



**Importance of role of Unit Heads in Changing Performance
Management System and cost control in the Sugar Industry in tough
times through initiation of HR and administrative and other
departments**

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Abstract:

The term “Performance Management” has been gaining importance today especially in the sugar industry which is suffering off and on in tough scenario. It deals about the steps involved in achieving the predetermined goals of an organization. The concept of performance management that was born in the 50s was followed over the intervening half century by many variations that have upheld the principle of the performance plan and appraisal model. Traditional performance management programs have become organization wallpaper. They exist in the background with little or no expectations for impact. Employee expectations have changed. It’s not just Gen Y employees everywhere and of every generation expects more. When it comes to managing their performance, employees have shifted from being passive recipients to active agents. Change was driven by technology, communications and personal and professional working and management styles. It is the magnitude and urgency of the CEO to have a framework for implementing commitment in the organization. The actions of the leaders i.e., walk the talk helps in support of the new type of the behavior of the leaders. The top team shall be strong and CEO has to make tough decisions and he shall relentlessly pursue the impact in the organization.

This paper provides a contemporary review of performance management which is now believed to be used and the changes driven by various things and its influence on performance management in the organizations. Paper also analyzes the role of new CEOs in the sugar industry in tough times.

Key words:

Performance management, GenY employees, technology, communication, predecessor, culture, value ethics, learning organization, competitive advantage, strategy, strategic business partner, mission, transition, productivity.



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Introduction

Performance Management is one of key aspects of human resource management and is considered a core function to be performed by business leaders, human resource professionals, and managers. While business leaders give direction in terms of “what” aspect of performance management, HR professionals manage the “how” part and managers deal with the “doing”. As a process, the performance management integrates aspects related to strategy, planning, managing, legal, and human resources.

Performance Management (PM) is more than the end of the year appraisal. It’s about translating goals into results. Performance Management focuses not only on individual employees, but also on teams, programs, processes and the organization as a whole. A well-developed PM program addresses individual and organizational performance matters necessary to properly create and sustain a healthy and effective results-oriented culture. Moreover, during tough times, it can be a blessing or a curse for a new CEO from outside the firm. Also, he is not going to be blamed immediately for the problems in the company. Also, the bad thing is that he needs to fix the serious problems of the company which stops his chances for successful turnaround.

Three Reasons for the Change of Performance Management

Is there any organizational practice more broken than performance management? Not if you concur with Marc Efron & Miriam Ort who state “perhaps no talent management process is more important or more reviled than performance management.”

Traditional performance management programs have become organization wallpaper. They exist in the background with little or no expectations for impact. Yet despite its poor popularity, the concept of performance (at an individual and organizational level) is critical to business success. It can’t just be ignored.

I believe there are three reasons almost all current performance management systems are broken:

- 1 People have changed
- 2 Technology has changed
- 3 People’s relationship with their technology has changed

Repairing the damage? In order to compete in today’s market; companies must move to adopt a much more agile performance management approach.

People Have Changed

Employee expectations have changed. It’s not just Gen Y – employees everywhere and of every generation expects more. It is more involvement, more accountability, and more transparency. When it comes to managing their performance, employees have shifted from being passive recipients to active agents. Like goal pursuit motivates performance much more than goal achievement, peak performance is best achieved in states of flow, and multi-tasking only dilutes performance on all tasks undertaken concurrently.

Key Changes for High Performance

What used to work no longer does. Managers need to:

- 1) Be real – communicate openly and often.
- 2) Set stretch goals and inspire individuals to work to their potential.
- 3) Get out of the way – trust their teams and empower employees with accountability.

Technology Has Changed

We’re reaching a tipping point for technology in the talent management arena. It began with simple automation. The “big data & analytics movement” has now really raised the bar not just in terms of what data can be gathered, aggregated and analyzed but also how it is filtered and presented to audiences to provide immediate management insights.

Key Change for High Performance

A shift in focus has taken from process to outcomes. With technology finally up to the task of producing meaningful information, managers can turn their attention to driving performance outcomes rather than being bogged down in laborious processes.

The relationship between people and their technology

It’s really not so long ago that your only likely encounter with a computer was when you went to work, laptops were expensive and rare and mobile devices were pagers and Walkmans. Today, can you even imagine getting past 10:00 a.m. without having accessed a myriad of your online applications? We work online, shop online, socialize online, we are connected 24/7 online. The fact is organizations that try to block out the world simply ostracize themselves. And they are in decline.

