

A Study of Employee's Readiness for Introducing a Performance Management System in Shree Chalthan Vibhag Khand Udyog Sahakari Mandali Limited, Surat

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Abstract

Organization success is mainly depend on the performance of employees. At the same time success of change in the organization is depend on employees' readiness to accept it. Research has been carried out in Shree Chalthan Vibhag Khand Udyog Sahakari Mandali Ltd., Surat in which they want to introduce PMS. The objective of present study is to determine the employee's readiness to implement Performance Management System (PMS) in the organization. Descriptive research design has been used to conduct research. 156 employees response has been collect and structure questionnaire has been used to elicit the data. Survey method has been used as a data collection tools. From the study it has been found that employees and organization is ready to implement PMS in the organization. It has also found that lack of communication and organization inflexibility are the major challenges that may cause successful implementation of PMS. Organization should encourage their employees to contribute their ideas, suggestion when organization want to introduce any change. This paper will help an organization to introduce changes in the organization.

Keywords: organization readiness, Performance Management System, Change Interventions

Introduction

21st century is changing rapidly due to which organization has to maintain a pace. As a result of this, organization is persistently provoking challenges such as competition, changes in way of conducting business and processes. To sustain in this environment organization need to change and develop continuously. In these condition organizational change (OC) is inevitable. These require proper handling of change. According to (Varma, Budhwar and Denisi, 2008), successful organizations know that to win in today's competitive marketplace, they must attract, develop and retain talented and productive employees.

Performance management is a ubiquitous term in today's business environment, being embedded in the body of knowledge of various disciplines and being used it at all organizational levels (Brudan, 2010). Performance Management has been seen as a complex system in which manager's work with their employees to set expectation, measure and review results, and reward performance, to ultimately improve organization success and has consequences for both individual and organizations (Armstrong and Baron, 1998; Monday et al., 2002).

Review of Literature

They grow in productivity, activities and profitability, which pose greater challenges to them and require changes in the way they operate (Carnall, 2007). Introducing a PMS to an organisation is a strategic change and one of the most fundamental ways of improving productivity, efficiency and effectiveness and, ultimately, increasing revenue (Nelongo, 2011). Attempts to implement new programs, practices, or policies in organizations often fail because leaders do not establish sufficient organizational readiness for change (Kotter JP, 1996). Organizational readiness refers to 'the extent to which organizational members are psychologically and behaviourally prepared to implement organizational change' (Weiner BJ, Lewis MA, Linnan LA, 2009). Organisations' readiness for change depends on the level of employees' commitment to the change and whether they believe the change can happen (Weiner, 2009).

According to Jawaria Andleeb Qureshi, Asad Shahjehan, Zia-ur-Rehman and Bilal Afsar (2010) notifies that many organizations install Performance Management Systems (PMS) formally and informally in their organizations, with the motivation to achieve better organizational results. Olve, Roy and Wetter (2004) argue that performance management systems create organizational cultures of personal responsibility for

business and personal improvement. Nankervis and Compton (2006) in their study (covering 961 organizations across

Australian industry) came out with few ideal principles of PMS design and implementation. These are: "strategic alignment of organizational goals and employee goals and outcomes; user friendliness, consistency, equity and transparency, and clear links between appraisal and salary review, human resource development, coaching and succession plans". Canterucci (2008) argues that performance management systems, as change initiatives, are pivotal to the strategies of organisations and they should ensure that they are ready.

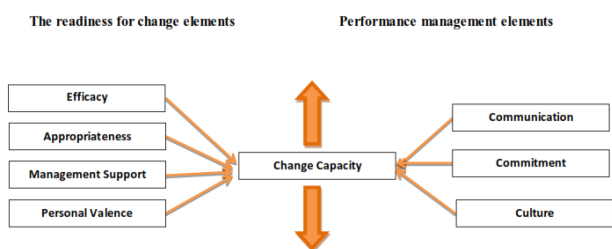


Figure: 1 Change Readiness Model

According to the study of George Ndemo Ochoti, Elijah Maronga, Stephen Muathe, Robert Nyamao Nyabwanga, Peter Kibet Ronoh (2012) various factors influencing performance system George Ndemo Ochoti, Elijah Maronga, Stephen Muathe, Robert Nyamao Nyabwanga, Peter Kibet Ronoh (2012) are Implementation process, interpersonal relationships, rater accuracy, informational factors and employee attitudes had a significant positive relationship with the performance system. Without integration, no performance management system can succeed on its own, no matter how good the performance management system may be (Saravanja, 2004). D'Amboise (2007) proposed that organisations should structure the planning to include logical thought processes that will address the external and internal environments and look at the past, present and future.

Statement of the Problem

In Shree Chalthan Vibhag Khand Udyog Sahakari Mandali Ltd., Performance of employees is the emerging issue. Organization had introduced performance appraisal system in the past but they failed to continue. Now looking to the pressure of competitions from other sugar factories operating in Gujarat, they once again want to introduce PMS in their organization. At present, company wants to delineate the readiness of employee's readiness to introduce PMS. Organization also wants to perceive the factors need to consider before implementing PMS.

