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Performance Management Systems in Manufacturing Industries: Foundations for Productivity, Engagement, Strategic Alignment and Resilience: A Literature Review

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Abstract:

Performance Management Systems (PMS) are essential for enhancing productivity, employee engagement, commitment, motivation and the overall success of organizations. An effective PMS aligns employee performance with organizational objectives, such as skill enhancement, teamwork and adaptability. A robust performance management system plays a critical role in enhancing a company's adaptability and long-term success and organizational resilience. In dynamic and uncertain business environments, performance management should go beyond traditional metrics and control mechanisms to become a strategic enabler of resilience. By setting clear goals, aligning individual and organizational priorities, providing timely feedback and recognizing performance, organizations foster agility, accountability and capability. This study examines the significance of role clarity, leadership, organizational culture and employee motivation in refining performance management practices. Furthermore, technology and data analytics have emerged as critical components in modern PMS, offering real-time insights and facilitating informed decision-making. Despite widespread recognition of the value of performance evaluations, discrepancies persist between intended goals and actual implementation. Research highlights those inconsistencies in appraisal practices. A successful PMS is one that is adaptable, inclusive and transparent. Openness, diversity and inclusion are the culture of values. Organization should have transparent culture where employee feels involved, motivated and committed. Involvement is directly proportional to commitment and as such a committed employee is the real resource of an Organization and can overcome any challenges in the interest of the Organization. The integration of SMART goals strengthens the ability to adapt and thrive amid turbulence. To maintain competitive advantage, organizations must evolve their performance management frameworks to dynamically connect business strategy with individual contributions, supporting real-time responsiveness and strategic decision-making in uncertain

environments. There are indications that some organizations have implemented an ERP system in order to keep it up with competitors. Effectiveness of a Firm is affected by various dimensions of PMS such as performance- based appraisal system, organization vision & mission. In that way, the entire organization will move in a single direction. When the goals are clear, the targets are clear, the employee will perform better & the Management also get better output from the employee in terms of better quality, better productivity. When the Company will grow, the employees will also grow. All Organizations should Manage performance & maximize results in this way and should have the urge to take the organization to its next level. Future research could explore the long-term impact of PMS on employee behavior and organizational sustainability.

Keywords: Performance Management System **(PMS),** Performance Appraisal **(PA),** Organizational effectiveness, Employee Performance, Engagement, feedback

Introduction:

Performance Management is a fundamental HR function that enhances organizational performance by fostering the development of individuals and teams. Research indicates that traditional performance management methods encounter issues such as subjectivity, discontinuity and inefficient data utilization. Performance management systems commence with setting goals and objectives. To address the limitations of conventional Performance Management systems, an increasing number of organizations are now incorporating analytics into this function. This study conducts an in-depth analysis to investigate the work in this field.

Data has been gathered from various databases and research papers to thoroughly examine the Performance Management process within Manufacturing Industries. Employee engagement and productivity are two factors that can impact the organizational, personal, economic and social growth of a country and require close examination.

Over time, there has been a shift from traditional performance appraisal (PA) systems to more comprehensive PMS frameworks, as organizations understand that long-term success relies on effective Performance Management rather than outdated appraisal models. A motivated workforce reduces turnover rates and boosts productivity. HR department plays an important role in designing and implementing performance appraisal systems. It is to be understood that Performance appraisal is a

part of much bigger Performance Management system. The HR team acts as a mediator between the functional heads or the Reporting/ Reviewing/ Supervising officers and the employee. Many times it happens that employees are not satisfied with the traditional performance appraisal process, which was previously considered to be a closed type of system. It is evident from diverse studies that there is a gap in effective evaluation, feedback mechanisms and training programs. This study aims to identify the shortcomings and propose suitable strategies to bridge these gaps. Majority of current PMS is not sufficiently aligned with the specific needs of employees or the strategic goals of the organizations.

Major aspects of PMS: As per **Murugaganesh, R. & Pavithra, D. (2024),** we must take into account the following performance management components as essential to increasing performance management's efficacy:

- Creation of a structure and Organizational policy for efficient Performance Management.
- Learning about and comprehending each employee's work responsibilities.
- Recognizing the connection between the objectives of the company and the work that people do.
- Defining the different metrics for performance measurement.
- Keeping a daily check on the performance of the staff.
- Assessing the performance of employees.
- Minimizing or eliminating everything that interferes with or stops effective performance.
- Cooperation between managers and employees to enhance output.

Objectives of a Performance Management System: The following are the objectives of a successful PMS.

- **Enhancing Productivity**: A primary aim is to boost the productivity of both

individuals and the organization as a whole.

- **Establishing performance goals**: PM assists in setting clear and measurable objectives for individuals, teams and organizations.

- **Assessing performance**: Performance management entails evaluating the performance of individuals, teams and organizations by use of appropriate performance metrics and indicators.

- **Delivering feedback**: PM offers clear and targeted feedback to individuals and teams. By providing constructive feedback, PM enables individuals and teams to grow and improve their performance.

- **Performance development**: PM also involves managing the development of individual and team performance. This includes creating a development plan that identifies training, education or other opportunities to help individuals reach their full potential.

- **Decision making**: PM supplies the data and information necessary for informed decision-making. Management can make decisions regarding promotions, rewards, career development or structural changes that are required to enhance the organization's overall performance.

Setting **SMART goals** is an effective method in performance management to ensure goals are Specific, measurable, achievable, relevant and time-constrained.

Manufacturing Industries in particular emphasize on different appraisal system/process. The existing Performance management systems in the manufacturing sector often fail to meet industry standards and employee expectations. The lack of integration between Performance management and employee development initiatives further exacerbates issues of motivation and retention. Every Organization should consider above aspects during implementation of either new PMS or during modification of existing PMS. Employee engagement is also a

crucial factor in organizational success, directly affecting productivity and performance outcomes. Engaged employees are committed to organizational goals and actively contribute to business growth. Through implementation of various types of on-the Job & off-the Job Training programmes, underperforming employees can be developed and improved a lot. Performance Management also helps improve the Company's work system and culture of the organization. PMS also assists in decision-making regarding Incentives, Compensation, Training, Promotion and workforce planning. Emerging PMS models, such as the Balanced Scorecard and Management by Objectives (MBO) address the shortcomings of traditional performance evaluation approaches. PM is also important in terms of Company administration which involves various interrelated aspects. It also enhances the capacity of commitment of an employee.

Rationale of the Study:

Keeping in view the prior Research conducted by various Researchers, an attempt has been made to study the implementation of PMS in manufacturing Industries and the awareness of employees regarding the PMS and its role for obtaining organizational effectiveness. It is a rising need to examine how Manufacturing Industries enhance employee productivity and engagement through optimized Performance Management System. Manufacturing industries face unique challenges, such as managing a diverse workforce, maintaining high levels of efficiency and ensuring quality control to gain Profits by producing a variety of finished goods.

A well-designed and effectively implemented PMS can help address these challenges by aligning individual performance with Organizational goals, providing continuous feedback, identifying skill gaps, Competency mapping and encouraging professional development. However, many Industries struggle with outdated or inefficient Performance Management System that fails to engage employees or drive productivity. Furthermore, this study is also aiming to explore the influence of PMS in employee retention since the rising attrition rate is posing a serious problem for any Organization. If employees are committed, they never quit an Organization and always offer their best and engage themselves in decision making Process.

Objectives of the study:

The main objectives of this **Literature Review** are as follows:-

1) To evaluate the current Performance Management systems present in Manufacturing Industries and identify their strengths and weaknesses by examining different Research Articles.
2) To examine the relationship between Performance Management systems and employee productivity in the Manufacturing Industries.
3) To analyze the impact of Performance Management systems on employee engagement, Productivity and job satisfaction in Manufacturing Industries.
4) To identify effective strategies for Performance Management systems that can enhance both productivity and engagement among employees.
5) To explore the role of employee participation in the development of Performance Management systems and its effect on the alignment of individual and Organizational goals.