Key Change for High Performance

An agile, social and mobile work environment: You will set dynamic goals and adjust them in response to change; your manager will provide just in time coaching wherever you are; skills and knowledge you need will be recommended and streamed to you; your performance journal will continuously capture and cluster feedback, ideas and suggestions from your peers and customers; your formal annual performance review will be permanently deleted from your calendar and you will finally be in a position to manage your own career.

Seven elements for the successful Performance Management

The key of a successful performance management system is to identify the hard and soft elements and incorporate the best practices. The key belief of having a strong performance management program is that it can help business be more successful and help employees perform and grow. It also helps to create a sustainable organization and build a strong employer brand. There are seven such elements:

Element 1: Performance Target Setting

This element deals with goal setting for both organization and the individuals below. Some of the best practices at this stage area.

- a. Using mechanisms like Balanced Scorecard to have different perspectives of goals captured (eg: Financial, Customers, Process, and People)
- b. Ensuring the organizational goals (Goals of the Unit Head) are captured within the various business and functional heads

- c. Goals are cascaded to levels below and also provide provision for unique contributions of individuals and focus should be on a maximum of 5 to 6 goals
- d. Goals follow “SMART” framework and as Dick Grote mentions, they should be “Wise”
- e. Goals are aligned to employees’ roles as much as possible.

Element 2: Continuous Feedback

This element looks at whether we are on track and what support is required. Continuous feedback ensures that we avoid last minute surprises, expectations are clear, development needs are voiced, and gaps in terms of performance are dealt at the right time. Some of the best practices here are:

- a. Set up time to assess performance at regular intervals
- b. Do informal checks on how the person is doing
- c. Give feedback both on the deliverables and competencies/behaviors
- d. Record feedback and progress for future use.
- e. Actively seek feedback from various stakeholders on employee performance and behaviors and feed forward
- f. Be aware of cultural context of giving feedback

Element 3: Evaluation and Feedback

This step is different from the continuous feedback and performance coaching as it looks at how an employee has performed vis a vis the expectations or the goals set in the beginning. Some of the best practices here are:

- a. Ensuring that enough preparation is done – asking the employee to send a list of major achievements, doing a self- appraisal – focusing more on achievements rather than rating
- b. Refer to the ongoing feedback and any documentation available related to performance
- c. Understand the job the person is doing along with the expectations set in the beginning
- d. Evaluate both results and behaviors and if possible have separate discussions for each
- e. Do not focus on the percentages for the goals and rate, use an overall parameter of high/medium/low on each of the goals and have the final rating based on the same
- f. Rate based on managerial judgment rather than a mathematical approach
- g. Have the reviewer’s inputs for the appraisals that you are doing

Element 4: Competency Evaluation and Development

This element looks at ensuring that employees have the right capabilities and behaviors to perform in the role. Knowledge, skills, and attitudes are taken care here. Some of the best practices here are:

- a. Use evidence-based approach. Competencies should be evaluated based on observable behaviors

- b. Differentiate between exemplar and very poor on competencies. An exemplar will be a person who can coach other on the competencies and a very poor will be one who will show negative behaviors
- c. Use evidence from multiple sources – 360 degree is a good source
- d. If you do not have evidence, do not evaluate and it is best to rate as “NA”
- e. Use multiple methods for development (self-learning, projects, mentoring, job shadowing, coaching etc.) based on the need.

Element 5: Career Planning and Development

This element looks at career development aspect linkage of performance management. Some of the best practices here are:

- a. Have the conversation after having inputs on the person’s performance and competencies
- b. While career development discussions are for everybody customizes them for various groups high performers, high potential high performers, etc.
- c. Start from the basics – of career interests, personal values, long term interests, and then look at the strengths and weaknesses of the individual: you may seek help of tools here – predictive.
- d. Document a development plan to achieve the career move
- e. Ensure mentoring, special projects, job shadowing, specific training etc. as part of development plan

Element 6: Outcomes management

This element looks at what are the critical outcomes that are part of performance management process and the best practices in them.

- a. Ensure that there are differentiation in-terms of incentives, compensation hikes, and payouts for high, medium, and low performers
- b. Have data from at least two consecutive cycles to manage decisions related to careers
- c. Ensure that data beyond performance is used to critical promotion and talent related decisions – viz. potential, career aspirations, mobility etc.
- d. Have learning and development related actions documented post performance appraisal

Element 7: Culture, Process and systems

This element looks at the infrastructure the organization provides for performance management. It is like the operating system for the performance management.

