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“ROLE OF HR IN DEVELOPING AN EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM ” WITH SPECIAL REFERENCE TO VENKRAFT PAPER MILLS PVT LTD UNIT-2, AT HOSUR.

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ABSTRACT

This study explores the pivotal role of Human Resources (HR) in developing an effective Performance Management System (PMS) at Venkraft Paper Mills Pvt. Ltd, Unit 2, Hosur. The HR department plays a strategic role in designing, implementing, and refining the PMS to align employee performance with organizational goals. Key HR functions include setting clear performance metrics, facilitating continuous feedback, conducting fair evaluations, and promoting employee development through training and recognition. By fostering a culture of accountability and continuous improvement, HR at Venkraft enhances productivity, employee engagement, and overall organizational efficiency.

Key words: Performance Management System, Human Resources, Employee Development, Performance Evaluation, Organizational Efficiency, Continuous feedback, Employee Engagement, HR Strategies.

INTRODUCTION

Venkraft Paper Mills Pvt. Ltd. is a leading Indian paper manufacturer known for its focus on quality, innovation, and sustainability with modern facilities and a skilled team, the company serves both domestic and international markets. Unit 2 plays a key role in its operations, enhancing its reputation for producing high-quality paper products. Venkraft emphasizes customer satisfaction, environmental responsibility, and continuous innovation, aiming to be a global leader in the paper industry.

RESEARCH BACKGROUND

Performance management is an essential part of Human Resource Management (HRM), and it plays a key role in fostering organizational success by optimizing the productivity and performance of employees. A well-developed performance management system helps to align employee goals with organizational objectives, improves individual performance, and supports career development. As organizations grow and face changing business dynamics, the role of HR in creating and managing a robust performance management system becomes even more significant.

ROLE OF HR IN DEVELOPING AN EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM

At Venkraft Paper Mills Pvt. Ltd., the HR department plays a key role in implementing an effective Performance Management System (PMS). It ensures clear communication of performance goals aligned with company objectives. HR conducts regular feedback sessions and structured reviews to maintain transparency. Managers are trained to evaluate performance fairly and consistently. The system also focuses on employee development and continuous improvement. Technology is used to streamline performance tracking and enhance efficiency. Through these efforts, HR drives productivity, engagement,

IDENTIFIED PROBLEM

Many organizations face challenges in implementing an effective Performance Management System (PMS) due to inconsistent practices, unclear evaluation criteria, lack of continuous feedback, insufficient manager training, and limited integration of employee development and technology. These issues hinder alignment with organizational goals and reduce the effectiveness of performance evaluations, posing a critical challenge for HR professionals.

OBJECTIVES OF THE STUDY

- To identify the key components of a successful PMS.
- To explore the challenges faced by HR in implementing PMS.
- To provide recommendations for improving the effectiveness of PMS.
- To identify best practices for HR in developing, managing, and continuously improving PMS.

REVIEW OF LITERATURE

Kramer & Ulrich (2014) – HR's role in aligning performance with business strategy In their work, Kramer and Ulrich (2014) emphasize HR's role in aligning individual performance with the broader strategic goals of an organization. They argue that HR needs to implement performance management systems that are tailored to the business environment and that foster continuous feedback rather than relying on traditional annual appraisals. The authors contend that HR must lead the development of systems that focus on building a performance culture, focusing not just on evaluation, but also on development and feedback mechanisms.

Aguinis (2013) – Performance Management and Human Resource Systems Aguinis (2013) focuses on the link between performance management and other HR systems such as recruitment, training, and compensation. He explains that performance management is not a standalone system but is interconnected with other HR functions. HR professionals are tasked with creating systems that integrate performance management with organizational objectives and employee development programs. Aguinis highlights the importance of ongoing feedback, objective setting, and performance reviews in maintaining employee engagement and organizational success.

Shields (2015) – HR practices and the effectiveness of performance management systems Shields (2015) presents a comprehensive review of the role of HR in performance management across different industries. He underscores the necessity of strategic HR planning to design systems that are responsive to both external factors (market conditions, economic trends) and internal ones (company culture, leadership styles). Shields stresses that HR must be proactive in providing training for managers and employees on how to use performance management tools effectively and equitably.

