# I. Performance Management

"A manager is responsible for the application & perfo of Knowledge"

—Peter F. Drucker.

## Concept of PM:

The mgt of employees, groups/teams & org'ns is very imp to reach goals & obj'ves. P.M. involves defining what is effective perfo and procedures to measure perfo.

→ P.mgt involves, the way mgrs evaluate emps, how emps evaluate their mgrs & fellow emps, & how individual workers evaluate themselves.

### Importance

→ The ultimate goal of P.M. is to improve the quality of work in efficient manner.

→ Effective mgrs rely on providing & receiving feedback rather appraisals.

→ PM motivates emps to work hard, & to understand difficulties & to make adjustments.

→ Due to globalization, org'n has diff cultured emp's are coming to the org'n. So that mgrs has to manage those emps perfo and drive them towards org'nal goals.

→ finally To reach these goals, effective PMS is requi

# Definitions:

1). P.M. is a continuous process of identifying, measuring, and developing the perfo of individuals and teams, and aligning perfo with the strategic goals of the org'n".

2). P.M. may be defined as a planned and systematic apprach to managing the perfo of individuals ensuring their personal development and contribution towards org'nal goals

— Ronnie Malcom

3) P.M. is a process which contributes to the effective mgt of individuals and teams in order to achieve high levels of org'nal perfo

— Michael Armstrong & Angela Baron.

# Characteristics & ~~Roa~~:

## Characteristics

→ Org'nal vision & ethical values has to be communicated to all emps for seeking emp commitment.

→ Interlink work unit obj'ves with org'nal goals

→ Establishing perfo criteria to evaluate individual & work unit achievements measurement

→ Tracking emp's progress towards perfo criteria

→ Reviewing of progress of emps

→ Measuring perfo of emps

→ Continuous enhancing of perfo

→ The evaluation of the effectiveness of PM process.

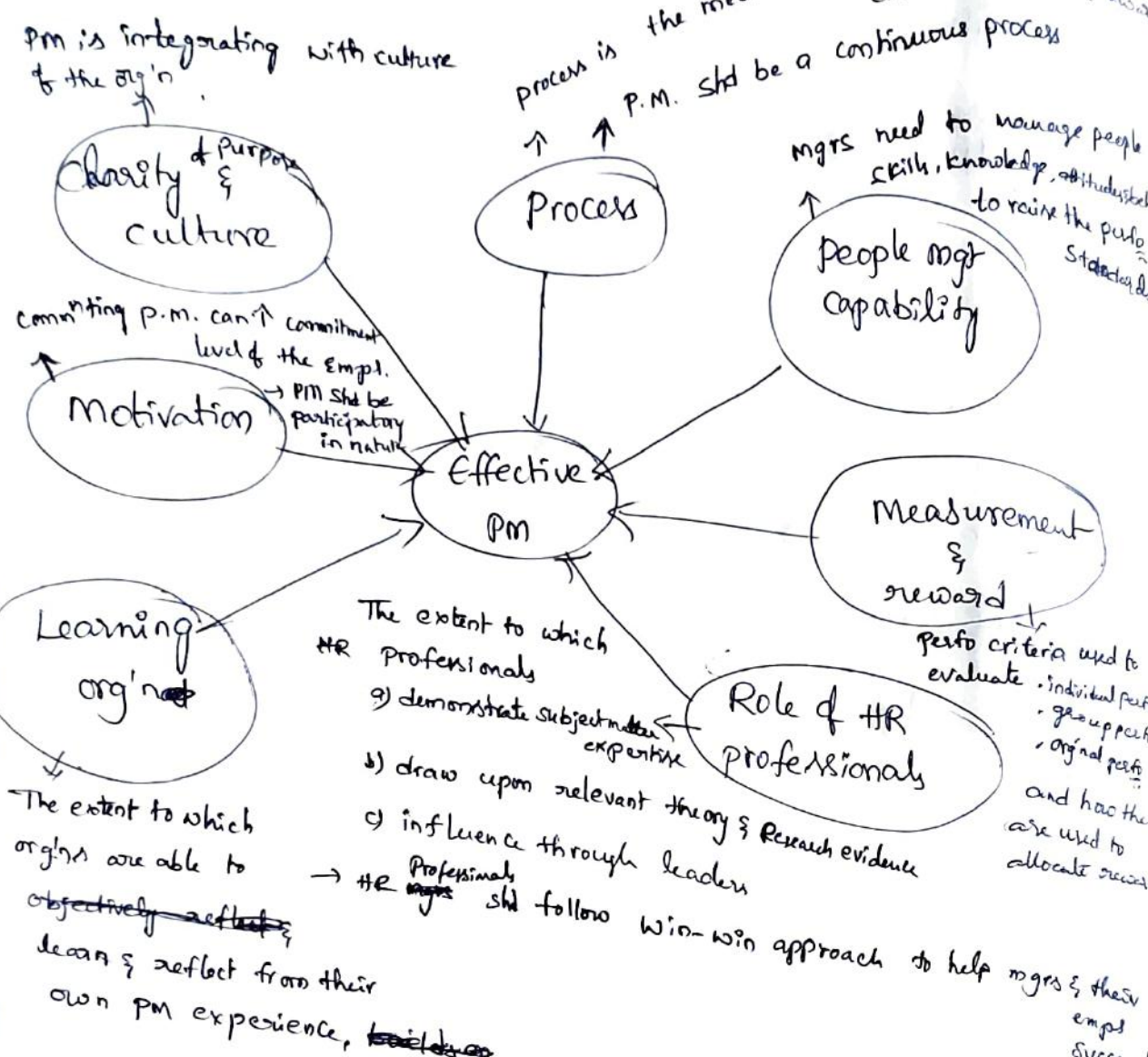## Objectives of PM:

" are broadly classified as 3 types:

1) **strategic** – Comprises the role of managing strategy implementation & challenging assumptions

2) **Communication** – Comprises

- the role of checking position (follow-up)
- **Complying** with the non-negotiable parameters
- Communicating direction
- Providing feedback &
- **benchmarking** → (Compare)

3) **Motivational** – Comprises the role of evaluating & rewarding behaviour, and

- Encouraging improvement & learning.

# Elements of Effective PM:

PM is integrating with culture of the org'n.

Process is the means by which individual perfo is directed, assessed, & rewarded

P.M. shd be a continuous process

mgrs need to manage people, skill, knowledge, attitude/behav. to raise the perfo Std/criteria defined

**Clarity of Purpose & culture**

**Process**

**People mgt capability**

Commiting p.m. can↑ commitment level of the Empl.
→ PM shd be participatory in nature

**Motivation**

**Effective PM**

**Measurement & reward**

perfo criteria used to evaluate:
- individual perfo
- group perfo
- org'nal perfo
and how these are used to allocate rewards

**Learning org'n**

The extent to which HR Professionals
g) demonstrate subject matter expertise
s) draw upon relevant theory & research evidence
c) influence through leaders

**Role of HR professionals**

→ HR Professionals shd follow win-win approach to help mgrs & their emps succeed

The extent to which org'ns are able to objectively reflect & learn & reflect from their own PM experience,

# Benefits of PM:

→ Helps in aligning [↑ mingle/adjust] individual perfo with org'nal goals

→ Provides clear & measurable perfo expectations

→ Helps emps in evaluating their competencies & the resources

→ Strengthens team work in the org'n

→ Demonstrates the mgt's commitment towards HR dept

→ Helps in delivering -ve feedback to ↑ perfo

→ Helps in integrating the org'ns ethics into individual's inherent value system (through reinforcement & counselling methods)

→ Promotes fair, equitable & impartial treatment of emps

→ Transparency & measurability against set perf criteria

→ Provides opportunities for learning & devpt as well

→ Allows creation of career path

→ Automates mentoring process for setting up a mentor/protege match.

## Significance of PM :

1) Competitiveness [ Better PM in the org'n leads to success & to have potential to deal with competitors, Survivalets]
   when PM practices are given high priority & encourage partnership form emps then it will get success

2) Business HR Partnering

3) Fulfilling HR needs → like promotions rewards ↑competencies opencomm'n & Transparency

4) Core of HR
   rewards Career teamwork P.measurement HP are core to HR

5) Optimizing human capital
   Challenges from pm activities helps to optimize H capital

6) Renewal of Competencies
   Bcz of changing techs,dmds Human competencies has to reviewed.

7) Managerial Equity
   when people are assured of equality in opportunities → there is ↑ in commitment

4) Sustainable results → can be achieved only through PMS.

9) Collective devpt → There must be harmony b/n emps in groups.