- a. The organization recognizes that high performance culture is critical for business growth
- b. Basis of rewards and growth in the organization is performance
- c. Values supersede performance and only performance achieved through sound practices are recognized

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- d. Organization believes that performance management is critical for business growth and by managing performance both the organization and employee benefits
- e. There is a well -documented process of managing various aspects of performance management
- f. There is clarity on the rating scale and the meaning of each of the ratings.
- g. Culture of continuous feedback and improvement exists

Performance Management Assessment System for the, Triveni Engg. & Industries Limited company for its productivity enhancement:

This is in reference to the **Performance Assessment** process for the year for the Officers of the company which is on the basis of the Rating scale for assessing employee performance both on **KRA Achievement (Part 2)** and **Competency Evaluation (Part 3)** in the Appraisal form which are distributed by the company.

Guidelines for filling the appraisal form and completing the assessments

1. The Rating definitions for the Five-point scale are as follows:

Rating	Rating Definition	
	5 Point Scale	Description
1	Unsatisfactory	<i>Employee is not performing to the requirements of the job and his / her performance must improve significantly within a reasonable period of time in order to remain productive in the organization</i>
2	Needs Improvement	<i>Performance is noticeably less than expected. The need for further development and improvement is clearly recognized.</i>
3	Meets Expectations	<i>Performance clearly and fully meets all the requirements of the position in terms of quality and quantity of work. Minor deviations may occur.</i>
4	Exceeds Expectations	<i>Performance frequently exceeds job requirements. On occasions accomplishments are above expected levels. Performance is sustained with thorough and on time results.</i>
5	Consistently Exceeds Expectations	<i>Performance levels and accomplishments far exceed normal expectations. This category is reserved for the employee who truly stands out and clearly and consistently demonstrates exceptional accomplishments in terms of quality and quantity of work that is easily recognized as truly exceptional by others.</i>



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2. All derived figures have to be rounded-off in absolute Rating figures. Values less than 0.5 will be treated as a lower number (e.g. 2.4 will be taken as 2) and values equal to or more than 0.5 will be treated as higher number (e.g. 2.6 will be taken as 3).

3. Individual assessments must be done based on the descriptions mentioned above on the 5-point rating scale and rating distribution norms (point no. 8).

4. Past performance and available feedback must be kept in consideration for establishing differentiation in performance and deciding the assessments.

5. Each case has to be evaluated individually with respect to his Role efficacy.

6. Any recommendation for salary correction (if any) has to be properly evaluated with respect to the existing / prevailing median salaries in the respective grade / level.

7. Any recommendation for promotion based on mere completion of more than 3 to 4 years in the existing grade / level should not be taken as an automatic case for recommendation for next elevation. There has to be an opportunity / situation for the existence of a higher order Role in the functional domain. All such eligible recommendations will be evaluated and reviewed separately by management for the way forward decision.

8. The **Rating Distribution Curve** to be used for the **Final Normalization Process** will be as under:

Rating	5	4	3	2	1
Rating Distribution % - 5 Point Scale	10	30	45	10	5

9. All recommendations have to be filled-in properly in the respective appraisal forms.

10. Eligibility criteria for coverage under the appraisal process:

1	<i>Officers who have joined between 1st April – 31st July</i>	<i>Not less than or equal to 8 months of service</i>	<i>Full increment</i>
2	<i>Officers who have joined between 1st August – 30th November</i>	<i>Not less than or equal to 4 months of service</i>	<i>Part increment, based on pro-rata basis</i>
3	<i>Officers who have joined after 30th November</i>	<i>Not eligible for any increment during the increment cycle</i>	<i>Nil</i>

DETAILS AS PER THE APPRAISAL FORM

1. Calculation for arriving at the Aggregate KRA score under Part 2 (KRA Achievement score) will be done on the basis of the below mentioned table:

<i>Total Weighted Score (X)</i>	<i>Final Rating</i>	<i>Definition</i>
<i>Less than 70</i>	<i>1</i>	<i>Unsatisfactory</i>
<i>71– 85</i>	<i>2</i>	<i>Needs Improvement</i>
<i>86 – 100</i>	<i>3</i>	<i>Meets Expectations</i>
<i>101 – 115</i>	<i>4</i>	<i>Exceeds Expectations</i>
<i>More than 116</i>	<i>5</i>	<i>Consistently Exceeds Expectations</i>

KRA Evaluation (Part 2 of PMS form) : Table 1

KRA's (assuming there are 4 KRAs)	KRA 1	KRA 2	KRA 3	KRA 4
KRA weightage out of 100 (a)	30	30	20	20
KRA Achievement (b)	120%	90%	80%	86%
Weighted Score (a*b) / 100	36	27	16	17
Sum total of all weighted scores = 96				
FINAL KRA SCORE = 3 (as per the above reference table in point no. 3)				

2. Calculation for arriving at the Aggregate Competency assessment score under Part 3 will be done on the basis of 5-point scale as per the table mentioned in point no. 1

