PERFORMANCE MANAGEMENT AS A PROCESS FOR DEALING WITH THE UNDERPERFORMANCE OF EMPLOYEES OR TEAM IN THE NIGERIAN OIL INDUSTRY.

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Abstract

The study investigated the extent to which performance management could be used as a process for dealing with the underperformance of employees or team in the Nigerian oil industry. The population of this study consisted of 15,002 casual, contract and permanent employees. The study adopted a survey design. Data was collected via oral interview and structured questionnaire as well as textbooks, journals, magazines and unpublished articles, research and project reports in a related field. Manuals containing policy statements of the selected companies was analyzed using appropriate statistical technique such as descriptive statistics and Pearson product moment correlation analysis while all the hypotheses were tested at 0.025 alpha level. The questionnaire was designed by the researcher, vetted by the thesis Supervisor and validated by experts in Test, Measurement and Evaluation of the Department of Education, Faculty of Education, University of Uyo, Uyobefore the reliability study was conducted with the use of forty (40) respondents who did not form part of the main study. The instrument was subjected to reliability test using Crombach Alpha Technique. The test produced the reliability co-efficient ranging from 0.73 to 0.96 and this proved that the research instrument is reliable for the study.From the results of the data analysis, it was observed that the extent to which performance management is used as a process for dealing with underperformance of employees or team in the Nigerian oil industry is high. It was concluded that withthe help of performance management, underperformance of employees or team in the Nigerian oil industry has been remarkably discouraged and minimized. The recommendation was that themanagement should endeavour to discourage the underperformance of employees by instilling disciplinary actions to enhance high productivity.

KEYWORDS: **Performance Management, Process, Dealing, Underperformance, Employees or Team, Nigerian Oil Industry.**

INTRODUCTION

Performance management emerged in the late 1980s with the arrival of Strategic Human Resource Management (HRM) as an integrated approach to the management and development of people which saw the decentralization of this critical function to line management. HRM recognized that the management of performance was something to be carried out on a continuous basis, not a yearly event controlled centrally by HRM and could only be done by the line manager. It paralleled the new thinking on corporate culture, driven by core values and the need for processes that would help to change behaviour and align employees to corporate values and goals.

Performance appraisal system emerged in the late 1970s and into the 1980s. They were a mix of the merit system and management by objectives. They were more often than not the property of the Personnel Department and were imposed bureaucratic systems. They tended to operate top down and were focused on the annual appraisal meeting which was retrospective in its approach. They quickly became perceived as the trigger for reward and hence the emergence of the concept of pay-related–reward or performance-pay. The word appraisal itself undermines the process as it conjures images of something that is done to individuals, with neither the manager nor subordinate comfortable with the notion of one person telling another person what they think about them.

True performance management where it is practiced today is unique and distinguishable from its predecessors. It does contain elements of all previous systems, from the merit scale to the cascade to the annual review meeting. It differs in the sense that performance management is continuously working for all participants in a partnership. Performance management is primarily concerned with what needs to be done both in terms of objectives to be achieved and the individual's development needs to achieve them. It is about tomorrow and not yesterday. Performance management is owned by line management and the employee and not the preserve of HRM. 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 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. 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 (1960) “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

It has been observed that some employees in the selected oil companies operating in Nigeria have been known to be remiss in their duties. 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. However, the problem of this study is how these oil companies use performance management approach to motivate their workers to achieve high performance as well as the growth of the organization.

Purpose of the Study

The purpose of this study is todeterminewhether performance management could be used as a process for dealing with the underperformance of employees or team in the Nigerian oil industry.

Research Question

An attempt shall be made to provide an answer to the following question:

I. Could performance management be used as a process for dealing with the underperformance of employees or team in the Nigerian oil industry?

Research Hypothesis

1. Performance management could significantly be used as a process for dealing with the underperformance of employees or team in the Nigerian oil industry.

Literature Review

Performance Management System

Performance management system is increasingly seen as the way to manage employees' performance. Mabey and Slaman (2005) provide a useful definition when they stated the essence of performance management as: establishing framework in which performance by individuals can be directed, mentioned, motivated and rewarded. The system also represents a more holistic view of performance. Performance appraised or reviewed is almost always a key part of the system but is integrated with performance planning by linking an individual's objective to the business objective to ensure that employee's effort is directed towards organizational priorities which support performance delivery through development plans, coaching and ongoing review. This is to enable employee's effort to be successful and performance assessed. Successful performance is rewarded and therefore, reinforced according to Mabey and Slaman (2005)

The conceptual foundation of performance management relies on a view that performance is not forced but is agreed upon. The clarity of goals is the key in enabling the employees to understand what is expected and the order of priorities. In addition, goals themselves are seen to provide motivation and this is based on goal setting theory originally developed by Locke (1968) and further developed with practical applicability by Latham and Locke (1990). Many researches to date have shown that for goals to be motivating, they must be sufficiently specific, challenging but not impossible and set anticipatively. Also, the person appraised needs a feedback on future progress confirming expectancy theory which states that the individuals will be motivated to act, provided they are enabled to achieve the goal set believing that to achieve the goal will lead to other rewards and believe that the reward on offer has value.

