IMPLEMENTING AN EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM IN POONA RADIATORS & OIL COOLERS TO ENHANCE PRODUCTIVITY

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Abstract: Productivity of workers and its resultant efficiency and effectiveness can only be achieved when organisations have their Performance management system in place. However, performance management has been adjudicated the most difficult task to implement effectively in modern organizations. In this regards, this paper studies and suggested the implementation of an effective performance management system which will ensure workers productivity. Poona Radiators & Oil Coolers is the organization under focus, and the study population comprises all the 170 staff of the organization. Simple random sampling technique is used to draw fifty-one (118) respondents from the population. Structured questionnaire is used as instrument of data collection while frequency distribution and percentages are used in analyzing the data. Major findings of the study show, most employees are not aware about the existing performance management system in the organization. Employees feel that the company's performance management system has failed to give a proper assessment of their contribution to the organization. Workers are generally not satisfied with the staff performance review system of Poona Radiators & Oil Coolers. This study recommends the implementation of complete performance management process to enhance productivity and achieve company objectives.

Keywords: Appraisal, Employee Productivity, Performance Management

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1. INTRODUCTION

Performance management (PM); one of the most significant human resource management (HRM) practices and a widely discussed area in management and organizational theory, has received remarkable attention among practitioners and academics over the years. Continuous interest in PM and associated themes -employee appraisal, performance assessment, and performance evaluation could be due probably to the fact that no function in the subject matter of human capital management seems so difficult to objectively and effectively implement and yet so crucial to individual development, employee productivity, and sustained organizational growth, then appraising and managing people performance. (Fajana, 2006).

According to Armstrong & Baron, (1998), PMS was not recognized as an effective management technique and process until the late 1980s. Before this period, the idea of appraising performance revolved largely around an annual review of objectives between the manager and subordinate; a method described by (Atkinson & Shaw, 2006; 174) as backwards-focused in approach and non-strategic in focus.

The concept of performance management however, adopts a futuristic and strategic approach and is applied to all employees in order to maximize their current performance and future potential (Price, 2011). Consequently, Performance management system has evolved and has gained wider acceptability in industrial organizations and non-government institutions. Its success as a strategic human resource tool has lately found application in the public sector.

According to Wellins, Bernthal & Phelps (2006) four different benefits accrue to the organization for establishing and implementing workable performance management system. These are targeted training approach based on identified needs, future employee promotion decisions, effective bases for reward decisions and improved motivation and retention of employees.

Machingambi, Maphosa, Ndofirep, Mutekwe and Wadesango, (2013) in their study of perceived challenges of implementing the performance management system in Zimbabwe; identified poor advocacy and communication about the system, lack of training on PM, shortage of resources, abuse of the system as well as lack of reward as major challenges besetting effective PM.

Furthermore, Akhtar and Khattak, (2013) pointed that the level of trust needed for frank and open discussion of performance results, both good and bad, is often not present in some organizations. The authors argued further that organization with poor performance accountability culture are definitely going to find PM implementation a daunting task.

Victor Y. Haines III, Sylvie St-Onge, 2011) and (Aguinis, 2013) suggested the alignment of the PMS with strategic goals of the HR function which is in order aligned with the strategic goals of the organization. Other criteria for a PMS to be effective is to (b) Motivate employees.

(Angelo S. DeNisi, Robert D.Pritchard, 2006), (Aguinis,2013) Also mentioned the importance of having a clear, and detailed guidance about what is expected from the employees and how they can achieve what is expected.

2.   OBJECTIVES OF THE STUDY

- To examine performance management system of POONA RADIATORS & OIL COOLERS
- To suggest the implementation processes of an effective performance management system to enhance productivity.

3.   RESEARCH METHODOLOGY

The purpose of this study is to examine performance management system and to suggest the implementation processes of an effective performance management system necessary to enhance higher productivity. The study adopted survey design. The total population size of employees at the time of this study is 170 staff. The sample for the study comprised of One Hundred and eighteen (118) employees (Sample Size as per Morgan Sample Chart) ranging from top management to lower level management. The sampling technique used was simple random sampling.

Structured questionnaire was adopted as the appropriate research instrument for the survey. Data were collected for the study through two sources: primary and secondary sources. Primary source enables the collection of primary data and it consisted of the use of questionnaire to get firsthand information. Secondary sources assisted in the collection of secondary data, and it consisted of textbooks, publications, and electronic journals articles.

For analysis of data, all data collected from the field were processed individually on the basis of the stated research questions. Tables and frequency distribution and charts were constructed to facilitate lucid presentation of facts.