Problem statement: Performance Management systems presently implemented within manufacturing industries frequently fall short of meeting both industry benchmarks and the expectations of employees. There exists a deficiency in effective assessment; feedback processes and need based training programs that could enhance workforce productivity. The rising rate of employee turnover and the challenge of retaining talent are significant concerns today. This study seeks to pinpoint these deficiencies and suggest appropriate strategies to address them. Present Performance Management systems might not be adequately tailored to the specific requirements of employees or the strategic objectives of organizations, leading to ambiguous expectations and insufficient feedback processes. Furthermore, the disconnect between Performance Management and employee development efforts worsens issues related to motivation and retention.**Literature Review:** A literature review serves as a detailed summary and evaluation of prior research on a particular subject, offering an overview of existing knowledge, identifying research gaps and emphasizing key findings. In this study, an extensive review of existing literature was undertaken to explore Performance Management Systems (PMS) and measurement practices within the manufacturing industry. Numerous studies have been carried out globally, focusing on identifying the critical factors that influence employee performance in this sector. A well-conducted literature review delivers meaningful insights into specific research areas, ensuring a comprehensive integration of

prior knowledge (Mishra et al., 2023). By analyzing earlier research, such reviews help make findings more accessible to policymakers and contribute to a deeper understanding of essential themes.

This study is framed by the following research questions:

Q1) : What are the primary antecedents contributing to PMS effectiveness in the manufacturing sector and its relation to employee productivity and engagement levels?

Q2): What are the future research implications regarding the **Performance Management Systems in Manufacturing Industries** and its relation to employee productivity and engagement levels?

The selected studies utilized both quantitative and qualitative approaches to examine the effects of PMS on employee motivation, providing a complete perspective on the challenges and benefits of its implementation. By comparing these varied approaches, this review offers a holistic view of PMS impacts within different operational contexts, highlighting the role of PMS in fostering productivity and employee engagement.

Literature Review Summary: This research conducts a literature review of 50 recent academic journals published from 2016 to 2025 (March 2025). The chosen articles concentrate on the effectiveness and application of Performance Management Systems (PMS) across different manufacturing industries. Analyzing specific selected articles from the total reviewed provides valuable insights into various researchers' findings on the significance of Performance Management Systems in the Manufacturing Industry as follows: These studies enhance the understanding of the subject and showcase diverse academic viewpoints.

Author	**Research Methodology**	**Research Findings**
Sahu, N.R., Jena, K.L., & Parida (2016)	Survey-based research.	Performance appraisal is used for both administrative and developmental purposes; Employees prefer more focus on development. Shift appraisal focus towards developmental use to increase employee engagement.
Nagendra, A., Panicker, N., Johnson, S., &	Empirical study.	Performance appraisal motivates employees and provides job satisfaction; helps improve organizational output. Properly conducted

Adahalli, S. (2019)		appraisals can lead to improved motivation and performance.
Cosa, M. & Torelli, R. (2024)	Analytical research on digital PMS implementation.	Digital PMS increases institutional flexibility; digital technology should be integral to PMS.
Manimalathi, P. (2025)	Conceptual analysis on employee engagement.	Engaged employees are key to organizational development and goal achievement. Promoting engagement boosts performance and aligns employees with goals.
Deanne N.D.H., Paul, B., & Jaap, P. (2024)	Behavioral study on management practices.	The behavior of a Manager affects employee perception. Training and accountability for line managers are critical for PMS success.
Hamidi, A.B. (2023)	Theoretical exploration and practical observation.	Performance appraisal is essential to HR optimization; feedback and communication enhance performance.
Ghosh & Biswas (2020)	Conceptual evaluation and synthesis.	Evaluated global empowerment practices from a conceptual perspective.
Harefa et al. (2024)	Comparative review of PMS studies using qualitative-quantitative approach.	Identified differences across studies in PMS implementation and outcomes. Offers a broad understanding of PMS practices and their varied effectiveness.
Kurnia & Hendriani (2023)	Literature-driven mapping.	Mapped various dimensions of employee engagement. (e.g., emotional, cognitive, behavioral).
Novita et al.	Causal-comparative	Identified mediation effects in employee

(2024)	design with Structural Equation Modeling (SEM)	behavior and outcomes related to PMS.
Chithra & Pillai (2024)	Bibliometric analysis.	Mapped keyword co-occurrence, trends in HR analytics research and author collaborations.
Gusti et al. (2024)	Quantitative survey.	AI improves employee engagement and productivity; engagement mediates AI effect.
Zaato (2025)	Comparative case study.	Effective PMS requires structural reforms.
Yusriani et al. (2023)	Literature review & Focus Group Discussions.	Reviewed key concepts in Performance measurement across Sectors.
Eyo-Udo et al. (2025)	Literature review.	Shift from annual reviews to real-time, tech-driven feedback. Need for continuous, agile PMS.
Mohanty & Nandanawar (2024)	Case study.	Engagement significantly impacts productivity.
Rahmita et al. (2025)	Systematic literature review.	Identified key PMS elements like feedback, fairness, alignment.
Bae (2006)	Literature review.	Emphasized importance of defining, evaluating and feedback in PMS.
Lewandowski & Cirella (2023)	Qualitative study.	PMS influences strategy via trust and knowledge sharing.

Nduati & Wanyoike (2022)	Desk review.	Role clarity and performance reviews improve effectiveness.
Nagendra et al. (2019)	Survey and analysis.	Majority satisfied with appraisal systems but expect improvements. Indicates importance of transparency and feedback. Page…**5**
Bajaj K. K.(2023)	Empirical Research.	Analysis confirmed the association between PMS and Organizational effectiveness, PA Vs PMS. More development Orientation of PMS is required.
Ishrat. A(2023)	Literature review.	PMS in Indian organization can be optimized through continuous improvement.
Vijaykumar.T.,Rao.V and Khare.V(2023)	Survey analysis, Empirical Research.	PMS is more successful in enhancing employee performance.
Jha. S.(2021)	Empirical Study.	Great majority of PMS components are favorably & essentially related to business performance.
Awan et al.	Quantitative survey.	PMS has a positive impact on employee engagement and performance, particularly through regular feedback and goal alignment.
Sahu, Jena & Parida (2016)	Empirical field.	PMS found useful for organizational development and employee career planning. Need for participatory and transparent PMS. PMS must be strategically integrated

		with performance-based rewards.
de Araújo et al. (2024)	Literature review.	6(Six) dimensions identified for PMS evaluation: Reaction, Learning, Transfer, Operational Results, Financial Results and Societal Impact. Encourages balanced assessment including both subjective (employee-based) and objective (organizational) metrics.
Pankaj Kumar (2019)	Quantitative study using surveys.	There is significant positive relationship between PMS practices (goal setting, performance appraisal, rewards and communication of vision) and organizational effectiveness.
V. Antony Joe Raja & R. Anbu Ranjith Kumar (2016)	Descriptive research.	Effective appraisal influences motivation and job satisfaction. Role of timely and fair appraisals in improving employee performance and satisfaction. Regular reviews of appraisal systems.
Kumar, G. S., Reddy, T. N., & Prashanath, J. (2019)	Literature Review.	The PMS is not only limited to the evaluation of the performance of an Organization, instead, it also involves the practices, Policies and the common design features that incorporate employee Performance. To bring out effectiveness in PMS, primary conditions favoring an effective and complete utilization of the PMS has to be established. The main objectives of such a system should be facilitating the enterprises with IT tools for

