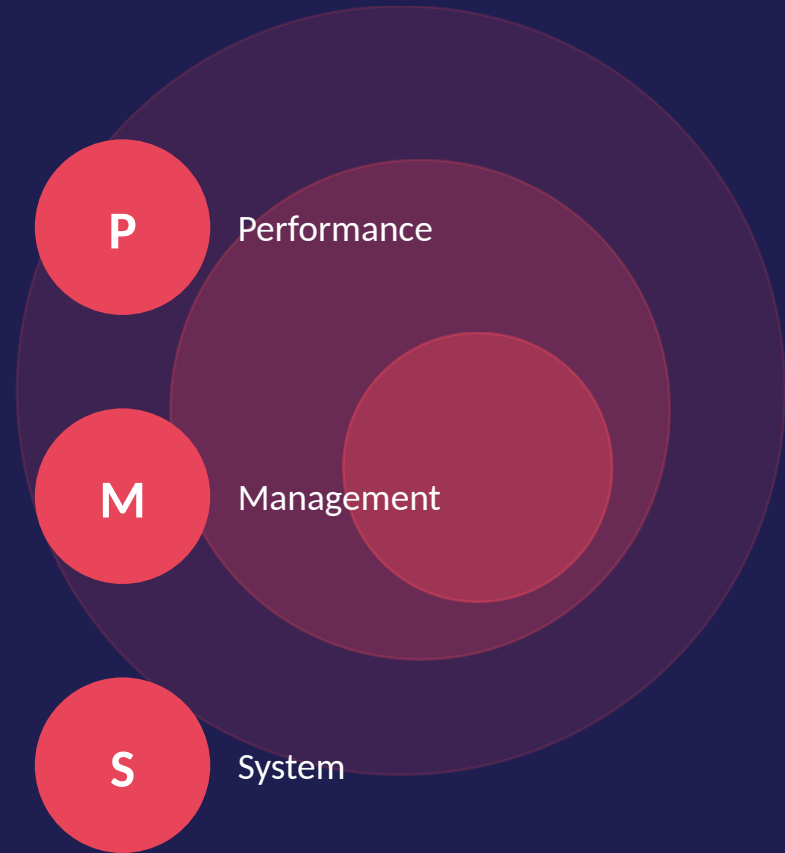


Performance Management System

PMS

Measure · Evaluate · Improve · Develop

BBA Management



Meaning of Performance Management System

What is PMS?

Performance Management System (PMS) is a systematic process used by organisations to measure, evaluate, and improve employee performance to achieve organisational goals.

It is a continuous cycle — not a one-time annual review — designed to keep employees aligned, motivated and growing within the organisation.

Core focus:

Continuous Improvement

Employee Development

What PMS Does

01

Measures Performance

Tracks how well employees meet targets, KPIs and role expectations

02

Evaluates Progress

Assesses growth, skill development and contribution to team goals

03

Provides Feedback

Delivers structured, constructive feedback to guide improvement

04

Drives Development

Identifies training needs and creates pathways for career growth

Objectives of PMS

What PMS is designed to achieve for the organisation and its people.

01

Improve Employee Performance

Set clear targets and regularly review progress to keep employees performing at their best consistently

02

Align Employee & Organisational Goals

Ensure every individual's work directly contributes to the broader vision and strategic direction of the organisation

03

Identify Strengths & Weaknesses

Pinpoint areas of excellence and gaps that need development through structured, evidence-based evaluation

04

Enhance Productivity

Remove barriers to performance, clarify priorities and create conditions where employees can do their best work

05

Support Employee Development

Build career pathways, skill development plans and growth opportunities that retain top talent long-term

Importance of PMS

Why every modern organisation needs a well-structured Performance Management System.

01

Increases Employee Motivation

Recognition, clear goals and regular feedback make employees feel valued — directly boosting engagement and drive

02

Improves Communication

Structured check-ins create open dialogue between managers and employees, reducing misunderstandings and conflict

03

Supports Better Decision-Making

Performance data guides decisions on promotions, pay, training and team restructuring with objectivity and fairness

04

Enhances Organisational Efficiency

Aligned, well-managed employees waste less time and deliver higher-quality outputs — improving overall productivity

05

Encourages Accountability

Clear expectations and documented evaluations make employees accountable for their results and professional growth

Components of PMS

The five pillars that must work together for effective performance management.

01

Goal Setting

Define clear, measurable SMART goals that align individual targets with the broader organisational strategy and vision.

02

Performance Planning

Create structured development plans with timelines, resources and milestones that guide employees toward peak performance.

03

Continuous Feedback

Deliver regular, constructive feedback in real-time — not just at annual reviews — to keep employees on track consistently.

04

Performance Appraisal

Conduct formal structured evaluations using standardised methods to assess results, behaviours and overall contribution objectively.

05

Employee Development

Invest in training, mentoring and career planning to build capability, retain talent and prepare employees for future roles.

Together

These five components create a complete, integrated system that drives consistent high performance across the organisation.