Data Analysis:

Table 1: Age of the Respondents classified by their Sex

Respondent's Sex		Age of Respondent				Total
		Below 30yrs	30-40yrs	41-50yrs	51yrs and above	
Male	Frequency	21	47	5	5	78
	Percent	27.0%	60.2%	6.4%	6.4%	100.0%
Female	Frequency	26	14	0	0	40
	Percent	65.0%	35.0%	0.0%	0.0%	100.0%
Total	Frequency	47	61	5	5	118
	Percent	40.0%	51.7%	4.2%	4.2%	100.0%

Above Table shows that 78 male and 40 female respondents participated in the study adding up to 118 respondents. From the 78 male respondents, 21(27.0%) respondents are below the age of 30 years, 47(60.2%) respondents are between the ages of 30-40, 5(6.4%) respondents are between age 41-50, and another 5(6.4%) respondent was above 51years old. Similarly,

out of the 40 female participants in this study, 26(65.0%) respondents are below the age of 30, 14(35.0%) respondents are between the ages of 30-40. This shoes that the study was made up of more male than female respondents, and majority of male respondents are between 30-40years and majority of female respondents are below 30 years.

Table 2: Educational Qualification of Respondent classified by their Length of Work Experience in the organization.

			Respondents' Years of Experience in the Company			Total
			1-5yrs	6-10yrs	11-15yrs	
Respondent's Educational Qualification	**10th/12th**	Frequency	12	2	0	14
		Percent (%)	83.3%	16.7%	0.0%	100.0%
	Graduation	Frequency	55	15	3	73
		Percent (%)	75.3%	20.5%	4.2%	100.0%
	Post-Graduation	Frequency	17	12	2	31
		Percent (%)	54.8%	38.7%	6.5%	100.0%
	Total	Frequency	84	29	5	118
		Percent (%)	71.2%	24.6%	4.2%	100.0%

Table2 shows cross tabulation of the respondents' educational qualification and length of work experience. It is clear from the table that 73 respondents are graduates constituted the highest number (73) of respondents in the study while 10th/12th pass made up the least number 14 of participants in the study, an indication of the fact that the study was carried out among highly educated groups of people who were expected to make meaningful contributions to solving the problem at hand. Similarly, 84 (71.2%) respondents had between 1-5 years working experience, 29(24.6%) had between 6-10years of work experience with the organization, and only 5 (4.2%) respondents has worked with the organization between 11-15years. Thus, majority of respondents has a good number of years of working experience necessary to understand the subject matter of the study and to contribute meaningfully.

Question 1: Does HR inform you about the Performance Appraisal model, used in the Organization during your induction?

Table 3: Respondents' opinion on question 1

Information about Performance Appraisal Model	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	28	24.00	24.00	24.00
No	90	76.00	76.00	100.00
Total	118	100.0	100.0	

As shown in the table 3, 28 (24.0%) respondents claimed that at induction, they were informed about the Performance Appraisal model used in the Organization. On the other hand, a huge number of respondents 90 (76.0%) refuted the claim. This suggests that most employees are unaware of the prevailing system of performance management in the organization.

Question 2: **How do you find the Performance assessment and management practices in this Organization?**

Table 4: Respondents' opinion on question 2

	Frequency	Percent	Valid Percent	Cumulative Percent
Simple	21	18.0	18.0	18.0
Complicated	12	10.0	10.0	28.0
Objective/Fair	40	34.0	34.0	62.0
Subjective	14	12.0	12.0	74.0
Efficient	12	10.0	10.0	84.0
Inefficient	7	6.0	6.0	90.0
No Opinion	12	10.0	10.0	100.0
Total	118	100.0	100.0	

From table 4, it can be observed that majority of respondents 40(34.0%) believed that performance assessment and management practices in the organization is objective and fair. In like manner, 21 (18.0%) respondents said it is simple, 12 (10.0%) respondents opined that it is complicated, another 14 (12.0%) respondents adjudged it as subjective, 7 (10.0%) were indifferent, 12 (10.0%) and 7 (6.0%) respondents claimed that it's efficient and inefficient respectively. From the result it can be inferred that PM in the organization is objective and fair.

QUESTION 3: **In your opinion, does the Performance management system give a proper assessment of your contribution to the organization?**

Table 5: Respondents' opinion on question 3

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	52	44.0	44.0	44.0
No	66	56.0	56.0	100.0
Total	118	100.0	100.0	

From the above table, 66 (56.0%) argued that Performance management system in the company does not give a proper assessment of workers' contribution to the organization. Meanwhile, 52 (44.0%) agreed that it actually does.