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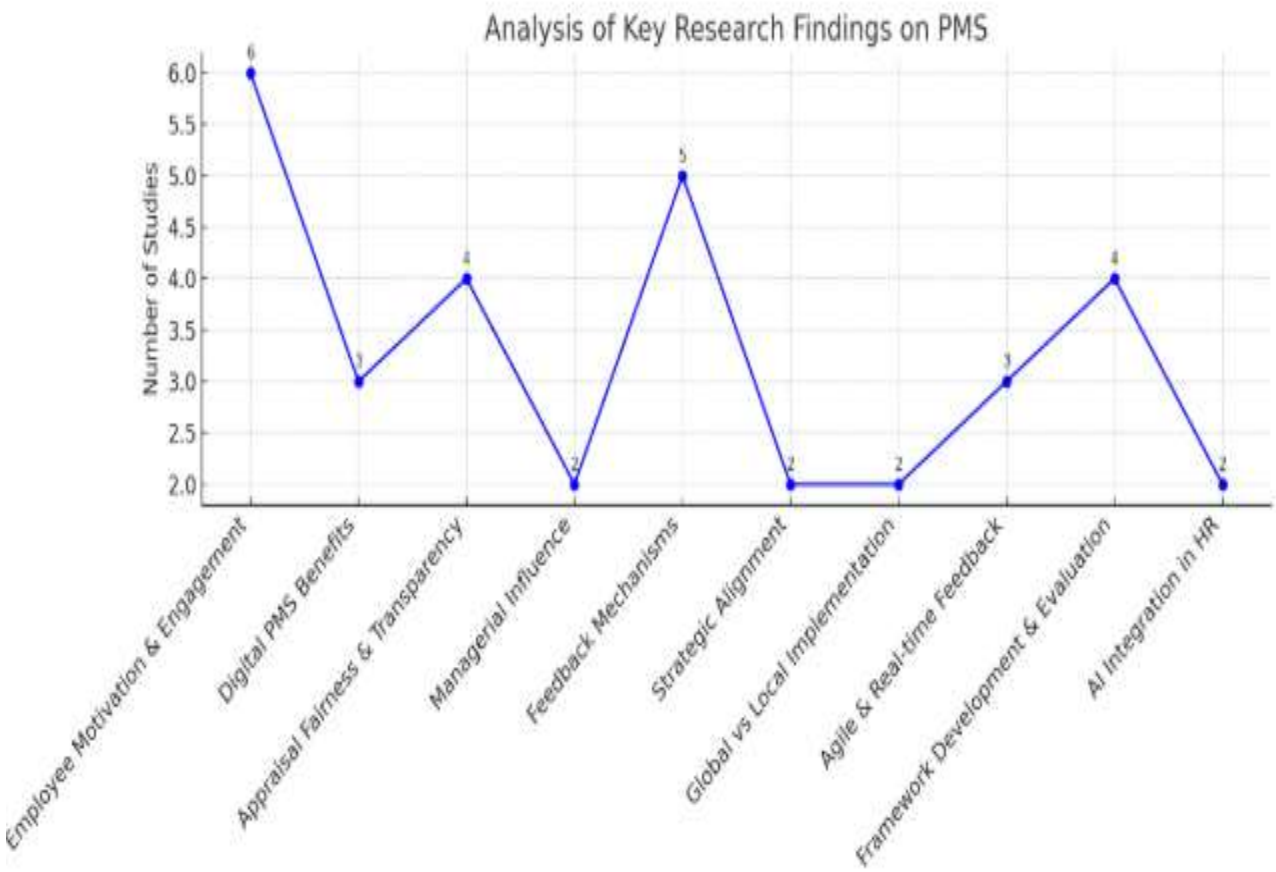
		the extraction, collection and elaboration of the data that characterizes one's business.

A Summary of Literature Reviews is being presented as a line diagram in the following manner:

Table..1 : Analysis of Key research findings on PMS.



From above, it reveals that Motivation & Engagement has become a key focus area increasingly recognized as critical to Performance Management systems because of its direct influence on employee productivity, organizational alignment, retention and morale. Research specifies that engaged employees are more likely to achieve objectives, accept feedback and aid in organizational growth. Studies suggest incorporating engagement strategies into PMS for continued success. Additionally, Feedback Mechanisms remain a dependable element in PMS research. Scholars give emphasis to the importance of continuous feedback over annual reviews, fair two-way communication and development

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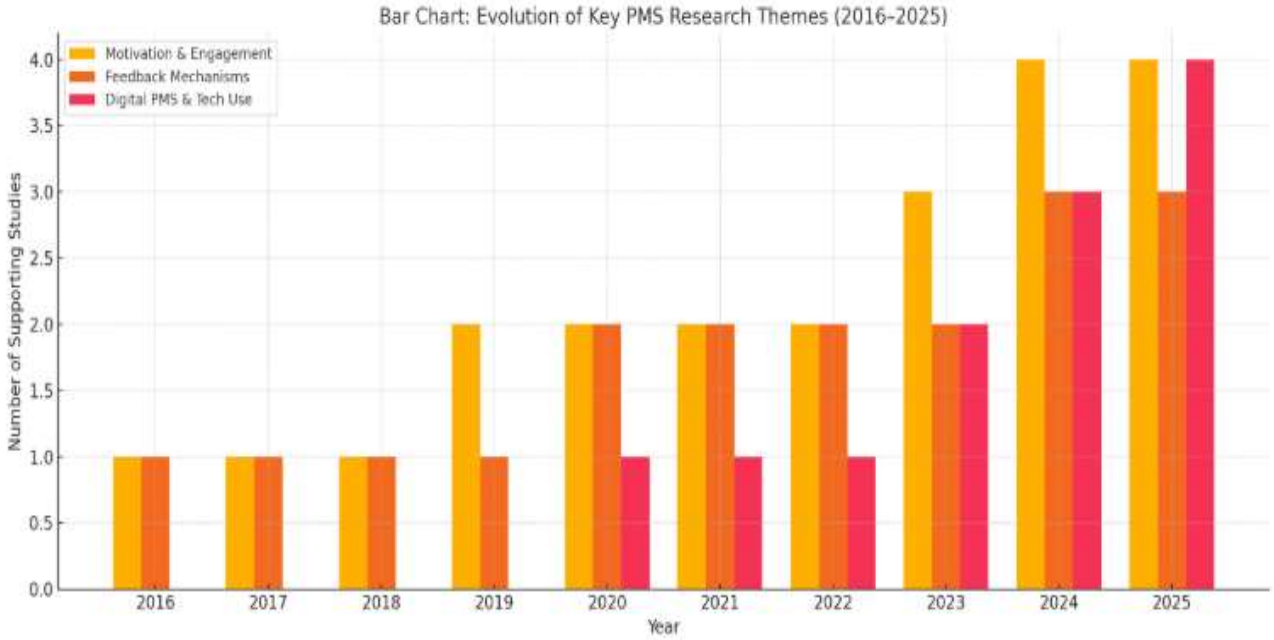
oriented discussions. This tendency signifies a shift from traditional evaluations to more dynamic and participatory methods. Organizations are encouraged to train managers in effective communication and feedback delivery. Finally, Digital PMS & Tech. Enabled Solutions is an emerging priority, reflecting a growing interest in the use of **AI** and analytics in **PMS**, real-time data collection and mobile and cloud based systems. Research underscores the advantages of agility, transparency and efficiency offered by digital systems. However, there remains a lack of empirical research on digital literacy barriers, implementation challenges and sector-specific technology adoption. Managerial influence, strategic alignment and global versus local implementations are less represented, suggesting some gaps on emerging research areas that require further examination.

PMS Research themes from 2016 to 2025 is being analyzed in the form of a bar diagram comparing the **three key themes** (Motivation and engagement, Feedback Mechanisms & Digital PMS & Tech.use) in PMS research as follows:



Bar Chart Insights:

The research trend reveals a major focus on motivation and engagement, especially after **2023**, highlighting a growing interest in employee centric performance strategies. Feedback Mechanisms have maintained a steady presence, underscoring their continuing importance in Performance Management Systems (PMS). Additionally, there is a significant rise in the adoption of Digital PMS and Technological Integration post **2022**, indicating a significant shift towards technology enabled Performance Management frameworks.

From the literature review, after an extensive examination of Performance Management Systems (PMS) across diverse industries, the methodological frameworks has enlightened key themes like employee engagement, feedback processes, fairness and the incorporation of digital tools. Both empirical and theoretical studies consistently highlight the developmental benefits of PMS in boosting motivation, productivity and alignment with Company objectives. However, there are frequent gaps, such as limited generalizability due to Industry specific studies, a lack of uniform evaluation metrics and insufficient experiential corroboration of theoretical models.

The influence of digital transformation and agile feedback systems is notably increasing, although practical frameworks are still underdeveloped. Overall, the findings emphasize the necessity for integrated, strategic and technology-enabled PMS models that are supported by continuous feedback, empirical corroboration and broader applicability across various Firms. Future Research should aim to develop standardized evaluation metrics to facilitate more comparative analysis between Firms. Longitudinal studies exploring the long-term effects of PMS on organizational performance and employee development could offer valuable insights into the sustainability of these systems. It demonstrates increasing focus on **developmental use, tech integration, empirical validation** and **employee engagement**, reflecting a shift from traditional closed type of appraisal systems to more strategic, digital and people centered PMS frameworks.

Data collection:

This study adopts a literature review approach, examining 100 recent peer-reviewed journal articles published between 2016 and 2025(upto March). As the research is grounded in secondary data, it draws exclusively from existing scholarly sources. The review of relevant literature offers critical insights into the performance and impact of Performance Management Systems (PMS) within the manufacturing sector, pinpointing success factors, research gaps and strategic recommendations to boost employee productivity and engagement. The selected studies span diverse geographic regions and organizational settings, providing a robust foundation for analysis. These articles primarily focus on the design, implementation and effectiveness of PMS across various industries. To ensure broad and credible coverage, sources were drawn from well regarded platforms such as SAGE Open, Google Scholar, ResearchGate and other academic journals, all addressing how PMS influences productivity, adaptability and employee engagement. The literature includes both

quantitative and qualitative research, allowing for a comprehensive perspective on PMS outcomes across different operational environments.