Pimplapure (2024): In their study titled "Role of HR in Developing and Implementing Effective Performance Management Systems," the authors emphasize HR's critical function in aligning employee performance with organizational goals. They identify key factors such as suggestions and development, acknowledgment and reward, and sharing expectations for performance as integral to effective performance management. The study employs quantitative methods, including factor analysis, to assess these elements.

Garengo (2021): The paper "Human Resource Management (HRM) in the Performance Measurement and Management (PMM) Domain: A Bibliometric Review" provides a comprehensive literature review on HRM's role in performance measurement and management. The authors conduct a bibliometric analysis of 1,252 articles, identifying prevailing research trends and conceptual structures. They highlight a shift from static to dynamic performance measurement systems, underscoring HR's evolving role in adapting to current and future organizational contexts.

Villegas (2022): In "Defining Performance in HR: A Literature Review Mapping the History and Future Direction of HRD," the authors discuss the evolution of HR from an employer-centered approach to one that places employees at the core of institutional strategies. They identify four recurring themes as critical components of human resource development: technology, systems thinking, employee care, and strategic partnerships. These themes are essential for competitive readiness and effective performance management.

Savitri (2024): The study "Exploring The Role of Human Resources Information System in Employee Performance Management: A Systematic Literature Review" examines the impact of Human Resource Information Systems (HRIS) on managing employee performance. The authors find that implementing HRIS positively affects various aspects of performance management, including performance appraisal, feedback, career development, and employee retention. This underscores the importance of integrating technology into HR practices to enhance performance management systems.

Kumar (2014): In "Human Resource Management Practices Creating High Performance Work Organizations," the author discusses the strategic importance of HRM in organizations of all sizes. The study recognizes the impact of HR practices on overall organizational performance and emphasizes the need for effective performance management systems to achieve organizational success.

Bacal (2013): Bacal (2013) explores the role of HR in designing and implementing performance management systems. The author stresses that HR professionals must ensure the system is fair, transparent, and includes clear communication channels. Furthermore, HR should continuously assess the system's effectiveness and make necessary adjustments based on feedback from both employees and managers.

Torrington, Hall, & Taylor (2014): Torrington (2014) explore how performance management systems influence employee motivation and satisfaction. HR plays a central role in ensuring that the performance management process is seen as a tool for growth and motivation rather than a punitive measure. The authors argue that HR needs to foster an environment where regular feedback, skill development, and career progression are integral to performance management processes.

Pulakos (2004): Pulakos (2004) provides an in-depth examination of the role of HR in developing performance management systems that are effective, fair, and objective. She outlines the critical stages in the development of these systems, such as defining performance criteria, providing training, and incorporating feedback loops. According to Pulakos, HR should emphasize both the developmental and evaluative aspects of performance management to enhance both individual and organizational performance.

Bersin (2013): Bersin (2013) suggested that HR can use technology to enhance PMS by automating performance reviews, tracking goals, and providing real-time feedback. This increases the effectiveness of the system and reduces administrative burden.

Biron, Farago, and O'Neill (2011): Biron, Farago, and O'Neill (2011) argued that HR can enhance PMS by integrating advanced technologies like cloud-based systems and data analytics, providing managers and HR with insights into performance trends and areas for improvement.

Cummings & Worley (2009): Cummings & Worley (2009) emphasize that HR must take a strategic approach when designing a PMS, ensuring that it incorporates both short-term goals (e.g., KPIs) and long-term developmental objectives. HR must also ensure the system's alignment with the organization's mission and vision.

Schraeder, Jordan, and Sohi (2013): Schraeder, Jordan, and Sohi (2013) explore the design and implementation of PMS, stressing that HR needs to ensure the system is flexible, adaptive, and capable of addressing both the developmental and evaluative aspects of performance.

Smither, London, & Reilly (2005): Smither, London, & Reilly (2005) suggest that effective performance management requires that feedback be frequent, focused on development, and linked to actionable goals. HR must ensure that feedback mechanisms are in place, helping employees grow rather than just evaluating them.

