

Study on Performance Management System of Private Companies: a Case Study of Endurance Pvt. Ltd. Maharashtra, India

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Abstract—In the present research work, study has been done on performance management system applied in Endurance private limited, Maharashtra in India. In this 60% of the respondents are agree that environment & relationship during review meetings are open & cordial. Besides these 20% are strongly agree with these. 60% of the respondents strongly agree that analysis & review of Performance are significant. Most of the employees are of the opinion that performance management system is stongly needed and it carries a very high impact on performance of the employees. This system should also be continuously reviewed and if there is a need, it should be changed as per the need.

Index terms—Performance, management, efficiency, laziness, relationship

I. INTRODUCTION

ENDURANCE was established in 1985 as Anurang Engineering Co. Pvt. Ltd. to manufacture aluminum die casting products at Aurangabad, Maharashtra (India). The Endurance Group is a global force in Casting, Suspension, Transmission and Braking products with an annual sales of €230 Million (RS. 1265 Crores) from domestic operations and approx. €140 (RS. 770 Crores) Million from overseas operations for the year 2006-2007. More than 3,700 employees work in 19 plants at 5 locations in India and about 625 employees in 5 overseas plants. ENDURANCE comprises of two main business divisions i.e. the Die Casting Division and the Proprietary Component Division. Under the Die Casting Division the main areas of operations are Casting, Painting & Machining which are supported by well-equipped Tool Room facilities. Under the Proprietary Component Division the main areas are Suspension, Transmission and Braking.

ENDURANCE is a name that spells strength and the will to perform. Their Core business is focused on becoming the leading Automobile Manufacturers. Assisted by a strict quality regime, a constant interaction with customers and an eye on emerging needs, they have carved a distinct niche to cater to the world's leading Automotive Manufacturers. On the strength of our experience and the depth of our Technological Expertise, they have now geared up to launch ourselves on the high growth global circuit.

Milestones

1985

- The Endurance journey commenced with a High Pressure Die Casting Plant at Aurangabad, Maharashtra under the name Anurang Engineering

Co. Pvt. Ltd.

1996

- A Shock Absorber Plant was started at Aurangabad, Maharashtra.
- A High Pressure Die Casting Plant and Tool Room was started at Takve, Pune, Maharashtra

1997

- The Production of Front Forks was started at Aurangabad, Maharashtra.

1998

- The Aluminum Die Casting, Shock Absorber and Front Fork Plants were awarded the ISO 9002 Certification.

1999

- The production of Clutch Assemblies & Friction plates were started.

2001

- The Aluminum Die Casting, Shock Absorber & Front Fork Plants were awarded the QS 9000 & ISO 9001 certifications.

2002

- TPM activities were started in the High Pressure Die Casting, Shock Absorber & Front Fork Plants. R&D center for Suspension components was started at Aurangabad, Maharashtra.

2003

- The Machining & Painting of High Pressure Die Casting Components were started at Pune, Maharashtra

2004

- TPM Kickoff in Suspension Plant.
- The production of Disc Brake Assemblies and CVTs were started at Aurangabad, Maharashtra.
- The production of Low Pressure/Gravity Die

Castings were started at Aurangabad, Maharashtra.

- R&D Center for Transmission was started at Aurangabad, Maharashtra.

2005

- A High Pressure Die Casting Plant was started at Manesar, Haryana.
- Clutch Assembly, High Pressure Die Casting & Suspension Plants were started at Pune, Maharashtra.
- Tool Room & Paint Shop activities were started at Aurangabad, Maharashtra.
- TS 16949 certification was awarded to the Endurance Group

2006

- The Machining of High Pressure Die Casting components was started at Aurangabad, Maharashtra.
- The production of Brake Shoe was commenced at Aurangabad, Maharashtra.
- An Alloy Wheel Plant was started at Pune, Maharashtra.
- Endurance Technologies Pvt. Ltd. was formed from the merger of two group companies Anurang Engineering Co. Pvt. Ltd. and Endurance Transmission Systems (India) Pvt. Ltd.
- The acquisition of majority equity stake in a leading Aluminium Pressure Die Casting & Machining Company at Italy (Nuova Renopress SpA, Bologna, Italy).
- Acquired 40% equity stake in Paioli Meccanica S. R. L., Italy.
- Endurance has acquired 100% of the Equity Stake in Amann Druckguss GmbH and Co KG, Germany, an Aluminium Die Casting Manufacturer.