Research Methodology:

The methodology adopted for this study involves a systematic approach to integrate best practices from manufacturing Industries, how PMS has been implemented in these Firms as well as s**trategies for enhancing Employee Productivity and Engagement:** The methodology employed in this research article has been to review and analyze previous research works in this area. A systematic review of the literature was conducted, focusing on to evaluate the effectiveness of PMS in an Organization. The search was performed by examining the title, abstract and keywords, using the following expressions: "performance management", "performance appraisal", "performance evaluation" combined with the word "effectiveness", **Employee Productivity and Engagement.**

Results and Discussion:

The scholarly output on the topic of Performance Management system in Manufacturing Industries indicates that PMS is vital to any organization to sustain efficiency & productivity. Harefa, T., Santoso, R. A., & Fuadah, L. L. (2024) conducted a comparative review of scholarly PMS studies using a qualitative and quantitative approach. The Performance Management System (PMS) plays a crucial role in enhancing employee productivity and aligning individual goals with organizational objectives. When PMS is tailored to address specific industry requirements and integrated with employee engagement strategies, it positively impacts productivity, satisfaction and organizational performance. Key elements such as regular feedback, adaptability and clear performance metrics are instrumental in achieving a successful PMS that promotes a performance driven culture. Kurnia, D., & Hendriani, S. (2023) offered a literature driven mapping of employee engagement dimensions. Employee Engagement involves the attachment and involvement of employees with work and the organization where they work. Engaged employees are likely to be more productive, happier and tend to stay with the company for ever.

The selected Literature reviews featured a variety of methodological approaches, including quantitative surveys and statistical modeling (e.g., PLS-SEM), as well as qualitative case studies and secondary data synthesis. The interdisciplinary nature of the review also facilitated the identification of conceptual gaps, particularly in integrating HR analytics into traditional PMS, as highlighted by bibliometric techniques.

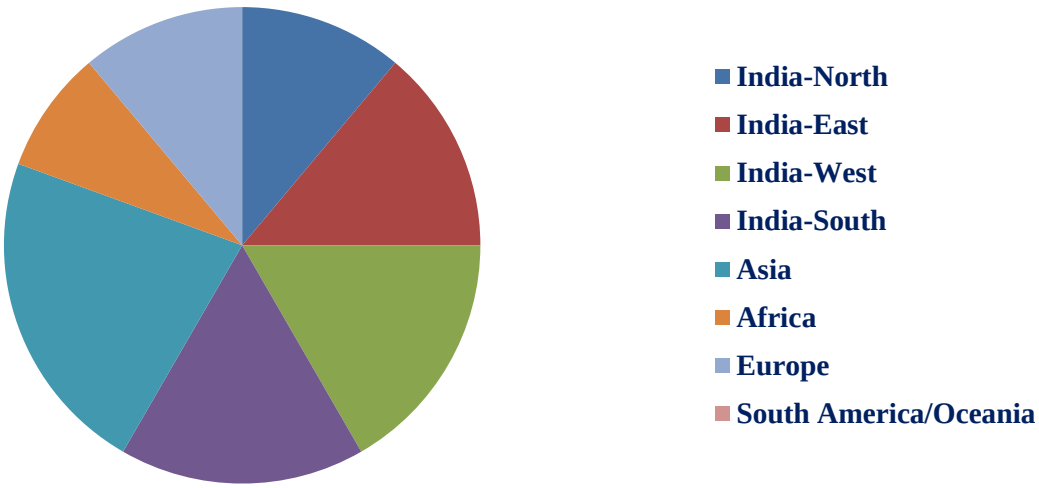
In summary, this section consolidates diverse empirical and theoretical approaches from the reviewed literature, providing a structured foundation for advancing future research and practices in optimizing employee performance.

Results:

The primary aim of this study is to systematically identify research outcomes and evaluate existing knowledge to distinguish what is well comprehended and where gaps persist. Furthermore, this approach aids in identifying inconsistencies in previous studies, offering a clearer insight into the topic. As this study relies on a literature review, the data mainly comprises of secondary sources.

The study reviews 100 research articles from various regions around the world, as illustrated in Figure 2. The methodologies used across these studies vary and include quantitative, qualitative, mixed-method approaches as well as conceptual and case study designs. The research spans multiple continents, including India, Asia, Europe, the Americas, Argentina and Africa. Findings from the literature reveal that many manufacturing organizations lack a structured and transparent Performance Management System (PMS), which often leads to employee dissatisfaction and reduced engagement. To address these challenges, the adoption of standardized evaluation models and real-time feedback mechanisms is recommended. The review also emphasizes the importance of ongoing training and skill development programs in enhancing employee productivity. To keep workforce capabilities aligned with industry needs, organizations should promote continuous learning opportunities. Additionally, the literature points out that subjective evaluation can undermine employee motivation. To ensure greater fairness and reliability in performance appraisals, data-driven methods and multi-source feedback systems should be integrated into PMS practices.

Figure ...2 : Number of Literature referred



Sahu, R. N., Jena, L. K., & Parida, S. C. (2016) emphasized that an effective PMS is one of the solutions to motivate workforce. From the responses of the respondents it transpires that the proposed performance appraisal system would yield the desired results if properly implemented. In manufacturing industries, employer uses performance appraisal ratings for both administrative and developmental purpose. Further, as per this study, respondents have desired that the appraisal rating needs to be used more for developmental purposes and not only for Increment & promotion purpose. The results reveal a generally positive perception of the Performance Management System (PMS) among executives in Indian manufacturing public sector units, particularly in its alignment with organizational goals and structure. Most respondents appreciated the system's transparency, time-bound implementation and integration with online tools. However, significant concerns were noted regarding performance related pay, biased evaluations, favoritism due to personal relationships. While PMS was acknowledged for aiding career development and training, gaps remain in mentoring and effective communication. The findings highlight the need for better appraisal authenticity, enhanced fairness and stronger linkage between rewards and performance to improve overall PMS effectiveness. Overall, while PMS is **viewed as a strategic tool**, suggesting a need for P**olicy modification, communication improvement** and **bias mitigation** mechanisms**.**

According to Nagendra, A., Panicker, N., Johnson, S., & Adahalli, S. (2019), the rating scale emerges as the most commonly employed method for performance appraisal, accounting for

61%, with 360-degree feedback following at 23%. A notable 88% of participants experience salary increases after appraisals, underscoring its administrative significance. Furthermore, 69% perceive appraisals as a source of constructive feedback, while 17% strongly agree and 39% moderately agree that it enhances employee performance. However, 35% remain neutral, indicating varied perceptions. In terms of organizational impact, 63% believe appraisals elevate output beyond average levels, whereas only 11% consider its effect to be low or very low. Overall, appraisals are regarded as valuable but with varying degrees of impact, suggesting opportunities for improving clarity and developmental focus. Most employees feel that performance appraisals do motivate them which contribute to job satisfaction and aids in boosting the organization's overall output. The researchers suggest that some drawbacks need to be eliminated in the current appraisal system like; impartiality of the Top Management can minimize the conflicts arising after performance appraisal. The top management should implement techniques like 360 degree feedback**,** Management by Objectives (**MBO**) so that the appraisal is done in a holistic way. In conclusion, a fair and comprehensive performance appraisal system can effectively motivate employees and enhance their job satisfaction.

Hamidi, A. B. (2023), provides a foundational understanding of the conceptual links between performance appraisal and job satisfaction. To successfully maximize the potential of the human resources, organizations must evaluate employees' performance in an open type of system. Approximately 80–90% of firms in the United States and the United Kingdom use performance appraisals, making it a most commonly used practice. Feedback, selection, communication, frequent analysis and performance review are important steps in the evaluation process. Employees' feedback boosts learning, enhances performance and maximizes retention and helps change their behavior. Meanwhile, empirical studies by Dharani, P., & Fonceca, C. M. (2025) and Ponnuraj (2025) heavily rely on descriptive research design as well as statistical tools like F –Test, Correlation Test to prove the relationship between effective PMS & Employee productivity & engagement. The results shows that Organizations can augment productivity, boost job satisfaction and keep a competitive edge in the market by concentrating on the aspects of employee engagement first. Notably, the integration of technology, particularly artificial intelligence is gaining momentum with Ranganath, I. V. S., Rao, N. V. J., & Niharika, A. (2023) introducing an AI-enabled engagement framework that enhances personalization and predictive insights in

employee management. This study provides empirical evidence of the significant impact of **AI**-enabled employee engagement frameworks on productivity and retention within the manufacturing industries.

