APPLICATION OF CAREER DEVELOPMENT AND PERFORMANCE MANAGEMENT PRINCIPLES THE NIGERIAN OIL INDUSTRY.

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Abstract

Performance management in the Nigerian oil industry is seen as the systematic process by which the agency involve its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency's mission and goals. Employees performance management include: planning the work and setting expectations, continually monitoring performance, developing the capacity to perform, periodically rating performance in a summary fashion and rewarding good performance. The ultimate, according to the employees' perception, is that people would work so hard without the commensurate compensation in terms of promotion, pay raise, praise, promise, recognition or reward of any kind. This gap on the part of the management by non-commensurate compensation is the issue that is making people to doubt whether there are experts in the departments to critically analyze performance because it is obvious that high performance should attract good motivation from the management.

Key words: Performance Management, Agency's Mission and Goals, Employees Perception

INTRODUCTION

Performance management is a primary tool in corporate communication and employee engagement as well as delivery of the desired corporate culture. It is about aligned and integrated effort, recognizing the importance of everyone and everyone's responsibility and accountability for performance. Performance management is about developing the individual to maximize their performance capabilities and recognizing the differences in individual capability. Performance management measures performance objectively with equal concern for input (knowledge, skills, expertise and competence) and output (results and contributions). It is embedded in the inverted hierarchy, employees deliver output, quality service and customer satisfaction, managers provide strategy and structure. It is the manager's role to support the employee and not the other way around. Managers can only be successful if their reports are successful. It is their job to remove any barriers to performance (McGregor, 2000).

Performance management does not rely on elaborate forms and systems. The less the administrative burden on all concerned, the better the process. Performance management is more concerned with the nature and value of the process for the manager and the employee than it is in the content of the performance management documentation and system. Performance management demands training for all involved, particularly in the areas of goal setting, coaching and feedback. Performance management is concerned with standards and equality of practice and will always have a quality assurance process. Performance management will always be high on the Senior Executive team's agenda. Performance management can be and is distinguishable from its predecessors. It has a much wider remit than improving individual performance or dealing with poor performances. It is about integrated and sustained high performance within an organization. It is about realizing the full potential and capacity of the human asset and aligning that capacity and potential to organizational aims. Performance management is about creating an environment where individuals can realize their own potential and in the words of McGregor (2000) "create the conditions such that the members of the organization can achieve their own goals best by directing their efforts towards the success of the enterprise"

Statement of the Problem

Many oil companies are generally known for high motivation of workers and the resultant effect is that the workers pay back by way of high productivity which brings about tremendous organizational growth. While some institutions have actually achieved an appreciable level of efficiency relative to human and material resources at their disposal, others are yet to attain a greater level of efficiency. Over the years, some employees in the selected oil companies operating in Nigeria have been known to be remiss in their duties. They also show indolence, non-chalant attitude, apparent indifference and apathy to work which tantamounts to inefficiency, despite the efforts of the management to improve their standard of living. On the other hand, this is not so in all cases as some workers cannot remain faithful and committed to their work. The report is that the employees are not being rewarded according to their level of work performance. Other elements of genuine grievances include nepotism, undue favouritism, unwarranted sympathy and unprecedented indulgence amongst others.

Literature Review

Performance management is concerned with improving individual and team performance. Managers cite performance appraisals or annual review as one of their disliked tasks. Performance management eliminates performance appraisal or annual review and evaluation as the focus and concentrates instead on the entire spectrum of performance management and improvement strategies. Employees' performance development, training, cross- training and more are included in an effective performance management system. Mitra (2006) sees performance management to include processes that effectively communicate company aligned goals, evaluate employee performance and reward them fairly. Simply put, performance management encompasses activities which ensure that goals are consistently being met in an effective and efficient manner (Fletcher and William, 2006). They highlight that performance management can focus on the performance of an organization, a product or service, employees etcetera. Performance management and improvement can be thought of as a cyclic process which involves:

1. Performance planning where goals and objectives are established
2. Performance coaching where a manager intervenes to give feedback and adjust performance.

3. Performance appraisal where individual performance is formally documented and feedback delivered.

Thus, a performance problem is any gap between desired results and actual results. Performance improvement is any effort geared towards closing the gap between actual results and desired results. Kathryn and Clifford (2009:32-48) identified performance management as a process whereby:

1. Work is planned and expectations are set
2. Performance of work is monitored
3. Staff ability to perform is developed and enhanced
4. Performance is rated or measured and the ratings summarized
5. Top performance is rewarded.