→ Measurable mgt
   ↳ PM strategies, interventions & drivers shd be measurable.

→ Integrated motivational tool
   ↳ PM consist of a set of motivational tools that ↑ses perf.

→ Institutionalizing high perf → PM practices must be implemented -what -how -where -when

→ Busi - Emp's perf
   ↓
   Business perf equals emps perf

## Purpose of PM :

PM can serve the following six purposes.

1) Strategic
2) Administrative
3) Informational
4) Developmental
5) org'nal maintenance
6) Documentational purposes.

1) Strategic:

- PM sys help top mgt to achieve strategic bus! obj'ves
- By linking org'nal goals with indi'l goals we can attain org'n goals.

2) Administrative purpose:

→ For making admn've decisions include salary adjustmt promotions, emp retention, termination, recognizing superior perfo of an indi'l & poor perfo; lay offs, merit increases etc., reward syst etc.

3) Devpt al purpose:

→ mgrs can use feedback to coach emps & to improve perfo on ongoing basis.
- Feedback allows to identify SWOT
- '' is useful when emps are willing to receive it.
→ individual self assessment can lead to improve career path

4) org'nal maintenance purpose:

- Pms provide info to be used in workforce practices. To anticipate emp needs & to set up stgies rld to emps it is required.
- PMs provide talent inventory to the mgt (comprises skills, abilities, potentials)
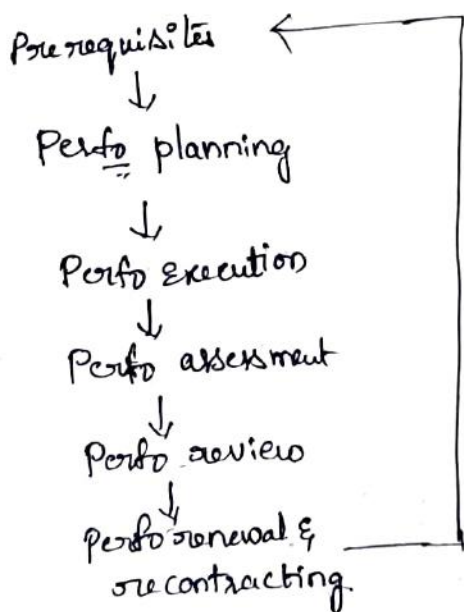- PM include assessing future workforce needs.

5) Documentational purpose:

→ It provide PMS useful info that can be used for several documentation purposes.
* That dat can be used to validate newly proposed sections

() Informational purpose:

- It can be served as an imp comm^n device.
- Provide info abt emp perfo & specify areas that may need improvement
- Provide info to take strategic decisions.

## Performance Management process:

PM is an ongoing process. It includes the Six interrelated components. those are depicted in the diagram:

Prerequisites ←
↓
Perfo planning
↓
Perfo Execution
↓
Perfo assessment
↓
Perfo review
↓
Perfo renewal & recontracting.

## Perfo. Appraisal Vs P.M:

Perfo. Mgt: is the process of identifying, measuring, managing & developing the perfo of the HR in the org^n.

P. Appraisal: is the ongoing process of evaluating emp perfo

Difference:

→ pm concentrates on manging perf in stated time sothat the perfo can reach the expected level.

PA consist in the setting of Job standards & eval^n of the past perfo. The eval^n is carried out based on job Stds that have earlier been set.

# Differences

| PA | PM |
|---|---|
| → It is a system | → It is a process |
| → Operational | → Strategic |
| → Focus is on top down assessment | → stresses on mutual objecti setting through a process & joint dialogue (talk btn purple) |
| → Performed annually | → Continuous reviews are performed. |
| → Usage of ratings is very common | → Usage of ratings is less common. |
| → Focus is on traits | → Focus is on quantifiable obj'ves, values & beha'rs. |
| → Monolithic (~~individual~~) → inflexible/unchang System | → Flexible system. |
| → Are very much linked with pay | → Is not directly linked with pay. |
| → Retrospective for corrections → dealing with past events/situations, backward looking | → Future-oriented for growth |
| → Not linked to business needs. | → Linked to busi needs. |
| → Individual | → Collective |
| → often very bureaucratic ~~with a focus on paperwork/document~~ concerned | → Less concerned with documentation |

→ P.A. means the analysis of an Empl's perfo and their caliber for future growth & devpt.

P.M is the mgt of HRs in an org'n.

