

Monitoring Employee Performance: A Study of a Leading Indian Pharmaceutical Company

Author:

*Gaikwad Shrikant Rajendra*¹ & Dr. Kamble V.V.¹*

1. Sakeshwar Gramin Vikas Seva Sanstha's Adsul Technical Campus, Ahmednagar.

Email- shrikantgaikwad354@gmail.com

Abstract

Employee performance management is a critical process in ensuring organizational effectiveness and competitiveness. In the contemporary corporate environment, performance is not merely assessed by results but also by the behaviors, competencies, and values employees demonstrate in achieving them. This study focuses on evaluating the employee performance management system—referred to as the “Performance Review and Individual Development Evaluation (PRIDE)” —adopted by a leading Indian pharmaceutical company. The objective was to analyze employees’ perception and satisfaction levels toward the performance appraisal process, identify areas for improvement, and assess its role in employee development. Using a descriptive and exploratory research design, data were collected from 40 employees across the Human Resource, Finance, and IT departments through structured questionnaires. The study revealed that 77% of employees expressed satisfaction with the current performance management system, while 23% indicated dissatisfaction, highlighting communication gaps, lack of transparency, and inconsistent feedback. Recommendations include strengthening employee-supervisor dialogue, ensuring fair assessment, and aligning appraisal outcomes with career growth and rewards.

Keywords: Performance appraisal, Employee satisfaction, HR development, Performance management system, Pharmaceutical industry

Introduction

Performance management is a strategic and integrated process that aligns individual objectives with organizational goals, facilitating improved employee performance and development. In a highly competitive business environment, organizations increasingly depend on effective human resource practices to drive productivity, innovation, and long-term sustainability. The traditional performance evaluation focused solely on quantitative achievements. However, modern systems emphasize both “what” is achieved and “how” it is achieved—placing value on teamwork, ethical conduct, adaptability, and learning. This shift reflects a broader recognition that employees are key assets whose engagement and satisfaction directly impact organizational success. This study investigates how effectively the current performance management system operates within a leading Indian pharmaceutical company, exploring employees’ perceptions, satisfaction levels, and areas for improvement.

Literature Review

The concept of performance appraisal has evolved from simple judgmental assessments to comprehensive systems integrating feedback, coaching, and development planning. Scholars define performance appraisal as the systematic evaluation of individual performance and potential for future growth. Its primary purposes include improving employee performance, providing data for HR decisions, and identifying training needs. Early appraisal models emphasized control and accountability, while contemporary approaches focus on empowerment and dialogue. Modern systems such as 360-degree feedback, Management by Objectives (MBO), and competency-based evaluation stress collaboration between supervisors and subordinates. Research indicates that an effective appraisal system contributes to higher motivation, goal alignment, and retention. Conversely, a lack of fairness or transparency can lead to dissatisfaction, disengagement, and turnover. For performance systems to succeed, they must incorporate clear communication, measurable objectives, regular feedback, and opportunities for employee development. In the context of the Indian pharmaceutical industry—characterized by rapid globalization, competition, and innovation—performance management systems are essential in nurturing skill development and maintaining a high-performing workforce.

Research Objectives and Scope

Objectives

1. To explore and understand the pattern of the performance appraisal system in a leading Indian pharmaceutical company.
2. To analyze employees' perception of the performance appraisal process.
3. To evaluate employee satisfaction with the current performance management system.

Scope

The study focused on three departments—Human Resource, Finance, and Information Technology—covering lower and middle management levels. It analyzed how employees perceive fairness, feedback, and developmental outcomes associated with the existing appraisal system.

Research Methodology

Type of Research

The research was **exploratory and descriptive**, aiming to gain insights into employee perceptions and satisfaction with the performance management system.

Data Sources

- **Primary Data:** Collected through structured questionnaires administered to employees.
- **Secondary Data:** Collected from company documents, journals, and online sources about performance management practices.

Research Approach

A **survey method** was adopted. Personal interviews supplemented questionnaire responses for deeper insights.

Sampling Design

Population: Employees from HR, Finance, and IT departments.

Sampling Technique: Simple Random Sampling.

Sample Size: 40 respondents.

Time Frame: Two months (June–August 2024).

Data Analysis Techniques

Rating scale for satisfaction levels.

Tabular and graphical presentation for interpretation.

Cross-tabulation to identify relationships between variables.

Pearson correlation to test hypotheses.

Results and Discussion

Overall Employee Satisfaction

Out of 40 respondents, 77% expressed satisfaction with the performance management system, 5% were dissatisfied, and 18% felt improvement was needed. This suggests a generally positive perception, though certain issues remain.

Satisfaction Level	No. of Respondents	Percentage
Highly Satisfied	19	47.5%
Satisfied (Needs Improvement)	19	47.5%
Not Satisfied	2	5%

Feedback Mechanism

77% of employees reported receiving adequate and useful feedback after performance reviews, while 23% did not. This indicates that although feedback practices exist, consistency must improve.

Fairness and Transparency

70% believed the assessment process was fair and unbiased; however, 30% perceived bias. Lack of transparency and unclear communication between appraiser and appraisee were key concerns.

Effectiveness of Key Performance Areas (KPA's)

90% of respondents agreed that Key Performance Areas set during appraisals were realistic and achievable, demonstrating clear goal alignment. However, a few felt that performance targets lacked flexibility in accommodating changing work conditions.

Hypothesis Result

The Pearson correlation test between supervisor ownership of the appraisal process and employees' ability to discuss progress openly yielded a weak correlation (-0.047). This suggests that excessive managerial control may hinder open communication, reinforcing the need for participative evaluation.

Interpretation

Overall, employees recognized the appraisal system as beneficial in guiding their work and motivating higher performance. However, challenges remain in maintaining fairness, communication clarity, and follow-up actions after reviews.

Findings, Suggestions, and Conclusion

Findings

1. The overall response to the performance management system is positive, with only a minority expressing dissatisfaction.
2. The main issue identified is limited openness in discussing progress and feedback.
3. 30% of employees perceive bias during evaluation, indicating the need for transparent assessment criteria.
4. Around 40% of respondents suggested improvements in appraisal methods and communication.
5. Employees appreciate the realistic and achievable nature of Key Performance Areas but desire stronger linkage between performance and rewards.

Suggestions

1. Conduct performance evaluations at regular intervals (every 3–4 months).
2. Ensure that incentives and rewards are directly proportional to quantifiable performance measures.
3. Facilitate open dialogue between appraisers and appraisees to translate identified needs into actionable development plans.
4. Communicate any changes in performance expectations or objectives clearly to all employees.
5. Minimize bias by introducing multiple evaluators or peer review components.
6. Increase transparency and provide employees with access to appraisal criteria and results.

Conclusion

The study concludes that the existing performance management system is effective but requires refinements to enhance fairness, communication, and transparency. Employees largely recognize the system's value in guiding performance and career development, though a structured feedback mechanism and stronger performance-reward linkage could significantly improve satisfaction and productivity. By adopting these recommendations, organizations can strengthen employee trust, motivation, and commitment—key factors for long-term success in the competitive pharmaceutical sector.

References

- Company HR records and policy documents (internal sources)
- Management textbooks on HR performance appraisal
- Online resources related to performance management and employee development