Performance occurs when an employee is achieving a goal in a highly effective and efficient manner particularly when that goal is closely aligned with the achievement of the overall goals of the organization. A common problem for new supervisors is having no clear and strong sense of whether their employees are high performing or not. Employees can be very busy in their roles but that does not mean that they are high performing if their roles are not directly contributing towards achieving the overall goals of the organization. The first step in solving this problem is to establish clear performance goals. Some people have a strong negative reaction towards setting goals because they fear goals are the laws that must be maintained and never broken. Some people fear they will never achieve the goals. Caplow (2004) asserts that others have disdain for goals because goals seem to take the heart out of their work.

Performance management is the systematic process by which an agency involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency's mission and goals. Employees performance management include: planning the work and setting expectations, continually monitoring performance, developing the capacity to perform, periodically rating performance in a summary fashion and rewarding good performance. Corner (2000) regrets that where performance management is not practiced, the effectiveness and productivity of the organization is essentially reduced.

Performance management means making continuous progress and positively impacting the key indicators of an organization. Explaining the terms further, continuous progress means that there is a constant movement not sporadic progress. Positively impacting indicates that the continuous progress is seeing the desired results anticipated. Finally, key indicators are the measures that tell definitively if a manager is moving towards his vision and maintaining the health of the organization as Deeprose (1994) affirms. Key indicators include revenue, profitability, overhead or cost of goods sold, rate of attracting new customers, customers' retention, employee performance, etcetera. So then, performance management focus is on achieving the vision for the organization as a whole. It includes being sure that major projects are completed on time and on budget, that internal systems are performing smoothly, without waste and that employees are carrying out their responsibilities effectively.

Cokins and Wiley (2009) point out the revisions made in 1995 to the Nigerian Government Public Service performance appraisal and awards regulation. Great care was taken to ensure that the requirements those regulations established would complement and not conflict with the kinds of activities and actions practiced in effective organizations as a matter of course. In an effective organization, work is planned out in advance. Planning means setting performance expectations and goals for groups and individuals to channel their efforts to achieve organizational objectives. Getting employees involved in the planning process will help them understand the goals of the organization, what needs to be done, why it needs to be done and how well it should be done.

In an effective organization, assignments and projects are monitored continually. Monitoring well means consistently measuring performance and providing ongoing feedback to employees and work groups on their progress so far in reaching their goals. Regulatory requirements for monitoring performance include conducting progress reviews with employees where their performance is compared against expected standards. Crosby (2001) deduces that ongoing monitoring provides the opportunity to check how well employees are meeting predetermined standards and to make changes to unrealistic or problematic standards. Monitoring continually facilitates the identification of unacceptable performance and ensures the provision of adequate assistance to address such lapses rather than wait until the end of the period when summary rating levels are assigned.

In an organization where employee's developmental needs are evaluated and addressed developing in this instance means increasing the capacity to perform through training, giving assignments that introduce new skills or higher levels of responsibility, improving work processes or other methods. Providing employees with training and developmental opportunities encourages good performance, strengthens job-related skills and competencies; this helps employees to keep up with changes in the workplace such as the introduction of new technology. Carrying out the processes of performance management provides an excellent opportunity to identify developmental needs. Merie and Redmon (2009) advise that during planning and monitoring of work, deficiencies in performance become evident and should be addressed. Areas for improving good performance also stand out and action can be taken to help successful employees improve even further.

Performance Management and Minimizing Underperformance in the Oil Company:

Zornitsky and Martin (2006) observe that poor performance is usually the result of either:

1. Capability; where an individual is incapable of doing his job for reasons outside of his control, for example, a lack of the necessary skills, experience, knowledge or qualifications to do his job.
2. Ill health and conduct; where an individual fails to apply sufficient effort to performing his job to a satisfactory standard, for example, negligence, attitude and disobedience.

Beryl (2006) submits that it is very important to make sure that the causes of an individual's poor performance are identified in order to seek the most appropriate remedy through performance management strategies such as disciplinary action (in cases of misconduct), appraisal, training and reward (in cases of capability).

Zornitsky and Martin (2006:81) admit that performance management is a much over-used term these days but in this context, it refers to establishing a monitoring programme for the employee whose behaviour is causing concern. The first step is to meet with the employee and discuss the issue that concerns his area of underperformance. In this meeting the manager should also say exactly what he expects from them. The manager has to also agree on a series of review dates which could be daily, weekly or monthly. This is the important part, by agreeing on the review process the manager effectively tells the employee how serious the matter is and the organization keeps an eye on it. If during the review process, the employee makes further error, the manager could proceed to issue a letter of concern. Should there be a further breach then it would lead to a disciplinary warning.

Smith (2005:173) sees managing underperformance as a real frustration for managers and employees alike. When someone goes off the boil it can have an impact on his performance as well as affect those around him by setting a poor example. Handling it can be tricky as sometimes there is no one thing that would lead an employee to receiving a formal warning but often it's a series of small events such as an instance of lateness, poor quality of work or inappropriate behaviour that leads to the feeling that the employee is not on board or not performing. Using the disciplinary process in performance management is always appropriate as the matters may not be serious enough. It requires a formal process to be followed and can lead to making the situation worse as the employee feels demotivated as a consequence of being given a warning. Garba (2007:82) warns that it is always better to avoid a disciplinary hearing wherever possible as this can lead to a serious breakdown in the relationship between the manager and the employee.

