

Performance Management System: No Silver Bullet for Organization Efficiency? A Case Study with Reference to International Agricultural Research Institute, Hyderabad

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Abstract: The Performance Management Systems component performance appraisal will be used to assess the employee performance to evaluate if an employees' performance is in line with the agreed workplan aligned with the organization's objectives, vision and mission. In most of the case the performance appraisal being used to evaluate employee performance yearly. We present here a live case study with deficits in performance management system of international agricultural research institute, where employees are unhappy with the present appraisal mechanism. The case study also present the suitable solution which is mutually convenient both the management and staff.

Keywords: performance management system, solution, component, workplan, staff

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About International Agricultural Research Institute:

The International Agricultural Research Institute is an international non-profit agricultural research institute carries out research on dryland agriculture crops applying recent advanced methodologies for rapid crop improvement. The institute is situated in Indian Metro, Hyderabad. About One thousand (1000) employees at in Hyderabad employed the institute with varied backgrounds. The institute has most diverse, multi-cultural environment and with equal opportunity employer.

I. Introduction

The Performance Management System (PMS) is an important function as it deals with the dimension and management of the performance. In most of the organizations, performance management system is aligned with the organization's objectives, vision and mission. The PMS will vary from organization to organization. However, there are similarities among the PMS in different organizations. The PMS becomes efficient when it appropriately endorses the values and promotes the creativity. The organizations concentrate on approaches related to performance systems because the employees are considered assets and stakeholders of any business and the growth of the organizations largely dependent on them (PWC 2016). The organizations usually invest in employees; develop strategies; compensate appropriately for employees' performance. Developing and planning performance, managing and reviewing performance, feedback and rewarding performance are some of the phases involved in performance management system (Ying 2012).

The performance appraisal is continuous and evolutionary. It needs rapid changes based on the vision and mission of the organization. The performance appraisal, if implemented properly, can gain competitive advantage over the other organizations (Toppo and Prusty 2012). Performance management is the process by which organizations make sure that employees' behaviour and productivity are harmonizing with the managerial objective. The PMS sets prospect for performance of an employee and encourages them to be successful in means that is projected by the business. Babu and Suhasini (2017) observed that the PMS deals with an accomplishment and proficient management system for organizations to evaluate the performance outcome of organizations and employees.

PMS and performance management is a must for success of an organization's objectives, in general, and human resource management, in particular, and is continuous and evolutionary. Performance appraisal of an employee is carried out in a timely manner. It might be conducted quarterly, half-yearly or yearly. Paile (2012) opined performance as personnel activity that has been accessed as to its suitability or rightness in a managerial

perspective. Performance management will look into the aspects of resource distribution towards the accomplishment of designed plans and aims. Performance management shows direction the staff by assistance from organization (Medlin 2013) and employee performance can be enhanced with the help of performance management system (Zinyama et al. 2015).

Even performance management system is not void of challenges including improper motivation, poor job knowledge, inadequate resources, troubles in analyzing performance values. Performance management system should entail communication from every groups engaged in the system and concentrate more on future performance scheduling more employee friendly performance appraisal system (Mahapa et al. 2015). Performance appraisal is vital for the development organization to cope the completion and long term performance. The performance appraisal need to be tailored in line with the organizations business contexts and the internal determinants of organization. An inadequate and inaccessible materials and the workplace atmosphere itself, can bring poor performance, and the processes related to employee performance appraisal ought to bear in mind those situations (Rusu et al. 2016).

Performance Management system at IARI

The employees at IARI are appraised once in a year under performance management system. The appraisal includes activities that ensure the goals are consistently being met in an effective and efficient manner. This appraisal focuses on the performance of the organization, the department, the employee, or even the processes to build a product or service or solution, as well as many other areas. PMS facilitates the effective delivery of the successful achievement of IARI's important mission. It enhances the employees' ability to deliver sustained high performance. The PMS at IARI needs evidence-based achievements, in the employees' role and discipline. An employee who put in one year's continuous employment will be appraised.

