, and on the applied appraisal instruments and techniques.

Further, the current research framework includes the key elements of the performance appraisal process developed by CIPD (2011), referring to feedback, positive reinforcement, exchange of perspectives on performance, and agreement on enhancing and fostering employee performance, as described earlier in the paper. Also, we emphasized measurement against agreed objectives using specific appraisal instruments and techniques, as highlighted in the conceptual framework presented below (Figure 1).

Other important added dimensions are feedback on performance and learning, which, according to Armstrong's model (2009), represent important employee performance appraisal process features. Concerning feedback, it should be included in a performance appraisal model as "managers may deliver the feedback formally, as a component of the performance appraisal process".

We propose that developing an employee performance appraisal model that considers customized performance criteria and standards [5] based on strategic objectives is of utmost importance. Further, the model reflects the view that performance criteria emphasizing quality are mostly important in industrial companies for the relevance of individual performance appraisal.

B. The Conceptual Framework Explained

DeNisi and Smith (2014) emphasize that theoretical studies on performance appraisal processes were initially focused on accuracy, but, in the context of performance management in organizations, the current trend is to direct the research towards improving employee performance and

Fig. 1. A conceptual framework of Employee Relationship Management

Another contextual factor in the proposed framework is the purpose of employee performance appraisal, justified by its importance demonstrated in recent studies on the influence of the organizational context factors on performance appraisal processes. Consequently, according to our conceptual framework, the purpose of employee performance appraisal has a significant influence on the use of specific appraisal instruments and techniques.

Also, post-appraisal feedback on work performance ought to be followed by positive reinforcement of positive behaviors and good results. This issue involves a management-employee dialogue on the employee actual performance followed by an agreement aimed at improving employee performance. These further represent a long term contribution to learning with a focus on the behaviors that should be reinforced in order to achieve higher work performance.

V. TESTING THE CONCEPTUAL MODEL

A. Methodology

In order to pretest the proposed employee performance appraisal conceptual framework, in

the three categories of procedural, representative and profile performance criteria we discussed above. All questions begin with “To what extent your company requires”, as the following sample question: “To what extent your company provides you with directions aimed at achieving positive results in performing your work tasks?”

B. Data Analysis

The discussions regarding readability and item content emphasized a common and correct understanding of all presented survey items.

The items afferent to the performance criteria in the proposed conceptual framework were ranked based

On the other hand, there were registered reduced frequencies for the “to a very large extent” answers in respect with:

March and April, 2016, a pilot study was conducted in a Romanian textiles company.

A structured questionnaire based on the three categories of performance criteria in the proposed conceptual framework was administered to a critical cases-convenience type sample. Thus, we included members of the respondent population, 24 employees working in the production department, in discussions regarding readability and item content, and also in answering the survey questions.

The respondent demographics were: 36-50 years old; 19 female (79.2%); 11 respondents with over 5 years of employment with the company (47.8%); 29.2 % hold a Bachelor’s degree, 29.2 % graduated from high school, 41.7% graduated from a vocational school; 60% of respondents were working in the production activities, whereas 40% of respondents were working in the technical quality control area; 83.2 % of respondents were garment workers, 8.4% were technical quality control operators, and 8.4% were machine operating engineers; 23 of the 24 respondents acknowledged the existence of a human resources management department in their company.

The structured questionnaire used a 5-point Likert-type scale ranging from 1 (“to a very little extent”) to 5 (“to a very large extent”) and the 18 questions referred to the three categories of procedural, representative and

on the frequency for the “to a very large extent” answers, presented in Table 1:

It can be noted that the respondents mentioned the following prevalent performance criteria as being required by their company in performing activities:

- 1) *Orientation towards quality – also emphasized in various studies as one of the most important appraisal criteria for employees working in industrial companies [28];*
- 2) *Effective communication;*
- 3) *Respect in approaching relationships throughout the company.*

- 1) *Complying with protocols in performing work tasks;*
- 2) *Consistency in solving workplace problems;*
- 3) *Openness to problem-solving.*

The internal consistency of the items included in the questionnaire was tested with the Cronbach’s alpha coefficient. The registered a value of 0.776 indicates an acceptable internal consistency.

VI. CONCLUSIONS

To conclude, the proposed model highlights the new trends in the field of employee relationshipmanagement,

considering the strategic integration of human resources management, the role of the organizational context factors which influence the employee performance appraisal process, and performance criteria and standards customized in relation to the organizational context the employee performance appraisal is implemented.

As a consequence, the proposed conceptual framework emphasizes the significant importance of a customized employee performance appraisal process in relation to the organizational context and employee job characteristics. Rabenu and Tziner (2015) argue that performance appraisal should be individually customized “to fit both employees’ specific jobs and their individual characteristics”, and to be “appropriate to the constant changes in organizations’ structure”.

In integrating key features reflecting up to the date and relevant research for developing flexible, customized and meaningful employee performance appraisal systems and processes the proposed conceptual framework provides a useful tool for managers and academia alike.

Further, fieldwork will be undertaken, targeting Romanian industrial companies, in order to validate the model and to identify the specifics of how the organizational context influences employee performance appraisal and its impact on increasing work performance.

REFERENCES

- [1] R. D. Stanciu, “Performance management – a strategic tool”, *FAIMA Business & Management Journal*, vol. 3, no. 2, pp. 5-12, 2015.
- [2] M.-H. Budworth, and S. L. Mann, “Performance management: Where do we go from here?”, *Human resources management Review*, vol. 22, no. 2, pp. 81-84, 2011.
- [3] P. E. Levy, and J. R. Williams, “The social context of performance appraisal: a review and framework for the future”, *Journal of Management*, vol. 30, no. 6, pp. 881-905, 2004.
- [4] D. L. Caruth, and J. H. Humphreys, “Performance appraisal: essential characteristics for strategic control”, *Measuring Business Excellence*, vol. 12, no.3, pp. 24-32, 2008.
- [5] E. D. Pulakos, *Performance Management: A New Approach for Driving Business Results*. Hong-Kong: Wiley-Blackwell, 2009.

- [6] E. D. Pulakos, Elaine D.; R. Mueller Hanson, S. Arad, and N. Moyer, "Performance management can be fixed: An on-the-job experiential learning approach for complex behavior change", *Industrial and Organizational Psychology*, vol. 8, no. 1, pp. 51 – 76, 2015.
- [7] P. E. Levy, S. B. Silverman, and C. M. Cavanaugh, "The performance management fix is in: how practice can build on the research", *Industrial and Organizational Psychology*, vol. 8, no.1, pp. 80-85, 2015.
- [8] D. Skinner and R. H. Searle, "Trust in the context of performance appraisal", in *Trust and Human resources management*, R.H. Searle and D. Skinner Ed., Cheltenham: Edward Elgar Publishing Limited, 2011, pp. 177-197.
- [9] S. Pichler, A. Varma, J.S. Michel, P. E. Levy, P. S. Budhwar, S. Pawan and A. Sharma, "Leader-member exchange, group-and individual - level procedural justice and reactions to performance appraisals", *Human resources management*, pp. 1-13, 2015.
- [10] M. Z., Iqbal, S. Akbar, and P. Budhwar, "Effectiveness of performance appraisal: an integrated framework", *International Journal of Management Reviews*, vol. 17, no.4, pp. 510-533, 2015.