Cosa, M., & Torelli, R. (2024), offer a meta-perspective, highlighting the need for adaptive, flexible Performance Measurement Systems in the context of digital transformation. Organizations should view digital technologies as integral rather than supplementary components of performance measurement frameworks. By embedding these technologies directly into PMS strategies, organizations can adopt a more dynamic approach to Performance measurement. Collectively, these methodologies reflect an evolving research landscape that balances theoretical depth with practical application, emphasizing the necessity of dynamic, data-driven strategies to enhance workforce engagement and organizational performance in a rapidly changing work environment. Employee engagement has become a crucial area of focus in organizational behavior and human resource management with researchers exploring its antecedents, components and impact on productivity across various industries and contexts.

The reviewed literature provides a comprehensive understanding of employee engagement, highlighting both theoretical constructs and practical implications. In the study "Enhancing Employee Engagement in the Bag Manufacturing Industry: A Deep Dive into the Impact of Operational Technology Application" by Perera, C., & Manjaree, H. M. S. (2023), the authors use an integrative literature review approach to examine the impact of operational technology on employee engagement. The study underscores the role of technological applications, such as automation, training and user-centered system design in fostering engagement dimensions like energy, dedication and absorption. It is evident that there exists a positive relationship between employee engagement and technology application. The impact of technology application on employee engagement is indeed positive. This interplay between technology and employee engagement offers valuable insights for enhancing workplace dynamics and productivity. The review concludes that technology, when combined with adequate user involvement and training can positively influence employee morale and productivity.

In the analysis of Nandanawar, N., & Mohanty, V. (2024), a case study on an analysis of employee engagement on productivity in Manufacturing Organization provides a more empirical viewpoint. By using primary data gathered through structured questionnaires and analyzed with SPSS, the study identifies strong positive correlations between employee

engagement and factors like leadership style, training, workplace flexibility and compensation. The findings of this study reinforce the idea that engaged employees are more productive and aligned with organizational objectives. The study uses ANOVA & Correlation analysis, which proves that leadership and career development significantly impact productivity. High levels of employee engagement will lead to improved self-esteem, commitment & involvement towards job and thus creating a motivated workforce, that will work together to achieve the goals of the organization. Thus, engagement is a state where an individual is not only intellectually committed but has great emotional attachment with his/her job that goes above and beyond the call of duty so as to further the interest of the company. The organizations should not only provide their employees with great infrastructure and other facilities but also freedom to make their work exciting and also need to provide them an environment wherein they can say good-bye to a monotonous work. Organization should focus on employee retention as an outcome of three HR focus areas such as employee motivation, career growth & remuneration and compensation. Thus, working in a safe and cooperative environment adds to the engagement level of an employee. It is imperative that Organizations should place high priority on employee engagement and regularly monitor their progress. In addition, organizations must undertake regular surveys to better understand the degree of job engagement among their workers and the amount of happiness they have on their workplace.

Gusti, M. A., Satrianto, A., Candrianto, Juniardi, E., & Fitra, H. (2024) investigated the impact of artificial intelligence (AI) on employee engagement and productivity. Their research indicates that AI positively affects both engagement and productivity with engagement mediating the effect of **AI** on performance outcomes. Zaato, J. J. (2025) conducted a comparative study of Performance Management agencies in Ghana and Nigeria which reveals that institutional inefficiencies, weak accountability structures and political interference impede the full realization of PMS benefits in the public sector. Performance measurement creates a risk-averse work environment.

Yusriani et al. (2023) conducted an extensive review of the literature on performance measurement, pinpointing significant gaps and suggesting a research agenda that incorporates the changing dynamics of business, technological progress and sustainability within PMS frameworks. The literature underscores the necessity for organizational leaders and managers to acknowledge the pivotal role of performance measurement in deriving positive outcomes. When organizations implement employee-centric performance management practices

inspired by entrepreneurial characteristics and value autonomy, they cultivate a supportive and adaptable work environment, ultimately enhancing both individual and organizational performance.

Eyo-Udo, N. L., Apeh, C. E., Bristol-Alagbariya, B., Udeh, C. A., & Ewim, C. P.M. (2025) examined contemporary HR strategies in Performance Management, promoting continuous feedback and the application of analytics and employee development as essential for aligning performance systems with organizational agility. The modern workforce is characterized by diversity in terms of demographics, skill sets and expectations. Employees today seek more than just monetary compensation and they value meaningful work, career development, work-life balance and a positive workplace culture. A significant challenge in Performance Management is tailoring approaches to meet these diverse expectations ensuring that employee feel valued and engaged in their roles. One-size-fits-all performance management strategies are no longer effective. Organizations must adopt flexible and inclusive practices that recognize and appreciate the unique strengths and needs of individual employees. Modern performance management places a strong emphasis on employee development as a key component of organizational success. Beyond merely evaluating past performance, organizations are investing in strategies to foster the growth and skill development of their workforce. Employee development is no longer a separate process but an integral part of Performance Management system. Modern Performance Management practices encourage managers to understand the unique motivators and drivers for each employee and tailoring engagement strategies accordingly. The study of Lewandowski, R. A., & Cirella, G. T. (2023) highlights how Performance Management Systems (PMS) impact strategy development by influencing trust between Managers and employees. Trust plays a key role in knowledge sharing and strategy formulation. Relational trust fosters genuine knowledge sharing, which supports strategy development, while calculative trust motivates strategy implementation. However, frequent changes in PMS parameters can destabilize trust leading to conflicts and reluctance to adapt strategies. The research emphasizes that maintaining a balance between both types of trust is crucial for effective strategy development and implementation especially in dynamic organizational environments.

It transpires from the study of Manimalathi, P. (2025) that an engaged employee is considered as the base of the organizational development. Such kinds of employees carry the organization in positive direction. They not only perform their work but also play an important role in achieving the organizational goals and objectives. Engaged employees want

to use their talent and strength at work place every day. They perform with passion, drive innovation and move their organization forward through their performance. In the present study, **5**(five) factors were identified as the determinants of employee engagement. The Five factors are Career enhancement, Organizational culture, Transformational leadership, Engagement practices and Work life balance. Due to its importance in ensuring an organization's success, performance appraisal continues to be a topic of interest for both the organizations and the researches. Feedback, selection, communication, frequent analysis and performance review are important steps in the evaluation process. Employees' feedback boosts learning, enhances performance and maximizes retention and helps change the behavior.

The study by Kumar, P. (2019) explores the relationship between Performance Management Systems (PMS) and Organizational Effectiveness (OE) in Indian manufacturing firms, by using a mix of Factor analysis and regression analysis to conclude that PMS elements, like employee involvement, goal setting, reward systems and clarity of vision significantly correlate with improved organizational outcomes. The results show that the practices of PMS have a significant relationship with organizational effectiveness. In this study, the researcher has tried to validate the connection between PMS and OE and this study have found that Performance management factors have an important connection to improve the effectiveness of organization. Meanwhile, the paper by Raja, V. A. J., & Kumar, R. A. R. (2016) focuses on the effectiveness of performance appraisal systems in Manufacturing Industries in India, emphasizing that regular, well-structured appraisals enhance employee satisfaction and organizational alignment. Collectively, these studies underscore the global relevance of evolving PMS practices, advocating for integrated, dynamic and employee centered approaches to performance evaluation as a means to enhance organizational success. For analysis, descriptive statistics and chi-square techniques were applied to data collected from multiple respondents. The result of the study shows that overall performance appraisal system is highly rated by the respondents and all are highly satisfied with their work. From the findings it is identified that 69% of the employees are agreed with appraisal system strengthening their relationship but 41% of the employees want to improve and maintain a smooth relationship with employers.