Meyer (2004): Meyer (2004) further asserts that HR is critical in ensuring that feedback is provided in a constructive manner, focusing not only on what was done wrong but also on how employees can improve. HR must also facilitate the feedback culture to ensure that both employees and managers engage in open communication.

Sharma A, & O'Kane, P. (2020): Sharma A, & O'Kane, P. (2020) The authors analyze the role of HR in fostering a high-performance culture. They suggest that HR can improve PMS by integrating it with learning and development opportunities.

Boxall P & Purcell J. (2016): Boxall P & Purcell J. (2016) discuss how HRM practices, including PMS, should align with organizational strategy. HR is seen as a strategic partner in designing systems that motivate employees and ensure alignment with the broader goals of the business.

Nankervis, Compton.R.L, & Baird, M (2011): Nankervis, Compton. R.L& Baird, (2011) This book covers a broad range of HR functions, including performance management. It discusses how HR's strategic role in performance management impacts the overall success of the organization.

Torrington & Atkinson (2014): Torrington & Atkinson (2014) provides a comprehensive view of HR practices, including performance management. The authors argue that performance management should be part of an integrated HRM system designed to enhance organizational capability.

Garengo, P., Sardi, A., & Nudurupati S.S. (2021): In their bibliometric review, the authors emphasize HR's critical role in developing effective organizational performance measurement and management systems. They identify prevailing research trends and conceptual structures linking HRM with performance measurement and management.

Rath, A. (2018): Rath's literature review traces the evolution of PMS, emphasizing the shift from traditional performance appraisals to continuous processes that align individual and organizational goals. The study highlights HR's role in ensuring that PMS is integral to daily management practices.

Kumar.P (2014): Kumar examines the impact of HR practices on creating high-performance workplaces. The paper discusses how strategic HR initiatives in performance management contribute to overall organizational success.

Pimplapure, Joshi, Gharpure, Joshi, Patel, & Kulkarni, P. (2024): This study underscores HR's evolving role in performance management, highlighting responsibilities such as long-term planning, employee training, and the adoption of advanced technologies. The authors argue that HR professionals are pivotal in fostering organizational success.

Sardi, A., Sorano, E., Garengo, P., & Ferraris, A (2021): In a bibliometric review, Sardi et al. (2021) analyzed 1,252 articles to explore HR's role in performance measurement and management. The study identifies HR's focus on performance appraisals, strategic alignment, technology integration, and dynamic PMS. It emphasizes HR's role in transitioning to agile systems but notes a gap in integrating HR and performance management comprehensively, urging HR to prioritize holistic system design.

Awan, S. H., Habib, N., & Akhtar, C. S. (2020): Source: Effectiveness of Performance Management System for Employee Performance Through Engagement. This research explores how HR facilitates effective PMS through employee engagement. The study, conducted in Pakistan's banking sector, found that HR practices like goal setting, feedback, and performance-based rewards significantly enhance task and contextual performance when mediated by work engagement. HR's role in fostering a culture of motivation and fairness is critical to PMS success.

Anwar & Abdullah (2021): Anwar and Abdullah suggested that HR aligns PMS with organizational performance, using decentralized practices to enhance competitiveness in dynamic environments.

Seeck & Diehl (2017): Seeck and Diehl traces that HR supports innovation through PMS by integrating work design, performance management, and rewards to foster creativity.

Biswas et al (2017): According to Biswas et al; HR aligns PMS with long-term goals, using KPIs, assessments, and data-driven decisions to monitor and improve performance.

RESEARCH GAP

There is a lack of focused research on HR's strategic role in aligning performance management systems with organizational goals. Most studies emphasize technical tools, ignoring HR's part in fostering engagement, feedback, and development. The impact of HR in adapting PMS to digital and remote work settings also remains underexplored.

