

THE PERFORMANCE APPRAISAL TRENDS OF DAIRY PRODUCTS PRODUCING INDUSTRY – A GLOBAL VIEW.

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Abstract

The Indian dairy industry holds tremendous potential for value-addition and overall development. Dairy activities form an essential part of the rural Indian economy, serving as an important source of employment and income. Global milk supply growth had stalled as per 2019 data of daily reporter .But India has been the leading producer and consumer of dairy products worldwide since 1998 with a sustained growth in the availability of milk and milk products. India also has the largest bovine population in the world. However, the milk production per animal is significantly low as compared to the other major dairy producers. Moreover, nearly all of the dairy produce in India is consumed domestically, with the majority of it being sold as fluid milk. So, it is imperative to study and understand the functionalities and export orientation of enterprises like Karnataka Milk Federation (KMF) is the largest Cooperative Dairy Federation in South India, owned and managed by milk producers of Karnataka State. KMF has over 2.25 million milk producers in over 12334 Dairy Cooperative Societies at village level, functioning under 13 District Cooperative Milk Unions in Karnataka State. The mission of the Federation was to usher rural prosperity through dairy development¹. The research question - Is the Indian Milk Industry ready for a Global Leap despite global slowdown?"

Introduction

Both national and international players are entering the dairy industry, attracted by the size and potential of the Indian market. The focus is being given to value-added products such as cheese, yogurt, probiotic drinks, etc. They are also introducing innovative products keeping in mind the specific requirements of the Indian consumers. These players are also improving their milk procurement network which is further facilitating the development of the dairy industry in India. Looking forward, the market is expected to reach a value of INR 21,971 Billion by 2024, exhibiting a CAGR of around 16% during 2019-2024².

All organizational performance management process sets the platform for rewarding excellence by aligning individual employee accomplishments with the organization's mission and objectives and making the employee and the organization understand the importance of a specific job in realizing outcomes. By establishing clear performance expectations which includes results, actions and behaviors, it helps the employees in understanding what exactly is expected out of their jobs and setting of standards help in eliminating those jobs which are of no use any longer. Through regular feedback and coaching, it provides an advantage of diagnosing the problems at an early stage and taking corrective actions.³ Following diagram 1 shows the Performance Management basic functions

Indian Enterprise Performance Management

Generally, performance management is an ongoing process of communication between a supervisor and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the organization. More so when the organizations were poised for global growth, the performance trajectory goes the right way. According to Armstrong and Baron (1998), Performance Management (PM) is both a strategic and an integrated approach to delivering successful results in organizations

¹ <https://www.dairyknowledge.in/link/karnataka-milk-federation-kmf>

² <https://www.imarcgroup.com/dairy-industry-in-india>

³ <https://www.managementstudyguide.com/performance-management.htm>

by improving the performance and developing the capabilities of teams and individuals.. A performance management system includes the following actions.

- Developing clear job descriptions and employee performance plans which includes the key result areas (KRA') and performance indicators.
- Selection of right set of people by implementing an appropriate selection process.
- Negotiating requirements and performance standards for measuring the outcome and overall productivity against the predefined benchmarks.
- Providing continuous coaching and feedback during the period of delivery of performance.
- Identifying the training and development needs by measuring the outcomes achieved against the set standards and implementing effective development programs for improvement.
- Holding quarterly performance development discussions and evaluating employee performance on the basis of performance plans.
- Designing effective compensation and reward systems for recognizing those employees who excel in their jobs by achieving the set standards in accordance with the performance plans or rather exceed the performance benchmarks.
- Providing promotional/career development support and guidance to the employees.