Evaluation of Competencies (Part 3 of the PMS form): Table 2

COMPETENCY (Assuming 7 Competencies are selected)	C1	C2	C3	C4	C5	C6	C7
Score	4	3	4	3	2	3	5

Aggregate Competency Score = 3.42 (Average of individual 7 scores) = 3

3. Calculation for arriving at the **Final Annual Performance Rating Score** under Part 4 will be done based on the Ratio of Aggregate KRA Score and Aggregate Competency Score of **80: 20** as per the below mentioned calculation:

FINAL ANNUAL PERFORMANCE RATING SCORE = (3 * 0.8) + (3 * 0.2) = 3 – Meets Expectations as per the Rating Definition under point no. 1 of guidelines

The **Process Charter** for the Assessment Process will be as under:

S.No	Process	Timeline
1	<i>Filling the form by the appraisee & assessment by the appraiser</i>	
2	<i>Review Discussions & Normalization by the reviewer</i>	
3	<i>Submission of recommendation to Corporate HR</i>	

Sugar Workshop in the company for assessing and improving the budgeted figures comparing the last year’s actual figures which is being conducted for two days in the chairmanship of Our Most Honourable VCMD, Shri Tarun Sawhney Sir:

Annual business planning exercise 2-day workshop which consist of eight sessions:

Session I

Strategy for coming season for the targeted Crush & Recovery – Presentation by

- Start dates / varietal crush plan & recovery trends including plant and ratoon start dates
- Current crop health & disease pest management
- Crop growth & yield estimation
- Impact of normal / normal plus monsoon / late rains – steps for tiding over any adverse impact
- Scope for improvement & optimization
- Expected performance w.r.t neighbouring mills
- Possibilities from out zone and steps for the same (willing growers etc)
- Impact over cane area if closed mills restart for CHP unit
- Autumn Planting - early sign to exceed targets

Session II

Cane – medium term issues - Presentation by

- Emerging varieties
- Critique of existing varieties
- Soil health sustenance, Intervention and its Implementation



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- Other Field Improvement Activities and plans

Session III

Management of ETP operations - Presentation by

Session IV

Factory operations – Engineering & Process - Presentation by

- Superior factory operations for this season - Parameters of last season vs ideal parameters. Steps for improving such identified parameters.
- Reduction in utility consumption / Losses / Crush
- Reduction in process chemicals/consumables, substitute products/quality of input materials
- Highlight potential for higher crush / recoveries, any other value addition for this season or future.
- Sugar Quality – scope for improvement - colour / grain size / lustre / dust; measures for superior keeping quality & minimizing damages/returns.
- Need for reduction in R&M Benchmarking – check frequency of overhauling / maintenance / replacements /quality of input materials; Value Engineering
- Offseason preservation / keeping of key material in adherence to recommended steps.

Session V

Sales Strategy to support increased production of Sugar - Presentation by

Session VI

Emerging Trends , Challenges & Industry Scenario – Presentation by

- Importance of Quality Assurance on Units Performance: Sugar Quality, International, European & Institutional Buyers Requirements, Chemical Cost, Steam Power Economy, Cane Quality
- Cut to Crush Time Frame, New Techniques for Cane and sucrose yield enhancement
- Current Sugar Industry Scenario
- Planning - SOP vs Budget vs Actual
- Relevance of the above factors in our context

Session VII

Human Resource - benchmark data and initiatives for enabling organizational performance - Presentation by

Session VIII

- Management Intervention through an External Consultant

Optimization / Cost Reduction on account of company engaged / hired vehicles at Units for the cost control:

- All vehicles in the unit are utilized effectively in pool (except for the vehicle for unit which will enable better control on the front of cost and optimal utilization)
- Opportunities to convert Scorpio / Xylo type vehicles to Bolero type vehicles for cost reduction and standardization
- Proper uniform system of vehicle requisition in advance for effective planning and data recording at gate for run and mileage verification. Installation of GPS must be ensured for proper monitoring
- Fleet of vehicles must be managed in such a way that the functional requirements, especially during the season is not affected and vehicles are available to meet the exigencies
- Uniform policy must be put in place for a reasonable deduction from employees using company vehicle on account of personal usage. This will enable us in formulating a uniform policy after seeking requisite management approval