QUESTION 4: **To what extent do you agree with the statement that staff input and suggestion are highly encouraged during performance assessment process in your department.**

Table 6: Respondents' opinion on question 4

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	28	24.0	24.0	24.0
Agree	28	24.0	24.0	48.0
Indifferent	31	26.0	26.0	74.0
Disagree	24	20.0	20.0	94.0
Strongly Disagree	7	6.0	6.0	100.0
Total	118	100.0	100.0	

Results of table 6 shows that 28 (24.0%) respondents strongly agreed and agreed that their input and suggestion are highly encouraged during performance assessment process. In the same vein, 31 (26.0%) respondents were indifferent, 24 (20.0%) respondents disagreed, and 7

(6.0%) respondents strongly disagreed. The responses have no clear cut decision pointer considering the percentage of indifferent responses.

QUESTION 5: To what extent do you agree with the fact that employees are provided with their performance feedback and counseling in this organization.

Table 7: Respondents' opinion on question 5

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	19	16.0	16.0	16.0
Agree	45	38.0	38.0	54.0
Indifferent	35	30.0	30.0	84.0
Disagree	17	14.0	14.0	98.0
Strongly Disagree	2	2.0	2.0	100.0
Total	118	100.0	100.0	

Table 7 shows that 19 (16%) respondents strongly agreed and 45 (38.0%) agreed that employees are provided performance based feedback and counseling. In the same vein, 35 (30.0%) respondents were indifferent, 17 (14.0%) respondents disagreed, and 2 (2.0%) respondent strongly disagreed.

QUESTION 6: Overall are you satisfied with the staff performance review system of this organization?

Table 8: Respondents' opinion on question 6

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	42	36.0	36.0	36.0
No	76	64.0	64.0	100.0
Total	118	100.0	100.0	

On table 8 above, 42 (36.0%) respondents are of the opinion that they are generally satisfied with the staff performance review system in their organization, while 76 (64.0%) respondents had opposing opinion.

4. MAJOR FINDINGS

From the data so far analysed, results seem to point to the fact that most employees are unaware of the prevailing system of performance management in the organization. Thus, the nature and workings of performance appraisal seems not very clear to those whose performance it was meant to evaluate in the first place. This simply means that management of the organization has responsibility to communicate and educate employees on how its performance evaluation model operates. It is one thing to have a fantastic model of evaluating and managing staff performance and another for workers to understand its modus operandi.

In addition, findings reveal that even though workers rated the operating performance evaluation system as fair and objective in its appraisal, most employees feel that the company's performance management system has failed to give a proper assessment of their contribution to the organization. This suggests that issues of acceptability, trust and fit between PM and organization strategic goal is still dominant.

Findings also shows that workers are generally not satisfied with the staff performance review system of POONA RADIATORS & OIL COOLERS. This may be as a result of poor communication of the processes and feedback as well. The findings from the qualitative responses seem to further buttress this view.

From the open ended aspects of the questionnaire, respondents suggest several obstacles to effective performance management system. This ranges from unquantifiable goals and unrealistic performance standard, lack of proper monitoring of performance, and defective rating criteria that neither align with the actual job description nor contribute to overall organizational objectives. Other challenges for setting effective performance management as shown in this study include: biased and subjective judgments, ignoring staff suggestions and contributions, poor/non-existence of feedback communication mechanism, lack of post evaluation, counseling and training, poor reward and incentive structure, and staff promotion and training based on subjective factors instead of performance evaluation outcome.

Suggestion

Researcher has suggested to implement the systematic processes of an effective performance management system necessary to enhance higher productivity.

Taking a clue from the literature analysed in this study, the researcher suggested the under listed implementation plans for Poona Radiators Pvt. Ltd. to achieve its grand purpose.

Key Process in PMS	Responsible Person
Determine the overall objective of the company and jointly set specific and quantifiable objectives/targets for all staff.	HRM, Head of units, and the Researcher
Put in place mechanism for monitoring ongoing work performance and correcting deviation where noticeable.	Head of units, and the Researcher
Put in place reliable appraisal mechanism and ensure that employees understand how performance is to be measured.	HRM, Head of units, and employee representative from each unit.
Train managers and supervisors on how to carry out reliable, unbiased and objective evaluation of workers performance.	HRM, Head of units, and Supervisors

Put in place communication process where performance appraisal outcome is continuously made known as feedback to workers.	HRM, Head of units, Researcher, and Supervisors
Make recommendation for promotion and other incentives based on good performance that meet or exceed targets.	HRM, Head of units, and Supervisors
Provide counseling /skill development for staff whose performance falls short of expected standard.	HRM, Head of units, and Supervisors

5. CONCLUSION

The significance of performance management, being a crucial HR strategy can hardly be overemphasized for employee productivity and organizational success. Unfortunately, some organizations fail in their effort to implement effective performance management system. Consequently, the effects are observed in retard work progress, declining commitment and dwindling productivity. This study concludes that employee performance management is an important tool to evaluate performance, recognize good performance and valuable employees, and at the same time identify skills that beg for redevelopment.

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