Tools such as job design, leadership development, training and reward system received an equal impetus along with the traditional performance appraisal process in the new comprehensive and a much wider framework. Performance management is an ongoing communication process which is carried between the supervisors and the employees throughout the year. The process is very much cyclical and continuous in nature. Following diagram 2 indicated the PM Process and Milestones

Global Outlook and EXIM Performance of Indian Milk Industry

From India, the export of dairy products has increased to countries like Bhutan, Afghanistan, Canada, Egypt, and the United Arab Emirates. India has also imported a significant amount of dairy products from countries like France, New Zealand, Ireland, France, Ukraine, and Italy⁴. Figure 2 gives the Spread of Dairy Products. Figure 2 gives Milk Products Spread



As of 2018, India is the leading milk producing country in the world, accounting for ~19% of the global market share. The milk processing industry in India is expected to expand at a compound

⁴ <http://thedairytimes.com/dairy-milk-processing-market-india-2018-2019-2023-researchandmarkets-com/>

annual growth rate (CAGR) of ~14.8% between FY 2018 and FY 2023, and will reach INR 2,458.7 Bn in FY 2023. Being one of the primary dairy consumables in India, the increase demand for milk in the country is owed to the increasing population. As of FY 2018, ~81.1% of the Indian dairy and milk processing market was part of the unorganized sector, which produces milk in unhygienic environments. This reduces the overall quality and nutrition levels of the milk produced⁵. Figure 3 gives a summary of Global Dairy Market



Milk Market Overview⁶

The dairy market is projected to be valued at USD 703.5 billion by 2024, while registering a CAGR of 5% over the forecast period.

- In 2018, the global milk output was valued at 843 million ton, an increase of 2.2% from the valued registered in 2017. This increase can be primarily attributed to production expansions in India, Turkey, the European Union, Pakistan, the United States, and Argentina. However, this factor was partially offset by a decline in milk output, especially in China and Ukraine.
- Increasing demand for dairy products is driven by growing population, higher income levels, and rising health consciousness. The global market is primarily dominated by the milk segment, followed by butter and cheese segments. The yogurt and dairy desserts segments are expected to be the fastest growing segments across the world.
- Globally, in 2018, the export of butter increased by 7.5%, mainly contributed by countries, like New Zealand, the United States, and India. However, in the European Union, there was a decline in the demand for butter.

Review of Literature

Alford And Beatty says, "It is the evaluation or appraisal of the relative worth to the company of a man's service on the job". FLIPPER says, "Performance Appraisal is a systematic, periodic and so far as humanly possible and impartial rating of employee's excellence of matters pertaining to his potentialities for a better job". Performance appraisal has been defined in many ways. The simplest way to understand the meaning of performance appraisal is as follows: "A regular and continuous evaluation of the quality, quantity and style of the performance along with the assessment of the factors influencing the performance and behavior of an individual,,s called performance appraisal".

Cleveland, Murphy, and Williams (1989) argued that there is a relationship between organizational characteristics and the uses of a performance appraisal system. Stonich (1984) also argued that performance measurement in an organization should be in tune with its structure and culture. Since the nature of the enterprises in which each industry is engaged varies, its organizational type, business policy, internal and external environment are also usually different. The purpose of this study is to conduct a direct comparative analysis of performance appraisal system in the service and manufacturing industries.

Apart from organizational control, Ilgen, Barnes-Farrell, and McKellin (1993) concluded, from their extensive review of the literature since the 1980s about performance appraisal, that there are four

⁵ <http://thedairytimes.com/dairy-milk-processing-market-india-2018-2019-2023-researchandmarkets-com/>

⁶ <https://www.mordorintelligence.com/industry-reports/dairy-products-market>

aspects that need to be considered. In order to integrate findings in the area, Chu (2002) proposed a comprehensive framework including six categories, namely, appraisal purposes, appraises personnel, appraisal criteria, appraisal methods, appraisal timings, and appraisal feedback. This study will adopt this framework to compare performance appraisal systems in the service and manufacturing industries.