Monitoring Performance Delivery

Williams (2007) proposes that the manager retrains the key enabling roles in ensuring that the employee is working to achieve the performance agreed upon. Organizing the resource and off job training is clearly essential as well as accessible. There may well be unforeseen barriers to the agreed performance which the manager needs to revise. The employee may want to sound out possible courses of action to the manager before proceeding or may require further information sharing or inside information that will affect the employee's performance as a key need, although it is also something that the manager finds difficult to do especially with sensitive information. Managers can identify information sources and other people who may be helpful during ongoing coaching and during the task. Managers can guide the employees through the discussion and by giving constructive feedback, they are in a position to provide practical job experience to develop the critical skills and competencies that the employee needs and can provide job-related opportunity for practice. Managers can identify potential role models to employees. Consequently, they can help to explain how and why high achievers perform so well. Although it is the employee's responsibilities to achieve the performance agreed upon, the manager still has the continuous role of providing support, guidance and oiling the organizational wheel.

Performance Management and Minimizing Underperformance in the Oil Company:
Zornitsky and Martin (2006)observe that poor performance is a 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 fail 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) 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 is effectively saying to the employee, this is a serious matter and the organization is keeping an eye on it. If during the review process, the employee makes a 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) sees managing underperformance as a real frustration for managers and employers 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)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.

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.

Research Methodology

Research Design

Descriptive survey design will be used for the study. This approach was considered most appropriate because it helped the researcher to describe, examine, record, analyze and interpret the variables that were found in the study.

Population of the Study

The population of the study will consist of 15,002 casual, contract and permanent employees.

Sampling and Sampling Technique

The respondent for the study will consist of 1446 employees in selected oil companies. These will be obtained through the stratified random sampling technique.

Validation of the Instrument

The instrument was face and content validated by the researcher's supervisor. One expert from test, measurement and evaluation also helped in validating the instrument.

Reliability of the Instrument

Test retest reliability test was conducted using twenty (40) respondents. These respondents were not part of the sample used for the main study. The scores of the twenty respondents were subjected to Cronbach's Alpha technique to determine the reliability coefficient of the instrument.

Method of Data analysis

The researcher subjected the data generated for this study to appropriate statistical techniques such as descriptive statistics and Pearson product moment correlation analysis. Test of significance was at 0.025 alpha level.

Data Analysis and Results

Research Question One

The research question sought to find out the extent to which performance management is used as a process for dealing with the underperformance of employees or team in the Nigerian oil industry. In order to answer the research question, descriptive analysis was performed on the data collected (see table 1)

Table 1: Descriptive Analysis of the extent to which performance management is used as a process for dealing with underperformance of employees or team in the Nigerian oil industry

Variable	N	Arithmetic mean	Expected mean	r	Remarks
Performance management	1446	16.04	12.50	0.56*	*moderately strong Relationship
Minimization of underperformance of employees		6.59	5.00		

Source: Field Survey

Table 1 presents the descriptive analysis of the extent to which performance management is used as a process for dealing with underperformance of employees or team in the Nigerian oil industry.The two variables were observed to have moderately strong relationship at 56%. The arithmetic mean for performance management (16.04) was also observed to be higher than the expected mean score of 12.50. In addition to that, the arithmetic mean for discouragement of underperformance of employees (6.59) was observed to be higher than the expected mean score of 5.00. The result therefore means that the extent to which performance management is used as a process for dealing with underperformance of employees or team in the Nigerian oil industry is high.

Hypothesis Testing

Hypothesis one

The null hypothesis states that performance management cannot significantly be used as a process for dealing with underperformance of employees or team in the Nigerian oil industry.

In order to test the hypothesis, two variables were identified as follows:-

1. Performance Management as the independent variable

2. Dealing with underperforming employees as the dependent variable.

Pearson Product Moment Correlation analysis was then used to analyze the data in order to determine the relationship between the two variables (see table 2)

Table 2: Pearson Product Moment Correlation Analysis of the Relationship between performance management and the level to which underperformance of employees or team are dealt with in the Nigerian oil industry.

Variable	$\sum x$ $\sum y$	$\sum x^2$ $\sum y^2$	$\sum xy$	r
Performance management (x)	23191	377071		
			154123	0.56*
Dealing with underperforming employees (y)	9524	63918		

***Significant at 0.025 level; df =1444; N =1446; critical r–value = 0.086**

Table 2 presents the obtained r-value as (0.56). This value was tested for significance by comparing it with the critical r-value (0.086) at 0.025 level with 1444 degree of freedom. The obtained r-value (0.56) was greater than the critical r-value (0.086). Hence, the result was significant. The result therefore means that, performance management can significantly be used as a process for dealing with underperformance of employees or team in the Nigerian oil industry.

Discussion of Findings

The result of the data analysis in table 2 is significant due to the fact that the obtained r-value (0.56) is greater than the critical r-value (0.086) at 0.025 levels with 1444 degree of freedom. This implies that, there is a significant relationship between performance management and the level of discouragement and minimization of underperforming employees or team in the Nigerian oil industry. Again, Vigoda (2000) claims that the application of performance management has a positive relationship with the minimization of underperformance of employees using 303 public sector employees in Israel to examine the roles of performance management and discovered that performance management has a remarkable role in meeting up with the objectives of the organization such as high efficiency, profitability, performance/productivity and thereby minimizing underperformance. Consequently, the significance of this result caused the null hypothesis to be rejected while the alternative one is accepted.

Conclusion

Based on the findings of the research work, it was concluded that there is significant relationship between performance management and the level of discouragement and minimization of underperforming employees or team in the Nigerian oil industry. With the help of performance management, underperformance of employees or team in the Nigerian oil industry has been remarkably discouraged and minimized.

Recommendations

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

1. The management should endeavour to discourage the underperformance of employees by instilling disciplinary actions to enhance high productivity.
2. 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.

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