2007

- Three New Plants in Uttarakhand for Proprietary & Casting (N. E. India).
- Casting Plant at Chennai (South India).
- Acquisition of 51% stake in Fondalmec S.p.A. Italy.

2008

- 'Technical Assistance Agreement' with TEKSID ALUMINIUM S.R.L., Italy, for manufacture of 'Aluminium Cylinder Head' castings by Gravity Die Casting process.
- Technical Assistance Agreement' with WP Suspension (subsidiary of KTM).
- Joint venture with Magneti Marelli Holdings S.p.A. for manufacture of four-wheeler suspension products in India

II. LITERATURE REVIEW

The literature review is given in this section just to show the reasons why PMS is needed in any organization. The study by Eleni T. Stavrou, Christakis Charalambous and Stelios Spiliotis [1] utilizes an innovative research methodology (Kohonen's Self-Organizing Maps (SOMs), Neural Network Analysis) to explore the connection between human resource management as a source of competitive advantage and perceived organizational performance in the European Union's private and public sectors. While practices in these two sectors did not differ significantly, three diverse but overlapping HRM models did emerge, each of which involved a different set of EU member states. Training & Development practices were strongly related to performance in all three models and Communication practices in two. These results show the usefulness of an innovative technique when applied to research so far conducted through traditional methodologies, and brings to the surface questions about the universal applicability of the widely accepted relationship between superior HRM and superior business performance. While new to the field of human resource management, this methodological approach has been used successfully across different disciplines and lines of research (Moreno et al., 2006; Deichmann et al., 2003; Veiga et al., 2000; Smith, 1999; Mazanec, 1995). Self-Organizing Maps (SOMs) belong to the broad category of unsupervised neural networks and the basic idea behind them is competitive learning (Kohonen, 1995). This procedure is superior to other methods. Thus it provides a visual representation of the relationships that exist in the original data, while avoiding creating artificial clusters (Deichmann et al., 2003; Mazanec, 1995). SOMs have additional advantages which make them appropriate in the current study. First, they are able to outperform the traditional data reduction and clustering techniques, in both speed and quality of solution (Smith, 1999). Second, they have the capacity to operate on very large samples and need no a priori assumptions about the distribution of the sample (Deboeck and Kohonen, 1998). Using SOMs helps overcome structuring task problems associated with finding the appropriate underlying distribution and the functional form of the underlying data. (Such problems are often encountered, for example, when using cluster analysis.) Finally, SOMs are useful in visually examining the relationship between input data and identifying important patterns and clusters. In the current research, it was the most appropriate tool to examine the relationship between superior- and lower-performing organizations, public and private ones, and the HR-performance relationship in different EU countries. The contribution of this study is twofold: it shows the utility of Kohonen's SOM to HRM research and it advances the extant knowledge and research regarding the HR-performance relationship. First, we have demonstrated how Kohonen maps can aid in understanding the overall pattern of human resource practice in the EU and creating new possibilities of exploration within the field of human resource management. The concept of SOM is one of the most elegant examples of unsupervised learning, where an artificial neural network attempts to extract stable features

or prototypes from a database without an “outside teacher” (Kohonen, 1995). This procedure is superior to other methods, not in only reducing multi-dimensional data through clustering, but also projecting them non-linearly in a two-dimensional map (Vesanto, 1999). Furthermore, it detects clusters existing in the original data while avoiding creating artificial ones, thus providing a true representation of the original data’s characteristics. SOMs may be viewed as a combination of principal components and cluster analyses with both procedures influencing each other in the algorithm (Deichmann et al., 2003). More specifically, SOMs provide an intuitively useful method of visualizing a dataset that is otherwise too amorphous and complex to conceptualize.