PMS Methodology

The researchers, while providing a solution to the PMS at IARI, have understood that unlike the business organizations, whose motive is to earn profits for all their commercial activities, the IARI aims to create an impact on the national food and nutritional security and achieve excellence in the welfare of the Indian farmers. Keeping this in mind, a methodology is devised, which is aptly tailored to IARI and its goals. The employees at IARI are appraised on a five point Likert-type rating scale and the employee's increment and salary enhancement is entirely dependent of performance rating, whereas the scale consists of:

- 1) Outstanding: Where an employee not only consistently delivers results but significantly exceeds expectations in terms of quantity, quality, and timeliness over and above the high expectations in terms of measurable, achievable, relevant and time-bound (SMART). The result is a benchmark practice in the Program/ Function and have a notable impact at an Institute level.
- 2) Exceeded Expectations: Delivers goals in a way that exceeded some expectations and which meets best practice in the department. There is an extra effort to achieve results and deliver a greater impact.
- 3) Meeting Expectations: Delivers results as per agreed expectations. Delivers all aspects of the work plan and meets goals.
- 4) Below Expectations, and
- 5) Low Expectations are unsatisfactory performance. The result has largely not been delivered. Inconsistent timelines and quality of deliverables.

The Execution

The employee to submit the workplans based on the objectives assigned to him/her in accordance with an employee's job profile. The workplan includes a list of activities maximum six and are aligned with Institute's vision and mission. After submitting the workplan, an employee to carry out his work concentrating on the submitted work plans. These workplans would be reviewed at the end of the year in terms of an employee accomplishments focusing "what" is achieved and "how" is achieved. If needed, employee would provide the evidence on his/her accomplishments and the performance will be compared with the previous year's performance. The rating would be assigned based on the results and competencies. At the end of the year, an employee would be appraised based on job profile, results, competencies, career goals, and, in total, rating would be given taking into a year's performance of the employee into consideration.