→ owned by the HR dept.

owned by line mgrs.

g. mgrs & Supervis

→ P.A. is more formal & structural in nature

PM is more casual & flexible in nature.

To change acc to rules

→ PA is more standardized based on the designation of the emp of the firm

To change / To modify

PM is more customized for emp's work

Build acc to individ...

# P M Vs HRM

## HRM

mgt of HRs in better manner.

### PM

→ It is the process of setting perfo expectations, monitoring progress, measuring results, and appraising and rewarding or correcting employee performance.

### HRM

→ HRM is the effective use of HRs in order to enhance org'nal perfo.

| | |
|---|---|
| → PM is a narrow concept | → HRM is a wider concept |
| → It is guided by policies | → HRM is a ~~wider concept~~ guided by objectives |
| → Encourage two-way comm^n | → communicate HR policies to all employees. |
| → mgt of people employeed | → mgt of emps KSA |
| → Emps are treated as economic man & Services are exchanged for salary wages. | → Emps are treated as economic social & psychological man. |
| → ) Emps are treated as cost center | → Emps are treated as profit Center. |
| → Emps are mostly used for orginal benefits | → Emps are mostly used for multiple benefits |
| → Personnel mgt is treated as secondary function | → HRM is treated as strategic function |
| → Actions are based on procedure | → Actions are based on busi needs |
| → Mgt task are monitoring | → Tasks are nurturing Sharpen |
| → Decision is slow | → Facilities are speedy decision |
| → Comm^n is indirect | → Comm^n is direct |
| → Behvr is based on norms policies, customs & practices | → Behvr is based on values, mission |
| → pay is based on job eval^n | → Pay is based on perfo eval^n |
| → mgt note is transactional | → Role is transformational changing |

# Benefits of a good perfo mgt Sys:

There are some positive outcomes we can describe to good perfo mgt syst.

## Benefits of a good pms for emps

-) More motivation to perform

-) If feed back is delivered properly & a genuine oppotunity for improvement is given, the self-confidence of the emp can raise.

-> The job is defined more clearly & expectations are clear (clarity)

-> Provides the required direction & aligning with the strategic goals of the company.

-> Devpt oppotunities.

## Benefits for the Mgr:

-) Better knowledge of their team members

-> ↑sed team & individual pdtvty/perfo

-) Prevention of larger issues through an ongoing discussion around feed back (ongoing feed back)

# Benefits to the org'n:

→ The strategy & co.-goals are better communicated, understood, & accepted.

→ Efforts are aligned in the direction of the achievement of the strategic goals.

→ If there is a link to pay, the ↑ &/or bonus budget will be spent on a fairer basis, will be more credible, <u>Reliable</u> and shd yield better returns in terms of recognition/ motivation aspects.

→ The content of the appraisals will help to the man-power planning & adapt the training plan to the needs. expressed to perform well in the job.