The issue of human resource practices has been widely applied to examine the organizational performance for multiple industries. Few researches have realized that the relationships of human resource practices to organizational performance in different culture types support the meaningful information. In the paper by Ya-Fen Tseng and Tzai-Zang Lee [2], an Analytical Hierarchical Process/Data Envelopment Analysis (AHP/DEA) model that helps in investigating the associated importance of human resource practices and organizational performance variables is proposed. This research involving 129 companies in the Taiwanese electronics industry and 112 branches in China are used to demonstrate and compare the impact of human resource practices on organizational performance in each organizational type with the proposed AHP/DEA model. The study contains five human resource practice variables and seven organizational performance variables through Linear Structure Relation (LISREL). The main findings suggest: (1) asking employee to participate company activities, because doing so may greatly consume the employees’ relationships in each organizational type for both the Taiwanese and branches electronics industry; and (2) the importance of employee relations is more significant in stratum and rational culture than in development and common culture regardless of Taiwanese companies or branches in China. The conceptual model used to this research problem contains three components: human resource practices, organizational performance, and organizational category. The independent variable, human resource practices, is described by motivation, participation, training, hiring, and compensation while the dependent variable, organizational performance, is described by turnover, productivity, corporate financial performance, perceived market performance, employee performance, innovation, and employee relations. The variable of organizational category, including development, common, stratum, and rational culture, is designed to be four conditions. This study thus attempts to compare the impact of human resource practices on organizational performance with Taiwanese electronic companies and branches in China according to each culture type. The paper introduces a method used to obtain the sample, data, and measurement and shows the reliability and validity test, demonstrating structural model estimation, and calculating and comparing appropriate decision support of human resource practices and organizational performance in each culture type for Taiwanese electronics industry and branches in China using

Analytical Hierarchical Process (AHP)/Data Envelopment Analysis (DEA). The research data are directly provided from the questionnaire answered by the employees in electronics companies. This study examines the factors of human resource practices and organizational performance, and their impacts on the individual electronics industries using exploratory factor analysis. This study also identifies the importance of organizational performance based on understanding various factors of human resource practices, and reveals the goodness-of-fit in this research model for the Taiwanese electronics industry and the branches in China. Fifty-three percent of respondent intentions regarding human resource practices in relation to organizational performance are explained in this model. Another model explains 68% of variance of human resource practices intention to organizational performance for the branches. These two are very satisfactory results, which are creating a strong positive relationship of supporting and promoting human resource practices impacts on organizational performance via confirmatory factor analysis.

The effective operation and the employment of democratization within the enterprise is one of the current or prospective tendencies in many publicly operated and private enterprises. Employee involvement is the means to examine the operation of democratization in the enterprises, which not only diminishes the obstacle of the operation of the system, but also is the way to collect common consensus and pursue the benefits of most of the people. For the industries which gradually pay attention to additional values, apart from upgrading the service standard and content toward the customers, they should also explore how to establish a complete working surrounding, which is not only considerably valued by the employees, but also the basis of the stability of the enterprise and sustainable operation. In other words, the degree of ‘employee involvement’ affects the achievements of the organization, and it is also the extended demand while the enterprises are pursuing additional values since the employees’ active participation in the process of decision will enhance their centripetal force in the organization as well as upgrade their working satisfaction (Locke & Schweiger, 1979; Miller & Monge, 1986; Schuler, 1980). The research work done by W.-B. Lin [3] explores the cause variables, which affect employee involvement via diverse orientations. It studies the relationship and effect of individual characteristic of personality traits, organizational climate of perspective of Chinese society relationship orientation, and internal marketing upon employee involvement. The research attempted to employ the skill of Fuzzy Neural Network and use Sugeno’s (1985) fuzzy inferential system to proceed with Fuzzy dealing with the collected data and transform the data into the fuzzy value through membership grade and Fuzzy subset. According to the empirical research finding, high-intensity internal marketing generates positive impact upon employee involvement and low-intensity internal marketing results in negative impact upon employee involvement; the effect of sentiment relationship upon employee involvement is prominent and positive; employees with personality traits of internal control reveal higher level of involvement than those with external control. Considerable research has devoted to studying such topics