RESEARCH METHODOLOGY

This study employs a research-based approach combined with case study analysis to explore the role of HR in developing effective performance management systems (PMS). A comprehensive literature review was conducted to understand strategic HR functions, theoretical frameworks such as goal-setting theory, and best practices in PMS implementation. Primary data was collected using structured questionnaires from 50 respondents at Venkraft Paper Mills Pvt. Ltd. (Unit 2, Hosur). Secondary data was sourced from journals, articles, and company reports. Convenience sampling

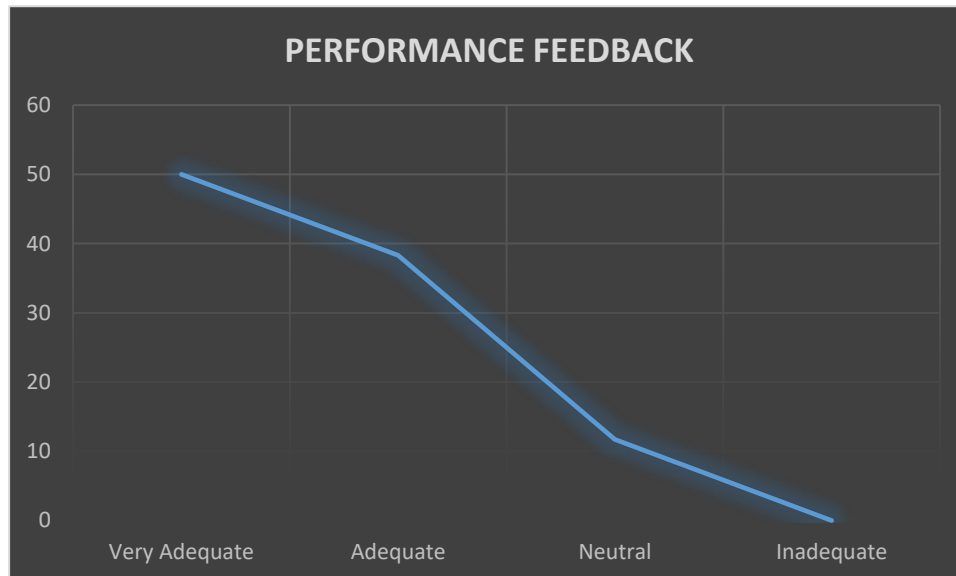
was adopted for respondent selection. Quantitative analysis was carried out using tools such as percentage analysis, ANOVA, chi-square tests, and regression to interpret data. The study aims to provide practical, data-driven insights for HR professionals by examining real-world cases and aligning them with theoretical perspectives.

LIMITATION OF THE STUDY

- Limited managerial support can hinder HR's implementation of PMS.
- Resistance to change from employees affects system adoption.
- Lack of proper technology reduces PMS efficiency and accuracy.
- Inconsistent application of PMS policies leads to fairness issues.
- Insufficient training limits the effectiveness of performance evaluations

DATA ANALYSIS AND INTERPRETATION**Table 1 showing the Adequacy of the Performance Feedback of the respondent**

| PERFORMANCE FEEDBACK | NO OF RESPONDENTS | PERCENTAGE |
|----------------------|-------------------|------------|
| Very Adequate | 30 | 50 |
| Adequate | 23 | 38.3 |
| Neutral | 7 | 11.7 |
| Inadequate | - | - |
| TOTAL | 60 | 100 |

Chart 1 showing the Performance Feedback of the respondents**INTERPRETATION:**

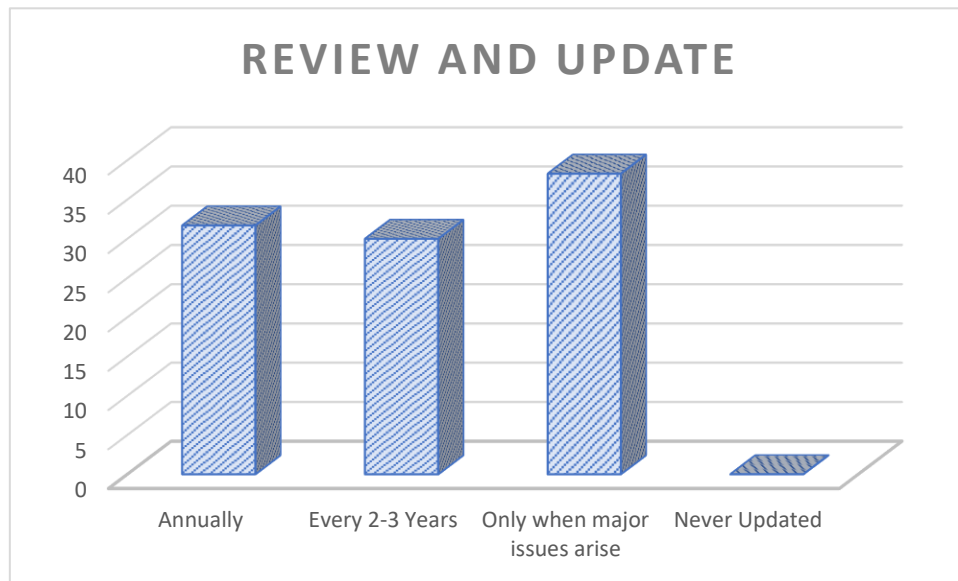
From the above table 1 it shows how the respondents rate the adequacy of the performance feedback provided by the HR and management on their work from which 50% of the respondents agree with the performance feedback, 38.3% of the respondents state that it is moderate, and 11.7% of the respondents state that it is neutral.

