

Performance Measurement System in RAK CERAMIC

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Course:

Performance Measurement System in CERAMIC RAK

Abstract

This study aims at analysing the performance management framework for RAK Ceramic by analysing the major drivers of performance management through a quantitative as well as qualitative data analysis with the help of statistical tools like SPSS. The information derived would be analysed to suggest probable recommendations.

INTRODUCTION

Background

This study aims at discussing the operational and financial performance of a company operating in the ceramics manufacturing industry. The company that has been chosen for this study is RAK Ceramics. RAK Ceramics is a company based in United Arab Emirates (UAE). The company was established in 1989 by Abdallah Massaad. The Company has been able to establish itself as the world's largest ceramic manufacturing companies in a span of 20 years. The factory is however situated in the Arabian desert. The products that RAK Ceramics has been offering consist of tableware, porcelain tiles, sanitary ware, bath ware, fittings, adhesive and faucets (Attwood "Racking up Miles for Tiles"). The Company operates in several countries

of Asia as well as Middle-East such as, Bangladesh, Iran, India, Sudan, China, etc. In this study the performance of this company would be measured and analysed with respect to its customer satisfaction ability, improvement activities, internal process, employee satisfaction, competition handling, and innovation (“Company Profile”).

Problem Statement

It not necessary that every research study is developed to discuss problems and challenges. Sometimes even they are even designed to evaluate and analyse situation, such as performance of a company. As in this case, the performance management system of the ceramic manufacturing company, RAK Ceramic would be analysed through statistical tools.

Research Objective

- To find the relationship between enhanced financial performance and competition in the market.
- To compare between the internal processes such as improvement activities, employee management and allocation to identify operational performance
- To understand the effect of improved operational performance on customer satisfaction
- To identify the factors that lead to internal process improvement and innovation within the organisation
- To assess the overall performance management system of the organisation
- To determine how the financial and operational performance can affect the overall growth of the organisation

*Theoretical Review***Customer Satisfaction**

RAK Ceramics is world's largest ceramic company and this defines its performance level when it comes to customer satisfaction. The company maintains large showroom, so as to attract customers through their widespread display of products within the showrooms. They offer thousands of variety in their product range along with eye catching design, which is another attraction for the customers ("Corporate Governance Report").

Internal Process

The internal process of RAKCeramics is mainly based on its technology integrated business model. The strength lies in the speed of improvement that the company manages and supplies the product to the market as soon as customers demand. The company owns 10 factories, which is well equipped with the most modern machineries. 8000 bath wares are manufactures every day in three plants in the similar location. Production and distribution is well-managed through IT based supply chain ("Corporate Profile").

Innovation

RAK Ceramics' core competency is offering innovative products and unique designs to its customers using technology. The strategy of the company is to innovate and introduce new designs for the customers is a strategy for improving performance. They are also utilising scan coding system for allowing customers to utilise their smart phones for scanning the QR code in the advertisement and directly visit the website of the company. They are also developing a mobile tool called iDesign, where customers can design their incorporate their own designs for

customisation (Hankir “RAK Ceramics CEO Sees No Slowdown in U.A.E; Plans India IPO to Build Plant”).

Improvement activities

The demand for RAK Ceramics is continuously rising, so the company is looking forward to improve their manufacturing capacity by augmenting its power infrastructure. Several new power plants is planned to be launched in emirates in order to utilise sustainable sources of energy to respect the environmental concerns and maintain efficiency. The requirement for more power capacity was also identified in summers by the company (“UAE to bolster power infrastructure in Ras Al Khaimah”). Due to this reason, electricity infrastructure improvement is another objective of the company for keeping up with the demands of augmenting industrial activities. This is because the factories handled by RAK Ceramic consumes extensive electricity and initiatives towards utilising the valuable resource is the primary area of concern, apart from improvement or enhancement in product design, quality and customer services (“RAK's iDesign Tool, a custom-built application also available in iPad downloadable from App Store”).

Employee

Since the company came into existence in 1991, it has relied extensively on the Asian emigrants workers. The employee strength of the company in UAE is more than 8000, while there are 12000 employees working around the world. The company exports its products to 160 countries. The company recognises its commitment for the welfare of its employees and pays fair wages to its employees in UAE according to the labour norms in the country. It has implemented Wage Protection System (WPS) to protect the rights of its employees. It also received the “award of CSR Company of the year 2011” for its initiative towards Smart Pay Programme in 2011

(“RAK Ceramics Group receives ‘Best Free Zone Star’ at Smart Pay Appreciation Programme 2011”; “Technology”).