Monitoring and Evaluating Performance Management

Bacal (2001) declares that it is important to continue to monitor and evaluate performance management regularly especially after its first year of operation. The best method of monitoring and evaluating is to ask those involved (that is employees, managers and teams) how they worked. It is also desirable to scrutinize the sample of completed forms to check on how well they have been completed. The evaluation can be carried out by:

i. The Human resource department
ii. Members of the project team
iii. An independent consultant or an adviser

Individual and group discussions can be supplemented by a special survey of reactions to performance management which could be completed anonymously by all managers and staff. The result should be fed back to all concerned and analyzed to assess the need for any amendments to the process or further training requirements. The ultimate test, of course, is analyzing organizational performance to establish the extent to which improvements can be attributed to performance management. It may be difficult to establish a direct connection but more detailed assessment with managers and staff on impact of the process can reveal specific areas in which performance has been improved which could be linked to all overall performance management measures.

Career Development as Part of Performance Management Programme

One of the fundamental factors for bringing about an effective performance management programme is often the one that is most forgotten. Beer and Ruh (1996) submit that often a supervisor could mistakenly focus all of his or her resources entirely on rating and ranking workforce. While these steps are essential elements of performance management, they fall short in the long run. To begin with, employees are left to feel as though their company has neglected their individual career needs. This ultimately leads to retaining top quality talents which is why effective performance management incorporates the worker's needs with that of the company according to Beer and Ruh (1996). When engaging an employee based on the level of their performance, the successful manager will work to align the company's goals with those of the individualized career paths to make sure a high level of worker- loyalty and long term productivity is achieved.

Performance Management Principles

Essien (2006:82) shows performance management as the process by which objectives are agreed upon, processes towards achieving the objectives are reviewed and individuals are supported as well as developed. These principles include:

1. **Aligned objectives**- individual, department and team objectives are cascaded and aligned with current business objectives so that everyone is working towards the same overall objectives in the most effective manner. This enables everyone to know what is expected of them and how this helps to deliver the overall business objectives. Individual, department and team objectives are regularly reviewed and updated as business needs or individual circumstances change. Managers are accountable for ensuring that individual department and team objectives are clear, relevant, measurable and documented. The way in which performance delivery is measured against objectives will be reviewed throughout the year. Managers would be encouraged and supported to manage risk-taking, creativity, innovation and challenges when agreeing on individual's objectives with organizational objectives.

2. Joint Responsibility – individuals, managers and project leaders are jointly responsible for the effectiveness of the performance process. Asua (2004) proposes managers to be responsible for creating a challenging and supportive environment in which all individuals are able to give their best performances. They also ensure a reasonable total workload for individuals. Individuals, managers and project leaders must have an equal commitment to the objectives set, including agreeing on the ways and means of achieving them. In addition to meeting their own objectives, individuals are expected to support others in delivering outstanding team performance.

3. Constructive conversations- there is open and honest dialogue between individuals, managers and project leaders who need to have frequent, clear, open and fair conversations with each other about the level of performance they are achieving and also, how they work together. There should be clear, open and honest conversation about learning needs, aspirations, opportunities for growth and development as well as agreed plans. Where an individual's performance or behaviour are not to the required standards, the managers should discuss this promptly with the individual and should work with him/her to address this.

4. Reviewing and Rewarding Performance- everyone should be given an opportunity to understand the link between their performance and their reward as well as their recognition. Managers will communicate openly about performance management and global remuneration principles. Managers and project leaders should demonstrate compatibility to carry out their performance management and reward responsibilities. There should be a demonstrable link between an individual's performance and the level of reward and recognition they achieve. Essien (2006) maintains that organizations should deliver high rewards to high performance individuals and also reward contributions to team performance.

Conclusion

Performance elements and standards in the Nigerian oil industry should be measurable, understandable, verifiable, equitable and achievable. Through critical elements, employees are held accountable as individuals for work assignments or responsibilities. Employee performance plans should be flexible so that they can be adjusted for changing program objectives and work requirements. When used effectively, these plans can become beneficial working documents that are discussed often and not merely paperwork that is filed in a drawer and seen only when ratings of record are required.

Recommendations

Based on the findings of the research, the following recommendations are deemed necessary:

1. Performance management should be seen by all as a panacea for high productivity in not only the oil companies but also in any other sector of the economy.
2. Performance management practice by organizations should be such that can cause motivation of employees with the resultants effect as high productivity and organizational growth.

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