Bajaj K. K. (2023) examined PMS as a predictor of organizational effectiveness from the Indian manufacturing sector. He categorized sampled employees responses into **4**(four) sub-domains of PMS. For example: PA vs PMS, Undertaking on present PMS, Learning &

development opportunities & organizational effectiveness of PMS. The study supported the fact that the responses of the sample respondents are quite close & moves towards a favorable side of PMS. The respondents also desired that the PA ratings may be used more for developmental purpose rather than only administrative purpose. The finding reveals that a Performance Management process is seen as a development tool and the satisfaction & happiness of employee's significantly impact an Originazations's overall health. Ishrat. A (2023) investigated the challenges & changes in PMS in Indian organization. He found that Indian organization have realized the need for major improvement in the PMS. Indian organizations place a strong emphasis on creating precise performance measurement methods & indicators to assess their existing performance levels by creating **KPIs**. He stressed for setting clear performance targets that are in line with the organizational objectives and for promoting ongoing coaching and feedback between Managers and the Staff for development purpose. The findings indicates that PMS inside Indian organizations can be optimized through continuous improvements, while obstacles like resource limitations and reluctance to change do exist & as such Organizations can get through them by using strong change management techniques, precise performance goals & regular evaluation & review. Sustained performance development can be achieved by putting best practices into practice.

Vijaykumar.T., Rao.V and Khare.V (2023) conducted an analysis of worker performance & the feeling of PMS to determine whether a company's PMS influences employee production. The researcher conducted a literature review focusing on relevant articles. The findings indicated that the suggestions & implications of the researcher will help the Organization to implement PMS in their organization & make modifications in the present PMS that would enhance the performance of the employees. Jha. S. (2021) examined the extent to which Performance Management framework variables are linked to employee perceptions & in particular business performance. He completed a structured survey & collected information from many employees in different organizations, which were further analyzed. The finding of his research shows that the great majority of PM components are favorably & essentially related to business performance.

The findings also support the idea that employees are more committed in an environment where leaders / manager's delegate or secure agreement on what should be done, monitor deviations from guidelines & take corrective action & truly reward employees in exchange for satisfactorily completing the task. He selected Business Performance as dependent variable & Independent variables as communications, responsibility, coaching, resources,

Feedback & Reward and accordingly developed the Hypothesis. It proves a positive linear relationship between the Performance Management practice & Business Performance.

Aguinis, H. (2020) examined innovative performance management practices and their influence on employee engagement within various industries. He identified key factors that enhance motivation and aligned organizational objectives with employee goals. Baker, J. M., & Roush, C. (2021) explored the impact of effective performance feedback mechanisms in manufacturing firms. Their study revealed that timely feedback significantly improves employee productivity and fosters a culture of continuous improvement. Bhatia, S., & Kapoor, R. (2022) analyzed the role of technology in modern PMS, focusing on its ability to streamline processes and enhance user experience. They concluded that technology adoption leads to increased employee engagement and satisfaction. Cardy, R. L., & Dobbins, G. H. (2023) redefined Performance Management strategies by integrating employee engagement techniques. Their research highlighted the importance of participatory approaches in creating a motivated workforce. Chakraborty, S., & Sengupta, P. (2023) evaluated PMS practices in Indian manufacturing Organizations, identifying key challenges and opportunities. They emphasized the need for cultural alignment to optimize Performance Management. Kumar, R., & Sharma, V.(2022) highlighted best practices in PMS specific to the Manufacturing Sector. Their study provided a framework for enhancing productivity through effective Performance Management. Lawler, E. E., & Mohrman, S. A.(2020) discussed high-performance work systems and their strategic implications for PMS. They argued that aligning PMS with organizational strategy is crucial for achieving high performance. Mitra, S., & Kaur, R. (2022) explored how effective PMS practices lead to increased employee engagement. Their research underscored the role of developmental feedback in fostering commitment.

Mohrman, S. A., & Lawler, E. E. (2023) focused on innovations in PMS, discussing emerging trends and their implications for organizational effectiveness. They proposed a framework for future research in Performance Management. Nanda, A., & Ray, S. (2021) assessed the impact of performance appraisals on employee satisfaction in manufacturing firms. Their study revealed that transparent appraisal processes significantly boost employee morale. Pandey, S., & Bansal, P. (2023) examined cultural influences on PMS in Indian manufacturing Sector. Their findings emphasized the need for culturally sensitive approaches to enhance employee engagement. Ranjan, J., & Sinha, A.(2022) linked PMS to employee retention strategies, demonstrating how clear performance expectations lead to higher

retention rates. Their research highlighted the importance of career development opportunities. Verma, R., & Prasad, R. (2023) investigated the role of PMS in enhancing employee engagement. Their findings provided evidence of the positive impact of structured Performance Management on workforce morale.

The success of a Performance Management System is shaped by various factors, such as constant feedback, effective communication, employee participation, fairness, strategic alignment, performance planning, commitment from top management, a culture focused on performance, system integration and reward systems. Providing ongoing and constructive feedback boosts employee motivation, dedication and performance, especially when multisource feedback methods are used. Effective communication is equally vital, as it ensures employees have a clear understanding of expectations and organizational goals while facilitating a two-way dialogue. A fair and objective evaluation process is essential, as unclear performance criteria can impede PMS effectiveness. Clear performance planning is a key element of an effective PMS, thereby boosting motivation. The dedication of top management is also crucial, as it aligns performance goals with the organization's mission, provides necessary resources and fosters a performance-oriented culture. Finally, incorporating rewards and recognition scheme enhances PMS effectiveness, as linking performance outcomes to financial and non-financial incentives increases employee motivation, accountability and overall system success. Moreover, research findings confirm that organizations with structured performance appraisal systems report higher employee satisfaction and efficiency compared to those with closed or non-transparent appraisal systems.

The Performance appraisal system should not be used only as an administrative tool rather its main focus should be on developmental role. Employees should be involved in the job as involved employees are the real assets of the Company and most committed in an Organization. By critically analyzing and integrating findings from multiple sources, this study helps to uncover inconsistencies in prior studies, providing a clearer understanding of the subject matter. It is also evident that PMS is crucial in every Organization and directly contributes to Employee Productivity & engagement. A review of existing research suggests that many manufacturing industries lack a well-structured and transparent PMS, resulting in employee dissatisfaction and lower engagement levels. To improve performance outcomes, organizations should adopt standardized evaluation frameworks and real-time feedback systems. Furthermore, the literature indicates that regular training (on the job or off the job)

and skill development programs play a crucial role in improving workforce efficiency. Companies should implement continuous learning initiatives to ensure employee skills up-gradation to align with industry demands. Additionally, studies highlight that subjective performance assessments can negatively impact employee motivation. To enhance fairness and credibility in appraisals, organizations should incorporate data-driven evaluation methods and multi-source feedback mechanisms. Implementing a well-defined and objective PMS can significantly contribute to a more engaged and productive workforce. The findings of the study will have important implications for Management leaders & HR professionals, as they can aid in refining Performance Management frameworks to enhance employee satisfaction and efficiency. The study underscores the importance of a structured, transparent and technology-driven Performance Management System in enhancing employee productivity and engagement. Organizations that integrate real-time feedback, continuous training and fair evaluation processes into their PMS demonstrate higher efficiency and workforce motivation. To address existing gaps, manufacturing companies should adopt standardized appraisal mechanisms, leverage digital performance tracking tools and link PMS with career development initiatives. Future research should explore the long-term impact of AI-driven PMS and assess comparative studies across different industries and geographical locations to strengthen the findings further. Overall, the research highlights that an effective performance management strategies play a crucial role in boosting employee productivity and organizational efficiency.

Discussion:

In this Literature review, an attempt has been made to confirm the link between PMS and organizational effectiveness (OE) in enhancing employee productivity and engagement. A comprehensive review of 50 articles indicates that a PMS is vital for any manufacturing sector to enhance employee performance and productivity, thereby sustaining company profitability. In this context, Rahmita, S., Fahmy, R., & Syahrul, L. (2025) have distilled various Performance Management System (PMS) standards into nine key indicators, providing valuable insights for both researchers and practitioners. This study shows that research on PMS effectiveness varies geographically. The overall findings highlight several critical factors influencing PMS effectiveness as follows:

- Regular feedback and effective communication enhance motivation, commitment and performance.
- Employee empowerment is crucial for PMS success, promoting engagement and

accountability.

- Employees' perceptions of fairness and accuracy in PMS significantly affect motivation and satisfaction, underscoring the importance of objective and consistent evaluation.
- Aligning a PMS with strategic priorities enhances its effectiveness, reinforcing behaviors that support business objectives while integrating competency development and career growth.
- Clear job responsibilities and performance planning facilitate constructive feedback, fostering employee development and job satisfaction.
- Top management commitment is crucial in providing resources, training and fostering a culture of continuous improvement to ensure alignment with strategic objectives.
- Involvement of both management and employees in PMS is necessary to avoid conflicts of interest.