All these are possible when, PMS's

→is aligned with the co. stgy

→ fits with the co. culture

→ is supported by the top mgt

2500 desired.
3000

→ is an on-going process, not a once-a-yr admn've event

→ is not "stand-alone" but well integrated with other people mgt processes & mgrial activities.
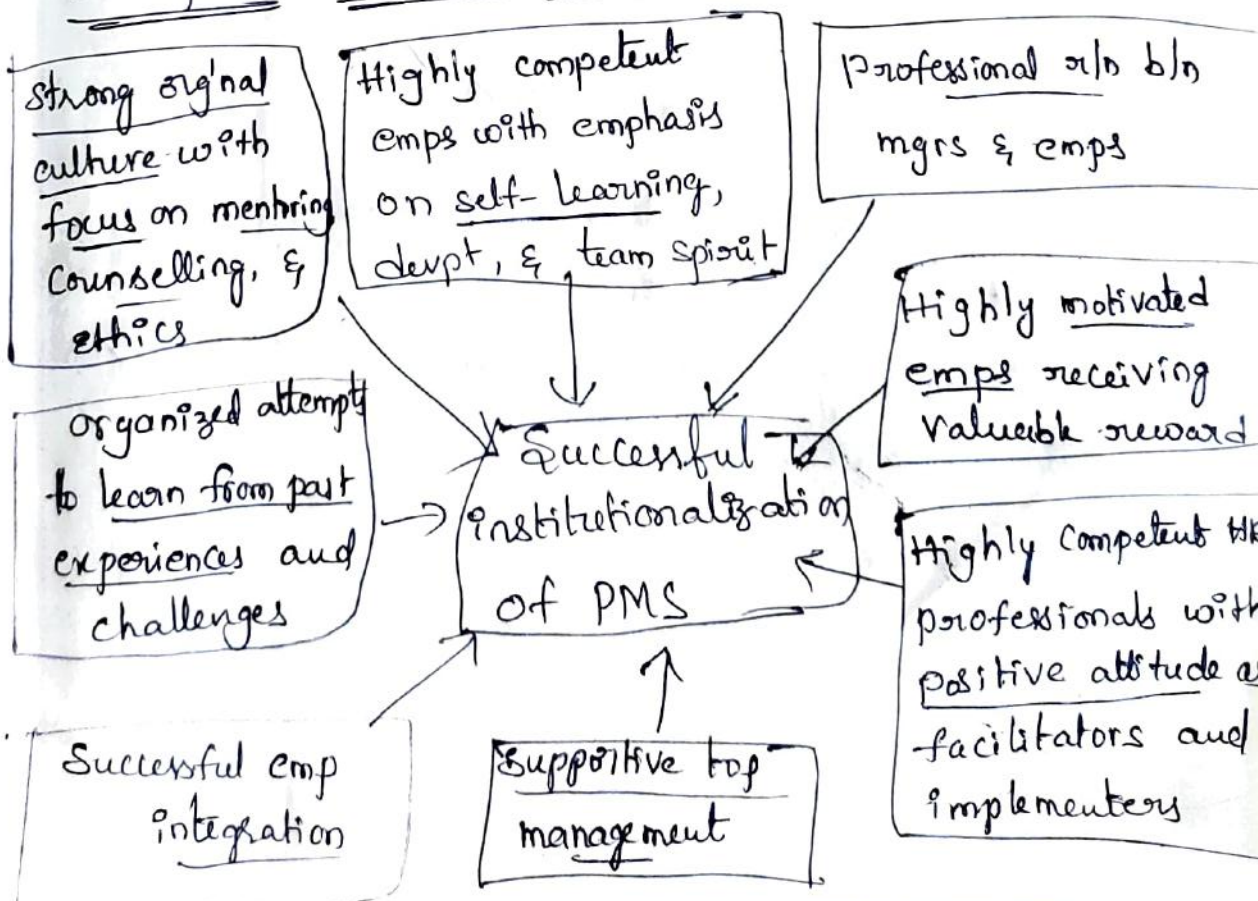
# Performance Management System:

To ensure effective mgt, every org'n must plan & develop it business & integrate all its elements into one system.

PMS enables realization of the org'n's stgy, where its busi is being managed through the planned obj'ves of individuals emps or work unit as well as ensuring their required competence.

→) The purpose of PMS is to build the competencies and commitment of individuals, teams and the entire org'n as a whole to attain competetive advantage.

→) PMS is viewed as a contract b/n the org'n & an emp., specifying what is required of that org'n. individual.

## Conceptual model of PMS :/ Factors influencing success of PMS

| Strong orig'nal culture with focus on mentoring, Counselling, & ethics | Highly competent emps with emphasis on self-learning, devpt, & team spirit | Professional r/n b/n mgrs & emps |
|---|---|---|

| Organized attempt to learn from past experiences and challenges | → Successful Institutionalization of PMS ← | Highly motivated emps receiving valuable reward |
|---|---|---|

Highly competent thk professionals with positive attitude as facilitators and implementers

| Successful emp integration | Supportive top management |
|---|---|

## PMS:

PMS refers to the set of org'nal, mgrial, team, and individual metrics used to attain the aim and obj'ves of PM. ↓ [Based on the meter standard of measurement]

## The elements of PMS:

The elements of PMS are broadly be dassified into five categories.

1) Org'nal obj'ves & strategy

2) Assessment of org'nal perfo needs

3) Setting org"nal perfo expectations

4) Establishing pm process

5) Measuring effectiveness of P.M.