Research Objective

The primary aim of the current study was to determine the employee's readiness to implement Performance

Management System (PMS) in Shree Chalthan Vibhag Khand Udyog Sahakari Mandali Limited. The Secondary objective of the study was to detect challenges that hinder the introduction of PMS in the organization.

Research Methodology

Descriptive research design was too carried out the present study. The target respondents for the study were 156 employees working at middle level management in Shree Chalthan Vibhag Khand Udyog Sahakari Mandali Ltd., Surat. Convenient non probability sampling method was used to elicit the primary information from respondents. A structured questionnaire was developed based on Change Readiness Inventory (CRI) developed by Roodt and Kinnear (2007). SPSS 21 has been used to analyze the data and to test hypothesis.

Hypothesis

H0: There is no correlation between organization intervention for change, employee's attitude & employee's readiness for introducing PMS.

H1: There is correlation between organization intervention for change, employee's attitude & employee's readiness for introducing PMS.

Table: 1 Hypothesis Testing

		Correlations		
		Change Interventions	Employees attitude for PMS	Employees readiness for PMS
Change Interventions	Pearson Correlation	1	.465**	.429**
	Sig. (2-tailed)		.000	.000
	N	156	156	156
Employees attitude for PMS	Pearson Correlation	.465**	1	.677**
	Sig. (2-tailed)	.000		.000
	N	156	156	156
Employees readiness for PMS	Pearson Correlation	.429**	.677**	1
	Sig. (2-tailed)	.000	.000	
	N	156	156	156
**. Correlation is significant at the 0.01 level (2-tailed).				

There is a linear positive correlation between Employees readiness for PMS and Employees attitude for PMS. The correlation coefficient is 0.677 and is statically significance as the p-value is less than 0.05. Positive correlation has been found between Organization intervention for change, employees attitude for PMS and Employees readiness for PMS.

Discussion

Table: 2 Demographic Characteristics

Measure	Value	Frequency	Percentage
Gender	Male	154	98.7
	Female	2	1.3
	Total	156	100
Age	Under 20	4	2.6
	21 – 25	13	8.3
	26 – 30	31	19.9
	31 – 35	17	10.9
	36 – 40	11	7.1
	41 – 45	6	3.8
	46 – 50	35	22.4
	50 & Above	39	25.0
	Total	156	100
No. Years worked for organization	Less than 5	43	27.6
	6 – 10	29	18.6
	11 – 15	10	6.4
	16 – 20	4	2.6
	21 – 25	25	16.0
	26 – 30	28	17.9
	More than	17	10.9
Total	156	100	

Overall, 98.7 % of the respondents were Male and only 1.3% respondents were female. Majority of respondents 74% respondents were belong to agile work group followed by 31% respondents representing young work group. Overall, 13 % of respondents were working with organization from less than 5 years while 80 % of respondents were belong to the organization from last 21 – 30 years.

Table: 3 Descriptive Statistics for Clear Communication, Vision, and Commitment of employee's for PMS

No	Statements	Mean	Std. Deviation
1	Do you understand the purpose of implementing a PMS?	3.87	.426
2	Are you familiar with the content of a PMS?	3.26	3.312
3	Do people in your work unit encourage each other to support the change initiatives within the organization such as the implementation of a PMS?	3.53	.933
4	Are people looking forward to the implementation of a PMS?	3.00	1.191
5	Does the top management have a clear vision of the change to be made e.g. implementation of a PMS?	4.00	.393
6	Do employees have confidence in top management's ability to manage implementation of change initiatives?	3.90	.689
7	Does the top management always communicate the implementation change initiatives with the employees?	2.88	1.130
	Overall Mean	3.49	1.15

The overall mean (Table: 3) is 3.49 which means employees are having clear communication, Vision and commitment for PMS. The highest mean score if for clear

vision is 4.00 which state that organization is having clear vision for introducing PMS in the organization. The lowest mean score for organization communication for change initiatives is 2.88 which state that communication is lacking.

Table: 4 Descriptive Statistics for organization working environment

No	Statements	Mean	Std. Deviation
8	Is the working environment safe for making suggestions for improvements?	3.58	.902
9	Are the employees new ideas considered for implementation of any change initiatives?	3.35	1.027
10	Are the employees encouraged to make suggestions regarding the implementation of a PMS?	3.16	1.096
11	Do people in your work unit encourage each other to support the change initiatives in the organization such as the implementation of a PMS?	3.74	.509
12	Will it be easy for people to make changes to the content of their jobs, when a PMS is implemented?	3.13	1.023
	Overall Mean	3.39	0.91

The item wise mean for Organization environment (Table: 4) is 3.39 which means it is just below than average. The lowest mean score of statement 10 state that employees are not encouraged to make any suggestion. For statement 11 mean score obtain is 2.74 which state that employees themselves encourage one another at workplace during any change process to keep motivated themselves.