as designing, managing and optimizing different service delivery systems in hopes of attaining higher service quality and operational efficiency (e.g., Frei et al., 1999; Soteriou and Zenios, 1999). Rachel W.Y. Yee, Andy C.L. Yeung and T.C. Edwin Cheng [4] examined the relationships among employee loyalty, service quality, customer satisfaction, customer loyalty and firm profitability, and the contextual factors influencing these relationships. They developed a research model grounded in the service-profit chain notion of Heskett et al. (1994) and empirically tested the model by conducting a survey of 210 high-contact service shops in Hong Kong. Using structural equation modeling (SEM), it was observed that employee loyalty is significantly related to service quality, which in turn impacts customer satisfaction and customer loyalty, ultimately leading to firm profitability in high-contact service industries. Using multiple-group analysis of SEM, it was found that the effect of employee loyalty on firm profitability through service quality, customer satisfaction and customer loyalty is robust under different scenarios of employee– customer contact level, market competitiveness, and switching cost in the sampled shops. This finding supports the generalizability of the observed relationships in various operating contexts. A number of hypotheses were presented. The structural equation modelling (SEM) was applied to examine the proposed model and multiple-group analysis of SEM to investigate the influence of moderator variables, using Analysis of Moment Structures (AMOS). Similar to relevant studies (e.g., Fynes et al., 2005; Skerlavaj et al., 2007; Singh, 2008; Koufteros et al., 2009), Anderson and Gerbing's (1988) two-step approach was followed to estimate a measurement model prior to the structural model. The results lend strong support for the assertion that employee loyalty is an important determinant of firm profitability. The findings are consistent with the popular S-PC concept that the key driver of firm performance is employee attributes, such as employee loyalty, in service organizations (Heskett et al., 1994).

III. OBJECTIVE OF STUDY

The objective is to determine efficiency of PMS in order to know the perception of management staff towards PMS in organization followed by identification on flaws and suggestions to make it more effective.

- To determine efficiency of PMS.
- To get an insight into perception of mgt. staff regarding PMS.
- To locate the weaknesses of PMS
- To give suggestion in order to make system more effective

IV. RESEARCH METHODOLOGY

It is done by data collections.

The data can be of two types:

- Primary Data
- Secondary Data

Primary Data

Primary data are those data, which is originally collected

afresh.

Secondary Data

Secondary data are those data which are already collected and stored and which has been passed through statistical research. In this project, Both Primary as well as Secondary data has been collected from following sources:-

Primary data is from:

- By filling Questionnaire from employees

Secondary data from:

- Annual report
- Books
- M.I.S
- Other material and report published by company

V. . RESULTS AND DISCUSSIONS

A. Do you relate your contribution to overall organization growth?

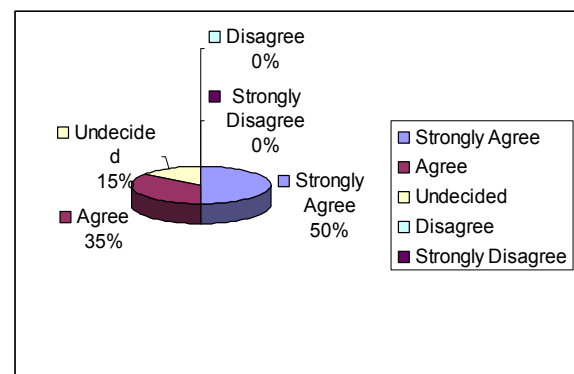


Fig. 4.1

Interpretation:

The study revealed that 50% of the respondents were strongly agreed and 35% were agreed that their contribution relates to overall organization growth. 15% of respondents were unable to decide. No one was disagreed that their contribution does not relate to overall organization growth.