① a) orgins ^(fixing) ultimate goal

b) " competitive position ← checking

i) comparing org'n's strength with changing envt.

ii) Examining org'n's critical issues

iii) Analyzing org'n's opportunities

iv) Exploring best approaches (in view of org'nal resources and competencies)

2) a) Identifying competencies necessary for achieving org'nal objves & stgy

b) Gathering info abt critical issues ⟷ Awareness, Commn, Devpt, Interpersnal

· Accountability
· Influence
· culture
· Trust
· Integrity
· safe Envt

c) Determining new & future perfo needs

d) prioritizing org'nal improvement measures

e) Reorgnizing core org'nal values — Ethics
Honesty
fairness
Respect
Innovation etc.

③ a) Determining required vs desired perfo

b) Determining current perfo status

c) Understanding, aligning, and agreeing on perfo expectations

d) Formulating key perfo indicators → 1) org'nal goals
» KPI measurements
Value
charts
Thresholds
3) Actions

e) Evolving job obj'ves

f) Aligning individual goals with org'nal stgy

4) Establishing PM process:
a) Designing a framework of perfo mgt encompassing (ఎవరు)
↓
Roll (ET)
Ercircle

— Perfo plang

— " mnging

— P Appraisal

— P. monitoring

⑤ a) Identifying opportunities for perf devpt

b) providing perfo counselling including 360°feed back

c) Devising reward stgy & administering reward system.

d) Instituting perfo mgt audit

e) Improvement in competitive position of the org'n.

# II Monitoring Performance

## Introduction & meaning of M.P :

An imp component of PM process is the monitoring of an emp's work perfo. This requires the mgrs to continuously observe, analyze and appraise the perfo of emps & provide feedback & counselling for improving their work-related skills, knowledge, & behaviour.

→ Monitoring P. is essential in today's dynamic workplace to enable the org'n to remain competitive.

→ Continuous feed back helps emps to correct perfo deficiencies immediately & become effective in their jobs.

→ P.Monitoring is the process of making accurate & obj've perfo observations based on the outcomes & expectations contained in an emp's perfo plan, & duly reflected in the P. Appraisal for the devpt'ng of the perfo of emps

→ mgrs shd provide timely feedback to encourage emps to maximize P of emps & the org'n.

## Def of P. monitoring :

① P. Monitoring makes a contribution in the evaluation of work methods & emp. perfo

— Haynes 1984

② P. monitoring defined as a process of promoting a climate of continuous <u>learning</u> & devpt, helping to <u>sustain</u> emp. <u>Perfo</u> at planned level, encouraging individual <u>competencies</u> & <u>making</u> emp. <u>competitive</u> within the org. for productive contributions.

→ P. monitoring provides

1). A description of the specific steps to be taken for continuous perfo improvement

2) The names of those personnel who will assist the emp

3) A record/document of various correction steps taken and result attained.

4) The effect of the determination on workload and other emps.

5) Effective utilization of resources

6) Value creation by the emps.

Monitoring of <u>Perfo</u> helps in <u>analyzing</u> following areas:

- Results - successful achievement of job tasks
- Effectiveness - accuracy of performed job tasks
- Progress - towards improvement areas.
- Methods & procedures - used improved work methods & better procedures
- Work habits - cultivation of right work ethics & attitude.

# characteristics of P. monitoring:

→ It is an aftermath activity of perfo appraisal.

→ It's a tool to keep emp perfo focused as required by the obj'ves & goals

→ It provides opportunitiesfor to emps to correct perfo regularly (by making use of feedback from mgrs)

→ It provides T&D opportunities to emps.

→ It facilitates career devpt of emps.

→ It strengthens r/p b/n mgt & emps, based on principles of mgt by facts.
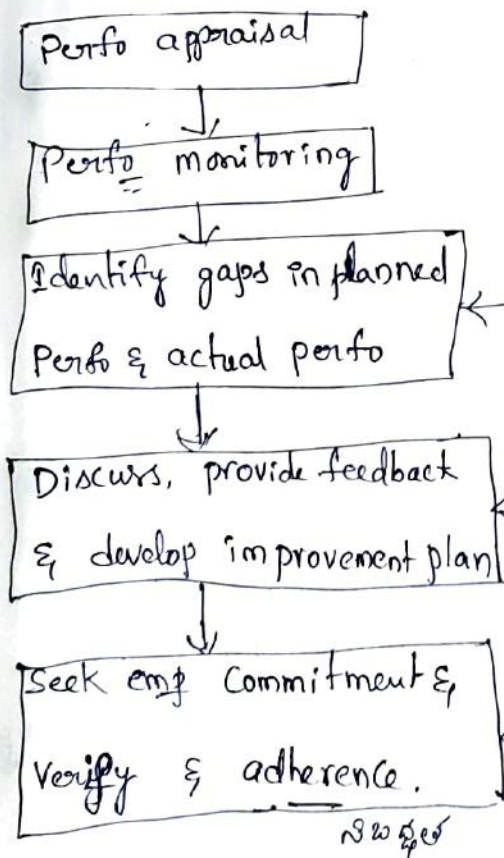
# obj'ves of perfo Monitoring:

→ To provide learning, training, and devpt opportunities to emps.