Table: 5 Descriptive Statistics for Training provided to employees

No	Statements	Mean	Std. Deviation
13	Do people receive training to cope with their new job requirements?	3.35	1.128
14	Will people cope with increased job variety?	3.11	1.205
15	Will change bring about new challenges in people's jobs?	3.60	1.051
	Overall Mean	3.35	1.12

Item wise mean score for training provided to employees are 3.35 which is average. The mean score for statement 15 is 3.60 which state change will brings new challenges for employee's job.

Table: 6 Descriptive Statistics for organization policies & structure

No	Statements	Mean	Std. Deviation
16	Is the organization flexible enough to allow any changes?	2.94	1.323
17	Are the organization's policies flexible enough to accommodate any changes?	3.10	2.070

18	Is the structure of the organization conducive for the implementation of a PMS?	3.17	1.165
Overall Mean		3.07	1.52

Item wise mean score is 3.07 which is average. Among all items, item no. 16 is having the lowest score 2.94 which state that organization is not flexible to allow any changes.

Table: 7 Descriptive Statistics for organization's initiatives / interventions for change

No	Statements	Mean	Std. Deviation
19	Is the implementation of any change initiative always championed by the most influential people in the organization?	3.42	1.141
20	Is the expected period to make a change always realistic?	3.78	1.005
21	Are the change initiatives within the organization always well planned?	3.96	0.531
22	Are all the components of the business considered in compiling the Count change initiatives?	3.25	1.371
23	Are the employees who are affected by the change involved in drafting the change plans?	2.97	1.346
24	Are the employees committed to the change initiatives in the organization?	3.23	1.9
Overall Mean		3.43	1.22

Item wise mean score for organization initiatives / interventions for change is 3.43 (refer table: 7) which means it is just above average. Item no 21 & 20 is having a respective mean score of 3.96 and 3.78 which show that organization intervention for changes are realistic and well planned.

Table: 8 Descriptive Statistics for employee's attitude & feelings towards introducing PMS

No	Statements	Mean	Std. Deviation
25	Will people be committed to achieving the objectives of a PMS?	3.41	1.053
26	Do employees believe that the implementation of a PMS will improve the performance of the organization?	3.26	1.219
27	Do employees believe that the implementation of a PMS will be beneficial to them?	3.15	1.159
28	Are people looking forward to the implementation of a PMS?	3.53	1.031
29	Do most people believe that the implementation of a PMS will have a positive effect on their earnings?	3.41	1.191
30	Will the implementation of a PMS improve relationships between staff members and with their supervisors?	3.46	1.043
31	Is the implementation of a PMS viewed as fair towards employees?	3.37	.903
32	Is the implementation of a PMS viewed as an additional stress factor at work?	3.32	1.010
Overall Mean		3.64	1.08

Mean score for employee's attitude towards introducing PMS is 3.64 which is positive. The highest score has been observed for item no. 28 is 3.53 indicating that employees are ready to introduce PMS in the organization. Mean value for item no. 30 is 3.46 which indicate that employee feel that introduction of PMS will improve the relationship between staff members and their supervisor.

Table: 9 Descriptive Statistics for employee's readiness for introducing PMS

No	Statements	Mean	Std. Deviation
33	Willingly (choose to) be part of a new change initiative	3.36	1.053
34	Willingly (choose to) change the way you work because of the change process	3.12	1.080
35	Willingly (choose to) to focus on improving the current situation rather than pursuing the change process	3.38	.860
36	Willingly (choose to) take the blame when the change process or elements thereof fail	2.71	1.203
37	Willingly (choose to) provide support for the remainder of the change process	3.19	1.228
Overall Mean		3.15	1.09

The mean score for employee's readiness towards introduction of PMS is 3.15 which state that employees are ready to introduce PMS in the organization. Employees are willing for change but first they want to focus on current situation (mean score of 3.38). The lowest score has been observed for 2.71 which state that employee's don't want to take blame if they fail during change process.

Findings

Employee's readiness to introduce PMS found positive. It has also found that introduction of PMS in the organization will improve relations with supervisor as well as with management staff. Organization change intervention found to be well planned and realistic in nature. Some of the factors which are lacking are organization communication with employees at a time of introduction of change, organization is not flexible enough and employees want to focus on current working conditions rather than focusing on future aspect. A significant relationship exist between organization intervention for change, employee's attitude & employee's readiness for introducing PMS.

Recommendation

From the study it has been acknowledged that organization and employees are positive about introduction of PMS. Organization should go for worker participation when they want to introduce any changes in the organization that will reduce employee's anxiety and

resistance level. At the same time company must provide ongoing training program to improve their skills and knowledge which can increase employee's self-efficacy level. Organization should encourage employees for providing suggestion, ideas which can improve organization performance.

Conclusion

A positive attitude of employees toward PMS has been found. It can be concluded that organization readiness to introduce PMS is positive, but still there are some areas where improvement needed.

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