Hence, the majority of the respondents believe that the performance feedback is very adequate.

Table 2 showing how frequently HR review and update the PMS**REVIEW AND UPDATE**

| REVIEW AND UPDATE | NO OF RESPONDENTS | PERCENTAGE |
|------------------------------|-------------------|------------|
| Annually | 19 | 31.7 |
| Every 2-3 Years | 18 | 30 |
| Only when major issues arise | 23 | 38.3 |

| | | |
|---------------|----|-----|
| Never Updated | - | - |
| TOTAL | 60 | 100 |



INTERPRETATION:

From the above table 4.1.15 it shows how frequently HR review and update the PMS from which 38.3% of the respondents states that the HR review and update the PMS only when major issues arise, 31.7% of the respondents states that it is annually, and 31% of the respondents state that the HR review and update the PMS every 2-3 years.

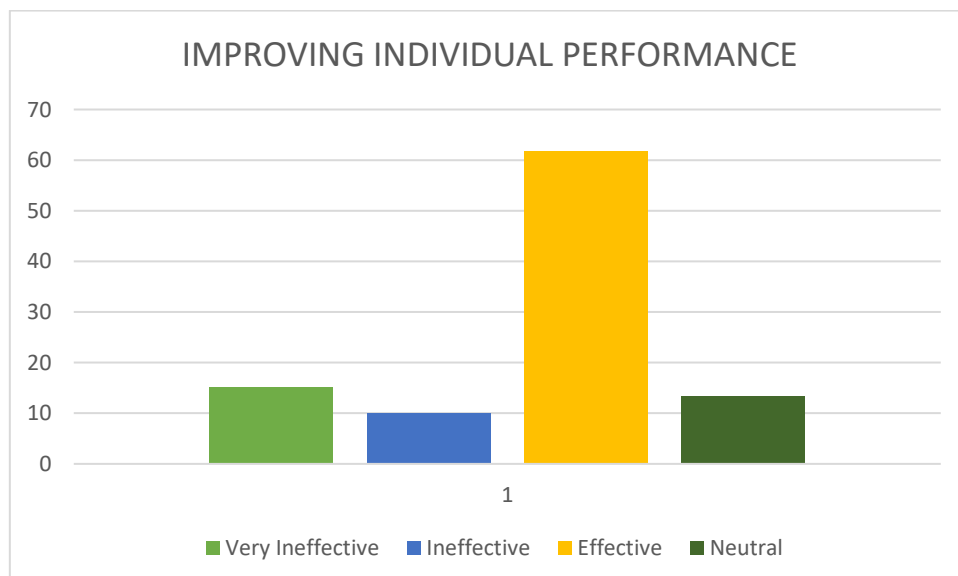
Hence, the majority of the respondents state that the HR review and update the PMS only when major issues arise.

Table 3 showing effectiveness in improving individual performance

IMPROVING INDIVIDUAL PERFORMANCE

| IMPROVING INDIVIDUAL PERFORMANCE | NO OF RESPONDENTS | PERCENTAGE |
|----------------------------------|-------------------|------------|
| Very Ineffective | 9 | 15 |
| Ineffective | 6 | 10 |
| Effective | 37 | 61.7 |
| Neutral | 8 | 13.3 |
| TOTAL | 60 | 100 |

Chart 3 showing Improving Individual Performance



INTERPRETATION:

From the above table 4.1.20 it shows how they rate their current PMS in terms of effectiveness in improving individual performance from which 61.7% of the respondents state that it is Effective, 15% of the respondents state that it is Very Ineffective, 13.3% of the respondents state that it is Neutral, 10% of the respondents state that it is Ineffective.