→ To improvise individual job perfo aswell as methods and techniques of measuring perfo

→ To review the ways of defining & agreeing of perfo criteria of teams & individual emps at the perfo plan'g level.

→ To assess commitment & motivational level to accept & orealize perfo feedback in +ve perspectives.

→ TO incorporate change necessiated by external envt & affect over-all perfo improvement of the org'n.

## Importance of P. monitoring:

→ It provides scope for modification, change &/or alteration of the existing PMS. (way to new/improved sys)

→ It helps in reviewing & correcting perfo obj'ves

→ It identifies areas for competency improvement

→ It continuously enhances perfo of emps

→ It helps in realizing the full potential of emps & org'n for excellence in perfo.

## Process of P. Monitoring: Steps

```
Perfo appraisal
        ↓
Perfo monitoring
        ↓
Identify gaps in planned    ← 
Perfo & actual perfo
        ↓
Discuss, provide feedback   ←
& develop improvement plan
        ↓
Seek emp Commitment &       ←
Verify & adherence.
            শু ২০ ৱুৱ
```

**Types of monitoring:**
1) Process m/ Physical Progress m. (Business)
   - measures the I/p-process-o/p.
     what, when, where, how & done

2) Technical monitoring
   - assessing the strategy used in project implementation.

3) Functional monitoring (perfo)
   To determine whether p/t will success/failure.

4) Financial monitoring
   P/t expenditure & compare budget

5) Impact monitoring
   impact of changes or results

**Check:**
• Plan'g assumptions
• Busi context analysis

**Define:** (Type of perfo. measurem)
• Key perfo
• Indicators

**Manage effective perfo.** improvement action plan implementation - Track and control.

# Performance Reviews :— meaning

**def** : "An annual P.R. involves a formal discussion about an emp's devpt & perfo."

→ It's a planning process.

→ It involves setting a plan of action for the next period and reviewing what has been achieved in the last period.

## Def :

An analysis of an emp's work habits undertaken at a fixed point in time to determine the degree to which stated obj'ves and expectations have been reached.

→ The P. review meeting is a process where mgr & emp work together to assess the degree to which the emp has attained agree-upon goals, and work together to overcome any difficulties encountered.

• It is also called P. Appraisal meeting or P. evaluation meeting. Usually refers to an annual meeting

→ It is a yearly interview b/n a mgr & each emp to discuss how the emp has worked during the year.

# Objectives : of P.R. meeting

-> To clarify what are the standards of perf. which are expected of the jobholder, in the context of his role profile.

-> to clarify in what respects the jobholder has been meeting the required stds.

-> To clarify in what respects the jobholder has not been meeting the required stds.

-> to identify the causes of underperf.

-> To agree the P. improvement action plan to assist the jobholder, to improve his/her perf. to the required stds within a specified timeframe.

-> To ensure what that the jobholder is aware that where satisfactory improvement is not achieved, consideration will be given to invoking improving the start disciplinary code.

-> To make corrections in the individual working methods, if required

# Review Discussion/meetings:

Periodic R.m.s are become meaningful only when they help pause, reflect, strategize in an active a/p.

→ A review discussion is an opportunity to coach, mentor, learn and understand.

→ The mgr encourage emps to reflect over progress made on the perfo plan & to develop creative & yet feasible alternatives for prblm areas.

→ The mgr can use this opportunity for 3 things

* Review the managee's perfo

* Discuss with the managee prblms faced by them, solutions tried & the degrees of success achieved.

* Revisit with the managee, their annual plan for the remaining time period & develop revised action plans, if necessary.

→ Review discussions are of  three types
   1) Semi-formal,
   2) Scheduled,
   3) Periodic interactions, usually bimonthly/quarterly b/n a mgr & mgee.

→ Review Meetings are aimed at the following:

• Share perceptions – what, when, where, how, why etc.