Performance Appraisal Methods

Different methods are selected based on the organisation's structure, culture and objectives.

1

Traditional Appraisal

— *Top-Down Review*

Manager evaluates employee performance using ratings, observation and documented evidence over a defined period.

2

360-Degree Feedback

— *Multi-Source Review*

Feedback collected from peers, subordinates, managers and customers for a comprehensive, well-rounded perspective.

3

Self-Assessment

— *Employee-Led Review*

Employees evaluate their own performance, encouraging self-reflection, ownership and honest dialogue with managers.

4

Management by Objectives (MBO)

— *Goal-Based Review*

Performance measured against pre-agreed SMART objectives — focusing on outcomes rather than activities or behaviours.

5

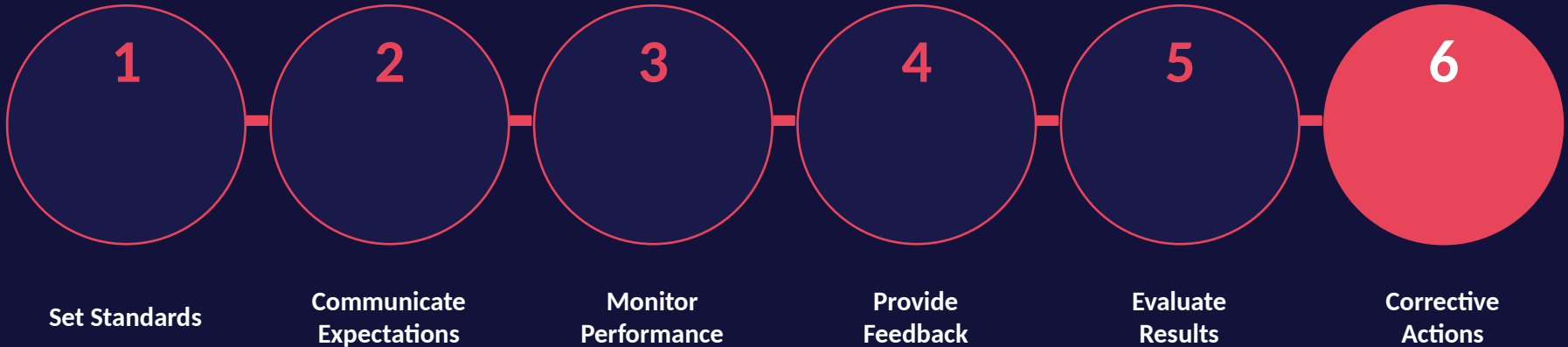
Rating Scales

— *Structured Scoring*

Employees scored against defined criteria using numerical or descriptive scales for standardised, comparable results.

The PMS Process

A six-step continuous cycle that drives ongoing performance improvement across the organisation.



Define clear, measurable standards that reflect role expectations and organisational targets.	Ensure every employee fully understands what is expected of them in measurable terms.	Track performance continuously using KPIs, check-ins and observable behavioural evidence.	Provide timely, specific and constructive feedback — both positive reinforcement and correction.	Conduct formal evaluations against pre-set standards with documented, evidence-based findings.	Address performance gaps through coaching, training, reallocation or structured improvement plans.
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Benefits of PMS

01

Better Employee Performance

Consistent goal-setting, feedback and development plans directly raise the quality and quantity of individual output

02

Increased Job Satisfaction

Employees who receive recognition, fair evaluation and growth opportunities are more engaged and satisfied at work

03

Improved Teamwork

Aligned goals and shared expectations encourage collaboration, trust and collective accountability across teams

04

Identifies Training Needs

Performance data reveals skill gaps, enabling targeted learning investments that maximise return on training budgets

05

Career Growth Opportunities

Structured development plans give employees a clear roadmap for advancement — motivating long-term loyalty and ambition

Challenges in PMS

Obstacles organisations must overcome to implement PMS effectively.

CHALLENGE

Bias in Evaluation

Lack of Proper Feedback

Employee Resistance

Poor Communication

Inconsistent Standards

HOW TO OVERCOME

Use standardised rubrics, multiple evaluators and blind assessment methods to reduce subjective bias

Train managers in structured feedback techniques and make regular check-ins a mandatory process

Communicate the benefits clearly, involve employees in goal-setting and create a psychologically safe culture

Establish clear channels for two-way dialogue and document all performance conversations formally

Standardise evaluation criteria organisation-wide and calibrate ratings regularly across departments

Conclusion

1

Essential for Organisational Success

PMS is the foundation of employee efficiency and organisational achievement — linking individual performance directly to business strategy.

2

Motivates, Improves & Develops

A well-designed PMS motivates employees through clarity, recognises achievement fairly and creates clear pathways for continuous development.

3

Creates a Goal-Oriented Workplace

Effective performance management builds a positive, high-performance culture where accountability, growth and excellence become the norm.

A strong PMS is not just a tool — it is a culture of continuous growth.