B. Does any HRD System facilitate understanding this linkage?

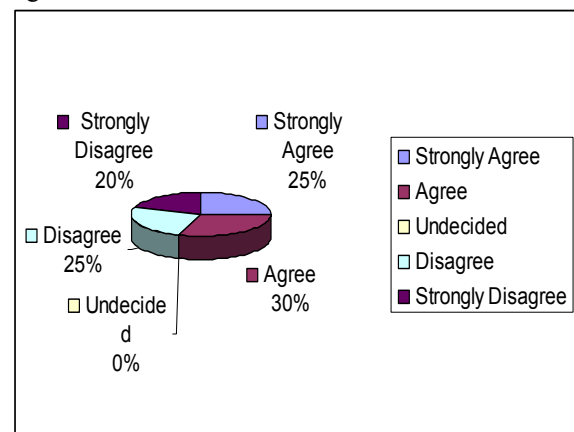


Fig. 4.2

Interpretation:

On asking this whether HRD system facilitate this linkage

55% of respondents were in consensus that system like Training, Performance Appraisal helps them to determine this. 25% respondents were disagreed & 20% were strongly agreed with these.

C. Are you clear about what you are supposed to achieve?

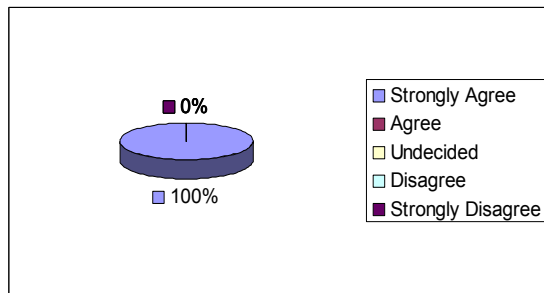


Fig: 4.3

Interpretation:

Study shows that all the respondents were knowing about what they have to achieve. As goal setting sheet is prepared & targets are mentioned for each level. This helps them to determine what they are supposed to achieve.

D. Do you guide your subordinates to decide their Performance targets?

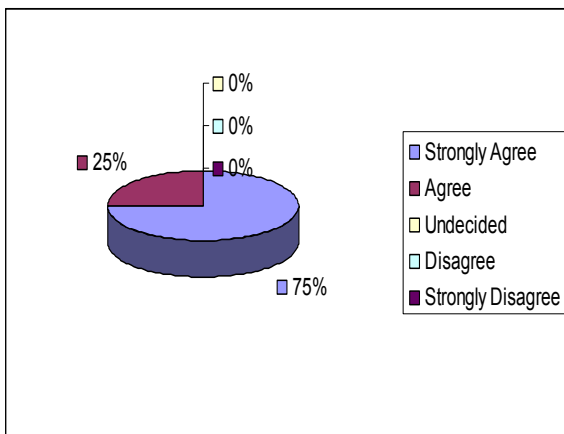


Fig: 4.4

Interpretation:

75% of the respondents were strongly agreed, 25% were agreed that they help their subordinates to decide their performance targets. Expectation in terms of projects, deliverables, outcomes, results and/or tasks are determined.

Performance Analysis & Review

E. Do you find performance analysis & review as significant?

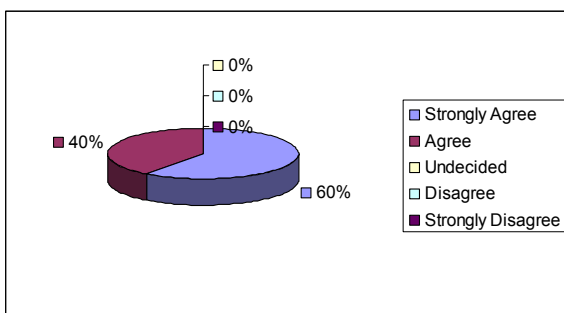


Fig: 4.5

Interpretations:-

60% of the respondents were strongly agreed that analysis & review of performance are significant. 40% of respondents were agreed in analysis & review of Performance. No one was disagreed with this statement.

F. Do you think environment and relationship during review meetings open & cordial?

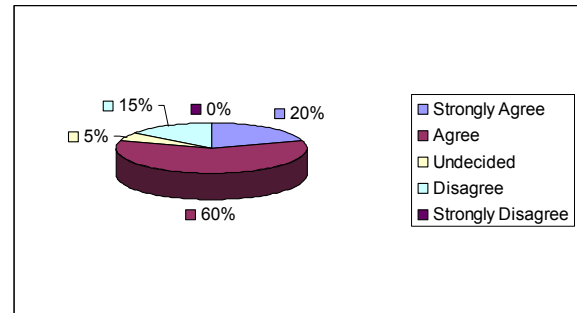


Fig: 4.6

Interpretations:-

In this 60% of the respondents are agreed that environment & relationship during review meetings are open & cordial. Besides these 20% are strongly agreed with these. 15% are disagreed and 5% are undecided.