Another vital aspect is PMS integration, as fragmented implementation creates inconsistencies that hinder data-driven decision making. True integration ensures a cohesive approach, transforming a PMS into a strategic tool for long-term competitive advantage. Finally, rewards and recognition are fundamental to employee motivation and retention, yet organizations face challenges in meeting employees' expectations for financial and non-financial rewards. Ensuring that rewards align with employee aspirations remains a crucial challenge for maximizing PMS effectiveness. Companies that implement AI-driven tools and strategies have experienced improvements in employee satisfaction, motivation and commitment, leading to enhanced productivity. By critically analyzing and integrating findings from multiple sources, this study helps to uncover generalized inconsistencies or contradictions in the running of PMS and to develop strategies to overcome them. Performance management systems are crucial in every organization and it directly contributes to employee productivity and engagement.

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Figure…Word cloud for Performance Management System :

Some suggestions for improving the Performance Management system in manufacturing Industries is as below:

Practices of providing effective feedback: Providing effective feedback is crucial in managing performance, as it has a direct impact on motivation, growth and overall results. Feedback should concentrate on observed actions and offer clear, actionable guidance. Facilitating opportunities for two-way communication enhances mutual understanding and cooperation. When integrated into regular practices, effective feedback nurtures a culture of ongoing learning and development.

Periodic performance planning and appraisal: Regular Performance Planning and evaluation are essential elements of PMS, allowing organizations to evaluate employee progress and align individual contributions with the organization's objectives. This process includes establishing clear, measurable goals, tracking performance, offering feedback and conducting evaluations at consistent intervals. The information gathered from appraisals is crucial for making decisions about promotions, compensation and career advancement.

Employee involvement in the PMS: Involving employees is crucial for successful PM as it encourages a sense of ownership, motivation and dedication to the organization's objectives. When employees take an active role in setting goals, they tend to feel more satisfied with their jobs and motivated. Open communication also fosters mutual understanding, constructive feedback and the discovery of opportunities for growth. Involving employees in decision making process leads to an increase in self-esteem, leading to more informed and effective action plans and a positive organizational culture.

Coaching and performance development: Coaching and performance development are essential elements of PM, aimed at enhancing employee skills and competencies in achieve organizational goals. The process begins by identifying development needs through performance appraisals and discussions. Based on these insights, organizations can design targeted coaching programs supported by training, mentoring and learning resources. Regular evaluation and feedback help to assess the effectiveness of coaching efforts.

Recognition and reward in Performance Management: Recognition and reward play a vital role in performance management by enhancing employee motivation, satisfaction and engagement. When employees feel appreciated for their efforts through praise, awards or public acknowledgment, they are more likely to stay committed and perform at higher levels. Consistent and fair recognition builds trust and loyalty, reducing turnover and fostering a positive work culture. Evaluating the PMS using KPIs, feedback ensures alignment with organizational strategies and continuous improvement for achieving long-term business objectives.

Talent Development, Retention and Performance Management: To transform a loss-making organization into a profit-making one, a comprehensive approach that focuses on talent progression, talent development, and talent retention is essential. A core principle is to invest heavily in employee training, ensuring that employees are so skilled and competent that they could be offered double their current salary by competitors. However, parallel to this, it is crucial to treat employees with such respect and care that they choose to remain with the organization despite external offers.

Building Strong Relationships and Organizational Culture: Effective organizational performance is built on two types of relationships: personal relationships and process relationships. While personal relationships foster individual connections, process relationships are about establishing a strong organizational culture. A positive culture is grounded in transparency, openness, diversity and inclusion, which are the key drivers of employee engagement and satisfaction. Establishing a open glass-door policy, a culture of open and transparent communication eliminates favoritism and increases employee confidence & it promotes trust and confidence.

Career Development and Talent Progression: Employees must be shown a clearly defined career path. Doing the same job for an entire career without any variation or growth opportunities leads to de-motivation and eventual attrition. Organizations must therefore

ensure talent progression by rotating responsibilities, offering promotions, and encouraging continuous skill enhancement. Internal promotions are preferable to external recruitment as they enhance motivation and demonstrate organizational commitment to employee growth. Developing leaders from within not only builds loyalty but also ensures cultural alignment and institutional knowledge retention.

Employee Involvement and Engagement: Every employee should feel significant and valued. The involvement of employees in decision-making processes enhances their commitment, as involvement is directly proportional to engagement. When employees are involved, they feel ownership of their work and are more motivated to perform. It is the responsibility of top management to boost employee effort, self-esteem, confidence and initiative enabling them to reach their potential. Recognition and the taste of success are powerful motivators; conversely, repeated failure without support leads to attrition.

Competency Mapping and Skill Multiplication: To optimize performance, organizations must engage in competency assessment and mapping. This allows for the identification of skills gaps and facilitates personalized development strategies. Through coaching and mentoring, organizations can multiply the skill and energy of their workforce, improving performance. A structured approach, such as creating Individual Professional Development Plans (IPDPs) for each employee, ensures that development efforts are targeted and measurable.

Performance Management System (PMS) Integration: For a Performance Management System (PMS) to be effective, it must be strategically linked to the top-level goals of the organization. All departments should align their functions and objectives to contribute to these overarching goals. Without such alignment, organizational efforts become disjointed, and excellence cannot be achieved. Part of this alignment includes regularly reviewing and updating training programs to meet evolving organizational needs.

Finally, empowering employees by giving them autonomy, responsibility and opportunities to grow fosters motivation and deeper involvement. Empowered employees are more engaged, proactive and invested in the success of the organization. They are committed employees and always provide a game changing idea for the betterment of an Organization. It is our responsibility to help them to achieve the goals and targets.

Conclusion:

Over the years, a number of Organizations across Industries and Geographies are re-designing the way performance is measured and recognized and it is yielding business profits

and there have been notable changes in the methods and philosophies that form the basis of performance management practices. The Performance Management system is slowly and steadily changing. A Company's ability to manage Performance as an annual or a bi-annual event is quickly being transformed into an ongoing daily and may be even by-the-hour method. The concept of traditional annual appraisal has begun to fade rapidly. In these traditional systems, feedback typically comes from the immediate supervisor, with an emphasis on evaluating past performance to ensure accountability and discipline. In contrast, modern performance management approaches take on a more developmental and collaborative stance. They emphasize ongoing dialogue, real-time feedback and shared goal setting between managers and employees. Instead of concentrating solely on results, these approaches promote regular interactions that support learning, adaptation and personal development. Additionally, modern systems frequently utilize digital technologies to gather real-time performance data, allowing for more precise and dynamic monitoring and supporting data-driven decision-making. Another significant difference is in the focus of these approaches: traditional models are primarily concerned with performance appraisal, while modern systems prioritize performance development. Contemporary practices aim to identify individual strengths and areas for growth, offering structured opportunities to enhance essential skills and competencies. This modern approach necessitates a transformation in organizational culture, including leadership commitment, employee engagement and the provision of adequate training and technological support. In summary, the transition from traditional to modern performance management signifies a paradigm shift in focus, employee involvement, communication practices and technology use. The successful adoption of modern PMS practices relies on cultural change, managerial support, employee involvement and the integration of digital tools. It is evident that initially the appraisal process and confidential report, as called earlier was a closed type of system and not shared with the employees and the immediate supervisor could write anything as per his choices. Subsequently, it was improved upon and became open and the evaluation or the appraisal process was done in an interview kind of situation between the appraise and his boss and both share with each other openly what are the strengths and weaknesses and also rate him on agreed parameters. The current system followed in many manufacturing sectors is that at the beginning of the Financial years, that is, from **1st of April to 31st of March** of the previous year, there are certain KRAs, which are mutually agreed between the appraisee and appraiser and both agree on certain KRAs and then on a 6-monthly basis or on Annual

basis, the appraiser discuss the achievement of the appraisee and how he met his targets or achieved his targets and the reason for not achieving his targets. Then both the factors are analyzed and are further discussed with the next superior, that is, it is a **3- tier** kind of system that is being followed in different Organizations.