Global Key Trends 2019

1. **Digestive wellness-** With consumers becoming increasingly concerned with wellness, a focus on gut health and probiotics is set to be a major trend for the dairy industry this year. Dairy is said to be one of the best vehicles for carrying probiotics into the body, with some yogurt bacteria having been shown to improve lactose digestion for those with an intolerance. Kefir in particular has seen a surge in popularity in the global food and health market this year, with the global probiotics market predicted to reach over USD 73 Billion by 2024.
2. **Dairy proteins-** Growth in protein consumption has driven innovation within the dairy industry, with many consumers turning to dairy proteins as their protein of choice. According to Gail Sabatura of AMCO Proteins, whey protein, the protein found in dairy, has a 10 year CAGR of 7.5% and the market shows no signs of slowing down. Dairy companies are advertising products as “high protein” largely due to their functionality as a health ingredient, particularly as they contain all of the essential amino acids. From coffee creamers to desserts, yogurts and ice cream, we are seeing a vast increase in the number of protein-enriched dairy innovations.
3. **Flavour experimentation-** Rising demands among consumers, particularly of the younger generation, for fun, new, interesting flavours are set to impact dairy product innovations. A recent report by NZMP was indicative of ‘adventurous’ consumption as global changes such as multiculturalism are opening up the possibilities for dairy. Alcohol-infused ice creams, flavoured butter and spicy marinated cheese are just a handful of the types of flavour experimentation we have seen in the dairy industry so far this year. With the plant-based dairy alternative sector now growing rapidly, competition is higher than ever and dairy companies have to think outside the box and experiment with flavours to stand out.
4. **Reducing sugars-** Delivering products with maximum taste but minimum guilt is set to be a challenge for dairy companies, to meet the demands of increasingly health-conscious consumers. So far this year we have seen a plethora of low-calorie ice creams and Cadbury’s have even released a new Dairy Milk bar containing 30% less sugar. However, some have said this still isn’t far enough as the British Retail Consortium (BRC) has argued for mandatory controls on unhealthy food. After the government introduced a sugar levy on drinks in 2018, this means we could potentially see high-sugar foods also being taxed, so we are set to see an increase in reduced sugar products for the dairy desserts market.
5. **Camel milk-** There are now a whole host of cow’s milk alternatives hitting the shelves and while many of these are plant-based nut milks, there is a new dairy contender – camel milk. Milk from camels is said to taste more similar to cow’s milk than plant-based alternatives and also garners many more nutritional benefits, including showing to be effective in treating diabetes. Camel milk is also lower in fat and cholesterol and rich in protein, so as trends lead towards consumers seeking healthier products with higher proteins, camel milk demand is likely to be on the rise this year.

Research Methodology

The researchers obtained all the relevant information from secondary sources. It was a cross sectional and longitudinal study of the sample suggesting a 360 degree view of entire performance management trends in India. The researchers used relevant information from books, reference materials from websites. Measurement and Perspectives are vital for a strong performance oriented

enterprises- both Indian and International. The Global and Indian trends indicated a futuristic buoyancy of the Milk Industry.

Findings

The very conception of dairy is, in many ways, being fundamentally altered, with potential ramifications ahead for the industry. In this environment, 2019 will likely be a year of continued transformation, highlighted by several key formative trends. High-protein products are on the rise as consumers look to reduce their intake of sugar and improve satiety. Amidst this, dairy products occupy a position of strength since many are naturally laden with protein. Even so, manufacturers have sought to emphasize high-protein content on packaging, while products like ultra-filtered milk, which offers significantly higher protein content, have witnessed expansion in an effort to further appeal to this demand. As urbanization expands and consumers live busier lifestyles, dairy is attempting to adapt with high-protein portable products offering greater convenience⁷. T

he market is driven by factors such as the increasing demand for dairy products, adoption of efficiency-enhancing technologies by dairy manufacturers, the launch of technologies for bringing automation in processes, and the abolition of milk quota in the European Union. The rising cost of power and energy required for the operation of processing equipment is a key restraint for the dairy processing equipment market. Modest growth forecasts, shifting consumer tastes, and increased competition will force executives to seek new opportunities⁸

Recommendations & Conclusions

As the joining of new employees creates a fresh influx of talent and creativity, the performance takes a strong perspective with the teams. The researcher intends to handle a sample 500 across IT Managers and Employees and 500 across Non IT Managers and Employees in Bangalore City. The research will corroborate the data and analyze to find and arrive at suitable recommendations. The Indian dairy market is amongst the largest and fastest growing markets in the world. India is also recognised to be the lowest cost milk producer in the world. One of the major reasons behind this would be, unlike large scale dairy farms in Europe, milk production and selling are crucial to the livelihood of over 600 million people in rural India with a herd size of 1-3 milch animals⁹.

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