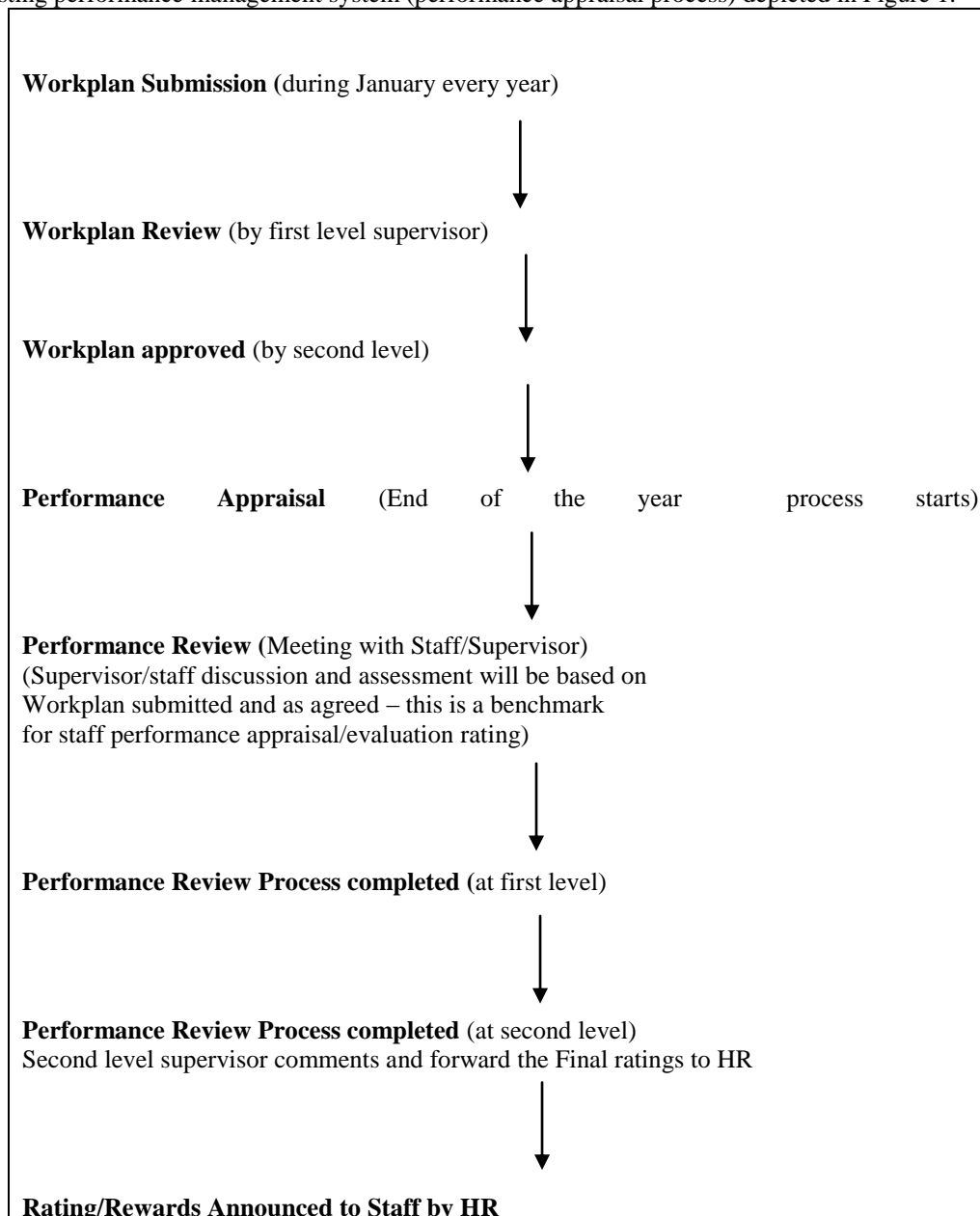
Problem Statements

A deep dive into the system and several discussions with the employees resulted in identifying the following problems.

- i) The problem with the PMS at IARI is restrictions imposed by its PMS on rankings. The ceiling designed on each category is as follows:

- a. on Exceeded Expectation is (10%);
- b. Above Expectations is (15%), and
- c. Rest of 75% are categorized as Meeting Expectations, Below Expectations and Low Expectations.
- d. This is a serious concern as the rating is being done forcibly and framing only a limited number of top performers, though there are other employees, who are equally performing similar to the considered top performers.
- e. This creates an unhealthy environment within the Institute and lead to decreased morale amongst the employees.
 - ii) In most of the cases the individual workplans from the employees were not collected and this resulted in ambiguities in measuring the performance as there is no benchmark for which employees performance is measured.
 - iii) The forced ranking resulted in a favoritism and only employee close to the peers are benefitted.
 - iv) In most of the cases, the supervisors did not discuss with their subordinates and unilaterally appraised of their choice.
 - v) In some cases, some employees have more than one (even four in some cases) supervisors and the appraising authority rarely discussed with other supervisors while appraising an employee.

The existing performance management system (performance appraisal process) depicted in Figure 1.



Normally process will be completed within three months and Appropriate letters will be issued
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Figure 1: Existing Performance Management System (performance appraisal process) based on five-point Likert type scale (EE; AE; ME; BE and LE are Unsatisfactory)

The discussions and the solutions to the problems

The researchers provided the following solutions to each of the above problems:

- I. The problem with the PMS at IARI is the restrictions put in by the PMS on ratings, leading to a forced ranking system rather than actual depiction of the performance.
 - i) The ceiling on each of the performance rankings/ratings are - Exceeded Expectation is (10%); Above Expectations is (15%) and remaining 75% are Met expectations, Below Expectations and Low Expectations. This is a serious concern as the fixing the rankings in a pre-defined framework act as a bottleneck for measuring the actual and genuine performance of employees.
 - ii) We understand from the management that increasing the number under the categories of 'EE' and 'AE' would burden the company's finances in terms of additional resource on the company's rolls.
 - iii) After having examined the case in all respects, here is the solution, which is mutually agreeable to both the staff and management.
 - iv) At present the increment rates for EE is 5%, AE (4 %) and ME is (3.5%) on employees base salary. Though the increase looks meager, yet it will have chaining effects on other salary components as the increase in HRA, Dearness Allowance, PF, Pension etc.
 - v) The researchers suggested to provide all the staff 4% salary increase over the base salary across the board, this will also save 0.5% salary cost. Further suggested to change the present rating system to a 9-point scale, and remove the forced rankings.
 - vi) The researchers also suggested that, the rating for the last four consecutive years may be considered for promotion with employees, who are securing more than 30 points in the last 4 years.
 - vii) The legends and the ratings to be understood, on a 9-point scale are as follows:
 - a) 1 is minimum, and
 - b) 9 is maximum

This will neutralize the performance measurement errors of the previous system with percentage caps. Both the staff and the management agreed to this and this was implemented.

II. In most of the cases the individual workplans from the employees were not collected and this resulted in ambiguities in measuring the performance as there is no benchmark for which employees performance is measured

❖ The Researchers have suggested to have workplans for all the staff upto executive/officer levels at the start of the appraising year. The reason being some of the positions with mundane jobs like officer helpers, laboratory attendants, janitors, drivers donot require the wokplans, the group suggested alternate mechanisms of appraising. For example, for drivers the number of kilometers driven by drivers, accidents if any, timelines etc., for appraising, etc. and provided a detailed list of performance metrics.

III. The rate restrictions resulted favoritism and only employee close the peers are benefitted.

❖ This problem was addressed in point I(i).

IV. In most of the cases the supervisors not discussed with the subordinates and unilaterally appraised.

❖ This is an incorrect practice.

❖ Organization should develop a feedback mechanism where an equal opportunity to be given to each and every member of the organization to discuss about his/her performance before appraising with a brief meeting.

V. In some cases, some employees have more than one (even four some cases) supervisors and the appraising authority rarely discussed with other supervisors while appraising an employee

❖ The researchers are of the firm opinion that all the supervisors should elect amongst them one person an evaluator, who, in turn, consolidates all the inputs from each of the supervisor for each of their member to the extent s/he is responsible for the job, and to send such inputs to the final evaluation authority who may consider while appraising an employee.

❖ Here, the researchers recommended that no supervisor shall evaluate or assess the performance of the member for the job this supervisor is not directly supervising, but to limit his evaluation only to the extent of the job both the employee and supervisor are related.

Epilogue of Case

Background: Mr.Rama Rao, Head of Human Resources, International Agricultural Research Institute, Hyderabad seemingly was disturbed on reaching his office as most of the staff members formed a group protesting during working hours. Mr.Rao approached the protesting staff and discussed with them and found the reason for the staff resentment. It was on the Performance Management System (PMS) and its process.

Approach: Having understood the situation, Mr.Rao informed the protesting staff that a solution will be found within no time. Later Mr Rao contacted Professor Rajesh Vaidya, Associate Professor, Ramdeobaba College of Engineering and Management Technology, who, in turn, entrusted this case to his Research Scholars, Dr KDV Prasad and MrM.Mruthyanjaya Rao to provide a solution to this case.

This real time case study is prepared by KDV Prasad, Mruthyanjaya Rao Mangipudi of Department of Management Studies, RTM Nagpur University, Nagpur, Maharashtra under the advice to do so by Professor Dr. Rajesh Vaidya, Asst. Professor-Integrated MBA, Department Of ManagementTechnology,Shri Ramdeobaba College of Engineering & Management, RamdeoTekdi, Gittikhadan, Nagpur. This case study is actually carried out at the International Agricultural Research Institute, Hyderabad. The authors are grateful to Professor Vaidya for his suggestions and continued support. The data used was of the period between 2014 and 2016. For more details please contact corresponding author Dr KDV Prasad @ prasadkanaka2003@yahoo.co.in and raomangipudi@gmail.com

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