Competition

The mission of RAK Ceramics is to produce world’s finest fittings and tiles, which the company has been able to retain since a span of 20 years. 80 percent of the products of the company is of high-quality and offers value for money. It is one of the few companies in the world which offers 10 different vitrified tiles and more than 8000 designs, which gives a solid competitive advantage to the company over its competitors. The unique selling proposition of the company has been its groundbreaking equipment and efficient research and development segment. 50 percent of the raw material used by the company is imported from different countries (“Sudhir Malesha, CEO, RAK Ceramics India”).

METHODOLOGY

Research Philosophy

There are two different types of research philosophies that can be utilised for thesis such as, phenomenological style and positivist style. The phenomenological style signifies the philosophy which researchers utilise to answer the research problems through quantitative merit, while the problem is understood on the basis of human perception. On the other hand, the positivist style is utilised to establish the theories and then formulate the background for the problem and analyse the problem. In this case too, the positivist research philosophy would be used to address the problem areas in the study in a measurable manner.

Research Approach

There are two kinds of research approaches such as, deductive approach and inductive approach for addressing the research problems. In case of deductive approach the research problem is analysed by establishing hypothesis, which are supported by the theoretical arguments. On the other hand inductive approach involves first establishing the theoretical argument and then understanding the behaviour of the variables. In this case the deductive approach would be considered to address the issues.

Research Strategy

There are generally three kinds of research strategies that are utilised by every researcher such as, quantitative, qualitative and mixed or hybrid strategy. However, in case of this study both qualitative and quantitative analysis would be done, which signifies the mixed or hybrid strategy would be utilised to conduct the research study because the motive is to evaluate issues like customer satisfaction, performance of employees, etc, which cannot be exactly analysed through quantitative analysis, so for focusing on complex research of social aspect qualitative analysis would be also done along with quantitative analysis of performance management practices of RAK Ceramic.

Data Collection

The secondary data would be collected from peer reviewed journals, online articles, company sources and books. However, a questionnaire would be prepared for gathering primary data. The questionnaire would be containing close-ended questions that would be categorized in different scales, like likert, dichotomous or ratio scale. Simple random sampling method would

be utilised to select respondents from different country, who would be got in touch through social media channels. The sample size would be 500.

Ethical Consideration

This research study would be conducted utilizing the secondary as well as primary data. The secondary data would be collected through authentic sources and no copyright would be violated for this. Similar in case of collecting primary data, the human subjects would be involved for conducting the questionnaire survey. Special attention would be paid to maintain the confidentiality of their personal information. Even the statistical tools that would be used for the research work would be authentic.

HYPOTHESES

The hypothesis has been developed by taking into consideration the research questions and the objectives of the study.

Q1: What is the relationship between internal processes such as improvement activities, employee management and allocation to identify operational performance?

H₀: There is no relation between internal processes such as improvement activities, employee management and allocation

H₁: There is a strong relationship between internal processes such as improvement activities, employee management and allocation

Q2: How improved operational performance leads to customer satisfaction?

H₀: Improved operational performance does not lead to customer satisfaction

H₁: Improved operational performances lead to customer satisfaction

Q3: Are there any factors which results in internal process improvement and innovation?

H₀: None of the factors results in internal process improvement and innovation

H₁: There many factors which results in internal process improvement and innovation

Q4: Does financial and operational performance affect the overall growth of the organisation?

H₀: Financial and operational performances are independent of the overall growth of the company.

H₁: Financial and operational performances are an integral part of the overall growth of the company.

STATISTICAL ANALYSIS

The data would be analysed through statistical operations such as multiple linear regression, correlation, logistic regression and Analysis of variance (ANOVA). Even Multivariate analysis (MANOVA) would be utilised for demonstrating perceived operational functions-performance congruence. Statistic Package for the Social Science (SPSS) version 20 would be used to analyse data.

RESULT

The results would be analyzed after scrutinizing data that would be evaluated through SPSS. It would be used examine each hypothesis and identify appropriate recommendation for each of them based on the business environment.

CONCLUSION

The researcher would be describing the justification for selecting the research problem and the techniques for conducting the research. Even the results derived from data analysis would be discussed and recommendations would be stated to eliminate issues.

FUTURE STUDIES

This research study can be utilized to conduct further research on the performance management system of ceramic and other related industries, in which each driver for performance management can be examined separately to see the bigger picture.

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