Important points to be considered during the Off-season for manpower deployment

1. All seasonal manpower to be paid-off within 5 – 7 days from the close of the crushing operations except for staff and workmen in the Cane deptt. who are engaged in cane planting activities with prior approval from Corporate HR
2. Any redeployment of seasonal staff & workmen has to be planned (with prior management approval) and aligned to the sanctioned R&M schedule and budget to avoid any idle situation with respect to optimum manpower resource utilization
3. Total proposed deployment to be re-evaluated and in no case must be more than the lowest deployment achieved during the last off-season deployment
4. No Overtime or good work reward will be accepted or approved during the off-season period except in cases of exigencies
5. Optimal manpower resource utilization in the R & M activities through the available Permanent resources in Officer, staff & workmen category in order to capitalize on the cost of seasonal deployment

6. No hiring during the off-season at any level. Any such hiring if required has to be discussed with Corp. HR for seeking necessary management instructions and approval in this regard

7. Seasonal / temporary / contractual staff & workmen engaged on essential services, admin, sanitation, DG set operation, field / development staff in Cane are being paid-off on rotation basis in accordance to the statutory provisions under contract labour rules

8. All staff & workmen who have superannuated during the season and were engaged on contract up to the end of the crushing season needs to be discontinued immediately along-with their full and final payments. Any deviation to this has to be discussed separately with Corp. HR for obtaining further management instruction

Suggestions for New Chief Executives for enhancing the performance in sugar industry in tough times:

- The precursor shall not be trashed or refused since we cannot change the past which has happened
- We shall respect the history, culture, values, ethics and tradition of the organization.
- New Chief Executives shall write off what he can and he needs to have an honest assessment of the problems faced by the company.
- Continuous learning shall be practiced and he shall walk the talk by being a role model.
- It is not the gun in the war that matters but the man behind the gun matters a lot. The organization can only succeed through its people in the long run as they are the biggest source of competitive advantage. For the same HR role needs to have a decision-making role to have its place at the table of Chief executives. HR shall align the people strategy to the business strategy through intensification of its core role better and better, innovation of the role differently while forgetting the old pattern of doing its role and reinvention of doing the things like people alignment with the alignment of the organization
- The new CEOs shall find out the terrain of organization and shall delve deeply to find out that how organizations work out and people will react to their leadership actions. He shall make the generous corporate culture of the firm which shall be performance centered by talking to the customers and suppliers.
- New CEO has to balance the multiple expectations of the employees within the available resources and time which sometimes clash with the interest conflicts. He has a tough time in separating the legitimate obligations from uncontrolled employee's expectations like promotion, job security, bonus etc.
- He has to gather an idea for each team member dynamics including competency, loyalty and aspirations and he has to assess his impact and values on the team members
- CEO in transition has to make the people choices as the opportunity cost of changing the horses in the mid journey is very high. He has to structure the configuration of putting the right person in the right place for productivity enhancement.

- He has to make a proper way and approach for the decisions to communicate the people choices and ways to communicate and he has to be inquisitive when to act. He also needs to think fast about his people as per the urgency and requirements.
- Only few CEO are able to set the balance right while many soaks up their valuable time to keep the wheels from falling off. The balance is required as the people are enthusiastic of their better future in the organization. So, it is pertinent for the leaders to know that what is in the better future and they shall be clear about the capabilities and skills required in the new order so that they shall not cut the muscle with the fat which requires new possibilities to be explored in pursuit of excellence.

What sugar companies can do?

If sugar industries want employees to put their trust in a performance management system, they must do more than merely ensure that workers understand how their performance will be appraised. People are motivated by emotion as much or more than by reason, research has shown. At higher levels of leadership, strategic thinking, employee motivation, development and team management and competencies are critical and make a lot of difference. The performance management indicators are most often team performance based rather than individual performance based. The team performance or output is an indicator of individual leader's competence and there could be several cases where team performs in spite of the leader and not necessarily due to the leader. In such cases, team should be given adequate weightage and the team performance should not be merely attributable to the leader. Given these considerations and perhaps many more, it is necessary to recognize the importance of the team performance management besides the individual performance. Moreover, whistle blowing policy shall be initiated in the sugar industries for getting the clear picture to the management for what is really happening in the particular unit.

Conclusion

Most performance management processes and systems are 'additional to day to day activity'. The goals are not integrated with any task, project, to-do-list or calendar management system. A contemporary performance management process provides the means by which to optimize individual and collective performance through real-time influence. Supported by contemporary web-based technology, it can also provide data into other employee focused decision-making processes such as career management and succession planning. The CEO shall make his all decisions as per the mission of the organization and he shall be open and give emphasis on employee engagement while being hopeful and systematic and quick. He shall also create cash flow projections with proper assessment of assets and liabilities and acknowledge the uncertainty and live with ambiguity while he might have to take the painful decisions to save the organization decline. He shall also go with the cost reductions and keep the communication open. The above aspects if followed properly help in making the sugar organization stronger in the turbulent times and challenges in the firm.

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