Appraisals are generally viewed by majority as something to do with the increments and promotions. However, it must be understood as part of a larger process of Performance Management process, which includes performance appraisal. A person who is performing in a job is to be given feedback and counseled about what he has done, what is to be done and accordingly the performance of an individual improves with the passage of time. HR officials should first educate all employees that performance appraisal is not only about Increments and Job promotion, but it is much much more than that and time has come to educate/discuss with the employees regarding this. There is always scope for improvement in this regard. It is always there. Finally, the clarity of work, the expectations of the Management from the employee and the employee's expectations from the management is very vital i.e. the Management must know what the person should do and the employee should also know what the Management is expecting him to do.

As such there should be an absolute clarity about this. Generally, this clarity is lacking in many organizations, the employee is not clear what the management want him to do. Thus, setting of KRAs, fixing objectives, putting targets help in clarifying the matter. The findings reveal that most manufacturing sectors utilize a structured Performance Management System (PMS) that incorporates annual performance reviews, goal-setting frameworks and key performance indicators (**KPIs**). Statistical analysis shows the relationship between PMS and organizational effectiveness. It indicates that such practices of Performance Management help the organization to achieve sustainable growth. However, weaknesses in the system such as infrequent feedback, limited employee involvement and reliance on outdated evaluation methods are also there which requires to be examined for taking appropriate action.

Organizations that incorporate continuous feedback and performance based rewards often experience higher employee output and reduced absenteeism. Findings show that PMS significantly impacts employee productivity, engagement and job satisfaction. Systems that offer recognition, constructive feedback and opportunities for professional growth contribute to higher engagement levels. Providing regular coaching and mentoring, setting realistic yet challenging goals and linking performance outcomes to tangible rewards were also found to be key drivers of both productivity and engagement. When employees participate in setting

goals and defining performance metrics, they show a greater commitment in achieving targets. Organizations that adopt an inclusive approach through feedback sessions, collaborative goal setting and shared decision-making tend to experience increased job satisfaction and goal congruence. In contrast, PMS designed without employee input often encounter resistance and lower compliance. The appraisal system should be open, transparent and on continuous basis. PMS should be linked with career development initiatives so that employee gets growth. Growth is very important in an organization. Unless & until you give professional growth & development to an employee, he will start thinking of Job change & will upload his/her Resume in different Job portals and whenever he/she gets another job, he or she will definitely quit the organization. As such, Talent retention strategies in an Organization are important to keep the Talents in an organization. Implementing a well-defined and objective PMS can significantly contribute to a more engaged and productive workforce. It also appears that in some cases, existing PMS are not being reviewed or modified as often as might have been anticipated from the literature. There are indications that some organizations have implemented an ERP system in order to keep it up with competitors. Effectiveness of a Firm is affected by various dimensions of PMS such as performance-based appraisal system, organization vision & mission. In that way, the entire organization will move in a single direction. When the goals are clear, the targets are clear, the employee will perform better & the Management also gets better output from the employee in terms of better quality, better productivity. When the Company will grow, the employees will also grow. All Organizations should manage performance & maximize results in this way and should have the urge to take the organization to its next level. It is also required to link every department to the top goals of the Company and to examine whether the current team is meeting the organizational goals or not? Where are they right now? You have to know the clear track of the Company to take it to the absolute next level. It is required to create a clear Performance matrix for every department. We have to make sure and help every single employee to find his matrix. It is necessary to know each and every person in an organization and the outcome expected from an employee is also very important.

Establishing key performance indicators (KPIs) for each role within the organization can help track individual and departmental progress towards company goals. Regular performance reviews and feedback sessions can ensure employees understand their objectives and have the support needed to achieve them. Implementing a company-wide Performance Management

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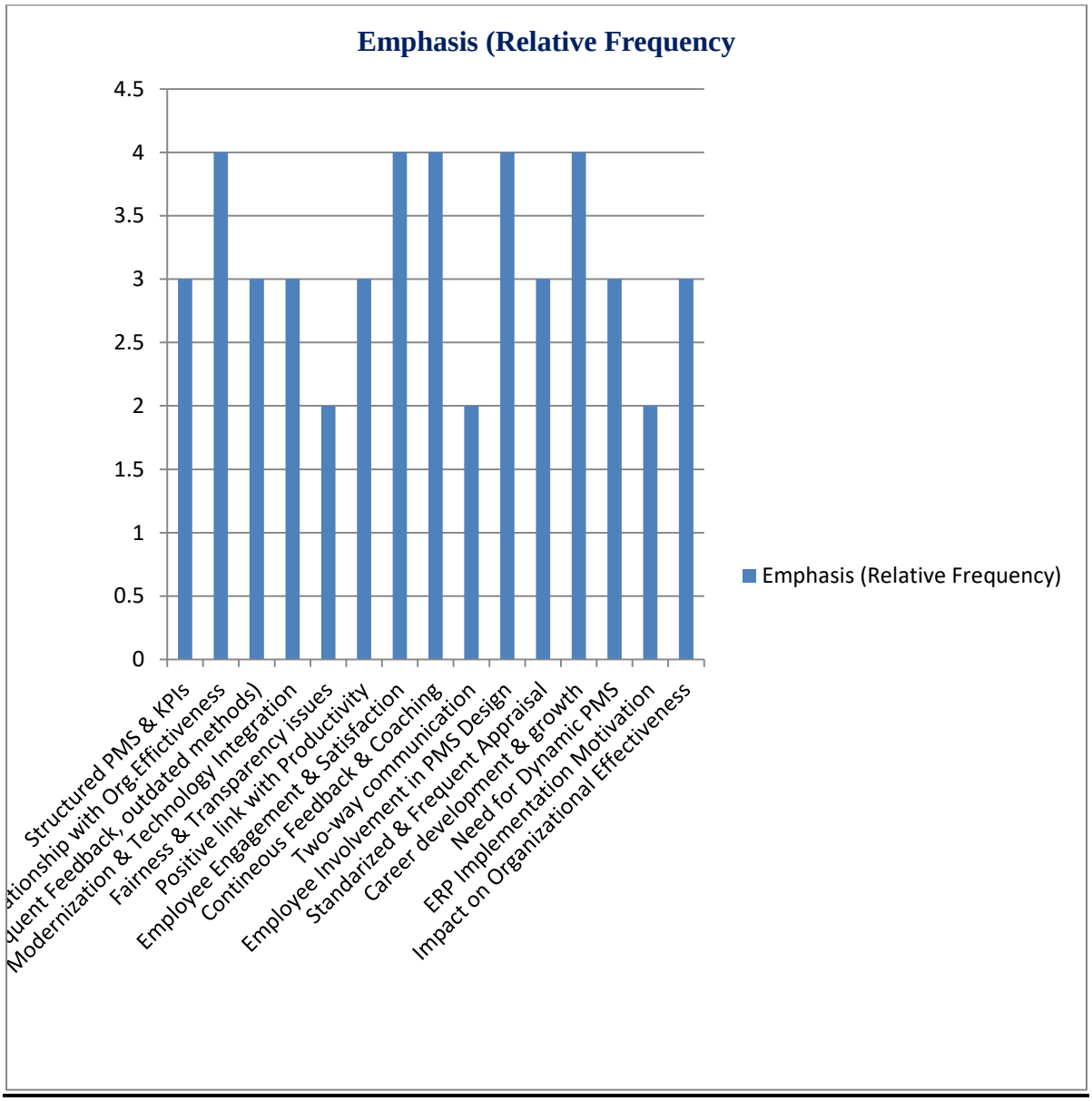
System can provide valuable insights into overall organizational effectiveness and identify areas for improvement or additional resource allocation.

For effective implementation of PMS, it is necessary to link every department to the top goals of the organization. The goals need to be identified first. Organization which runs in different directions can never achieve excellence and never manage performance. What changes are required in the Training programs is also vital. Organization should discover opportunities for improvement of employees and discuss to create their Individual Professional Development Plans (IPDP). If you empower employees, they will feel motivated & involved in their jobs. The whole process is to be looked into in this manner.

Table..2 : Importance of PMS elements :



The chart underscores the main topics which has been examined and enlightened. Themes such as employee engagement, career development, employee involvement, and continuous feedback stood out, underscoring their essential role in a successful Performance Management System (PMS).

Originality/value:

The study is an original piece of work by the author with no conflict of interest with any party, person or organization.

Ethical Approval:

This document is a systematic literature review not involving primary data collection, including questionnaires or surveys. Therefore, ethical approval is not applicable to this study. No personal data or identifiable information from participants has been used in this study.

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