Hence, the majority of the respondents states Effective on improving the individual performance.

SUMMARY OF FINDINGS

1. A significant majority (72%) of respondents are male, indicating a gender imbalance in the sample.
2. Most respondents (38.3%) identified their role as employees, representing the primary stakeholder group.
3. The dominant age group among respondents is 31–40 years (60%), suggesting mid-career professionals as the main demographic.
4. A majority (65%) have completed undergraduate education, indicating a moderately educated workforce.
5. Nearly half of the respondents (46.7%) report a monthly income between Rs. 21,000 and Rs. 30,000.
6. Most participants (96.7%) are employed full-time, highlighting the relevance of performance systems to stable employment.
7. A large portion (53.3%) have 1–3 years of work experience, suggesting early-career involvement with the performance system.
8. A majority (60%) work in rotational shifts, reflecting operational demands that could affect performance metrics.
9. 38.3% of respondents feel only moderately aligned with operational needs, indicating room for improvement in role clarity.
10. 31.7% agree that performance reviews are conducted continuously, suggesting scope to enhance review frequency.
11. 45% believe HR is only somewhat involved in setting performance expectations, pointing to a need for stronger HR alignment.
12. Nearly half (48.3%) believe HR is completely integrated into performance processes, indicating progress toward strategic HRM.
13. Half of the respondents (50%) find performance feedback to be very adequate, suggesting general satisfaction with feedback mechanisms.
14. 53.3% report that the performance management system (PMS) supports safety and compliance requirements very well.
15. 38.3% state that HR reviews and updates the PMS only when major issues arise, highlighting a reactive approach.
16. A strong majority (93.3%) affirm the existence of a culture of continuous improvement and learning.
17. 55% say HR gathers employee feedback on an annual basis, and 53.3% confirm annual system updates by HR.
18. 76.7% state that the PMS allows them to track their own performance very well, demonstrating strong self-monitoring support.
19. 61.7% believe the PMS is effective in improving individual performance.

SUGGESTION

Providing some monetary or non-monetary benefits will be more helpful in retaining the employees in the organization for longer period.

Conduct more training sessions where the employee relaxation is improved.

The Organization has to concentrate on the welfare measures to the employees to make them feel secure.

The management should provide a better work environment which results in job satisfaction to the employees.

For successful retention, every employee must be given flexible work timings and there should not be excessive

CONCLUSION

At Venkraft Paper Mills Pvt Ltd in Hosur, the HR department plays a pivotal role in designing and implementing an effective Performance Management System (PMS) tailored to the company's manufacturing-driven environment. By aligning employee performance metrics with operational efficiency, quality standards, and organizational objectives, HR ensures that the PMS drives productivity and continuous improvement. Through structured goal-

setting, regular feedback sessions, and competency-based assessments, HR fosters a culture of accountability and skill development. Additionally, by leveraging data analytics to track performance trends and identify training needs, HR enhances workforce capabilities while maintaining fairness and transparency.

DIRECTIONS FOR FUTURE RESEARCH

Future research in the field of Human Resources (HR) should explore how technology can be strategically leveraged to improve performance tracking and feedback mechanisms. Emphasis should be placed on HR's evolving role in transitioning from traditional annual performance reviews to more dynamic and continuous performance management systems. Additionally, the application of data analytics presents a promising avenue for HR to not only predict employee performance trends but also to implement targeted strategies for enhancement. Investigating the effectiveness of current HR policies in establishing unbiased and inclusive appraisal systems is also essential, particularly in fostering equity and transparency. Research should further examine how HR can develop flexible performance management systems tailored to the needs and expectations of a multi-generational workforce. Lastly, integrating mental health and employee well-being into performance metrics represents a critical area for HR to ensure holistic employee development and sustainable organizational success.

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