G. Do you think that meeting serve their purpose?

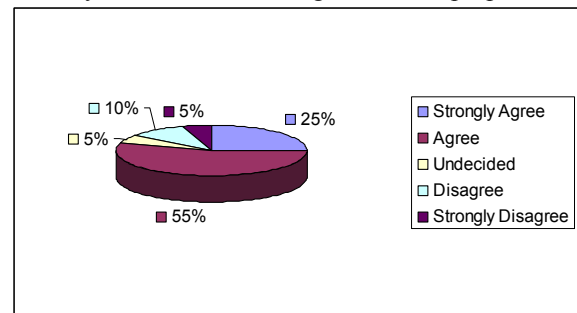


Fig: 4.7

Interpretations:-

55% respondents are agreed that meetings serve their purpose. 25% respondents are strongly agreed and 10% respondents are disagreed, 5% respondents were undecided about this.

Performance Rating

H. Do you find that assigned values in terms of no. to performance are clearly demarcated?

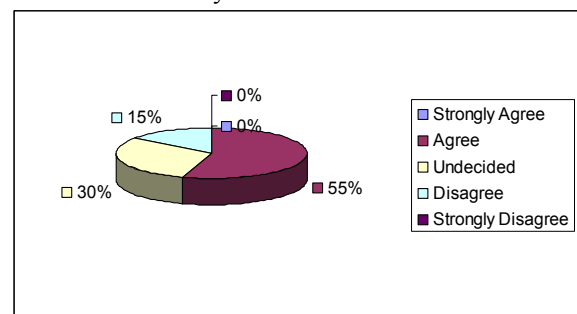


Fig: 4.8

Interpretations:-

55% respondents are agreed with this statement. 30% are undecided and 15% are undecided that assigned values in terms of no. to Performance are clearly demarcated. No one was disagreed with this.

I. Do you think capabilities of your subordinates match with their functions & responsibilities?

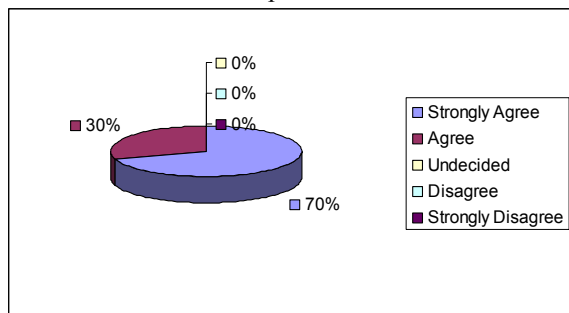


Fig: 4.9

Interpretations:-

70% respondents are strongly agreed with this statement. And 30% respondents are agreed with the above statement. No one was disagreed with this statement.

VI. FINDINGS

- Employees find Performance Analysis & Review significant. It can be made more effective through removal of individual biasness and timely feedback.
- Environment open and conducive for interactions and relationships are cordial.
- Review meetings can be made more effective through frank and open discussions along with embracing a professional approach.
- Supervisors are helping their subordinates to decide their performance targets.
- Proper guiding the subordinates to decide their Performance targets will encourage the employee to work accordingly.
- All the employees must have a clear view about what they have to achieve.

VII. SUGGESTIONS

- Performance targets must be clear , specific interesting, challenging, time bound and linked with value rewards.
- More Employee's Participation.
- MBO as a tool for Performance Management.
- Appraisers must be trained . They should have knowledge about all factors on the basis of which performance is measured.
- Timely, Transparent feedbacks must be ensured.
- Review Meetings must be direct and specific and must encourage the appraisers to talk carefully.
- Employees must be properly and adequately communicated regarding the assigning of values in terms of no. of performance.

- 360 degree feedback: There should be movement from boss assessed feedback to 360 degree feedback involving customers, peers and subordinates.

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