  * Recall key success & achievements from the manager's
  Perspective

  * Recall   "     " from manager's
  Perspect

• Take up recurring & persistent prblms & explore
ways of tackling them.

• Prepare an action plan to deal with the prblms
areas to the extent possible

• Revisit the plan if necessary

• Agree on other actions to be taken, at any rate,
till the next review meeting.

• Share any other concerns & thoughts that may
improve task effectiveness · & perfo of the manager

These R. M. shd be documented to capture Imp prblms
& agreements. Such documentation helps in that:

a) mutuality of the P.M process is retained and reinforced

b) It shows what perfo prblms were discussed, &
with what results

c) It acts as an aid memoir. This is imp to
provide continuity in review discussions conducted during
the yr.

→ Documentation

→ Scheduling

→ mechanism- way

→ Procedures & criteria

→ Training to conduct discussions

→ It shd be precise & focused — not rambling

→ The avg duration of a normal review discussion shd be around an hour. It helps to maintain a

~~sessions 6.no~~ ~~docket~~ ~~document~~ also.

A docket can contain the following:

-) A summary of the manager's revised & updated perfo plan

→ Progress achieved on the perfo plan to date

→ Support received from the mgr

→ prblms encountered since perfo plang, or the immediately preceding review meeting.

-) Solutions attempted to these prblms, with the degree of success or otherwise.

→ Summary of review discussions

→ Revisions carried out during each review. discuss

→ Any other matters agreed to be recorded for future reference, such as envt'al forces, or systems improvement.

# Purposes of P.R.M: beginning or introduction of a sys, policy or period

- → System inauguration
- → Self-Appraisal
- → classical past perf. review
- → Merit/Salary review
- → Devpt plan
- → obj've setting.

## guidelines for conducting
## ~~Sequence of events in~~ a PRM:

Topics

- → Explanation/description of the purpose of the meeting.
- → Conduct Self-appraisal (Self accomplishments mgr has to listen & emp has to explain)
- → Share ratings & Explain rationale.

  (Next, Supervisor explains the ratings provided to the emp & how it is given)

- → Discuss development

  Both agreed on the scores given to the each perf. dimension

- → Ask emp to Summarize. (the dimensions)

- → Discuss rewards (o/p b/w perfo & reward allocation)

- → Hold follow-up meeting (Before meeting is over, it's imp to schedule the next perf-rld formal meeting)

- → Discuss approval & appeals process

- → conduct final Sup recap

## Suggestions for conducting reviews:

- Establish & maintain rapport
- Be empathetic
- observe verbal & nonverbal cues → signals
- minimize threats. (shd be beneficial (shd not punish)
- Encourage participation.

→ how much time period/gap in the review to review

## Frequency of Perfo. Review:

Periodic perfo. reviews help the perfo. mgr:

→ Correct planning assumptions & errors mid-cour to — before it is too late.

→ To Monitor and encourage progress, & keep the work on track.

→ To Strengthen dyadic r/p b/n the mgr & her manager.

Frequency of periodic review meetings depends on:

→ Signposts & milestones inherent in the perfo. plan, and peaks and valleys in the timeline.

→ The managee *has to check* her competence and past record, level of confidence and need for psychological security.

Review meetings are held more frequently for new ōᴦ insecure managees and for weak performers.

⟹ The manager: her leadership styles towards the managee.

→ Need for information on execution quality and progress.

→ At what time P.R.M will be conducted

☆ **The best times for review meetings are:**

→) Prior to critical due dates to ensure that deadlines are met.

→ When there is a serious change – anticipated or actual – that can or will affect the managee's work.

→ Whenever the manager or the managee need to check or reassure that things are not on track.

# Problems in conducting P.R.meetings :

→ Lack of Training

→ Inability to evaluate objectively. (Remove personal feelings towards emp — Positive/ negative)

→ Inattentiveness to Deadlines (Procrastination leads to incompletion of work)

① Can't make decisions

② Dominators/one member dominate

③ Can't finish on time

④ Poor (or) inadequate preparation

⑤ People are not engaged

⑥ Lack of follow through on tasks

→ Scheduling

⑦ Lack of Agenda/ goals

⑧ Silent

⑨ costly planning

⑩ Lack of focus

⑪ Summarize the

⑫

## Strategies for effective meeting:

- Clear purpose
- Clarify Agenda
- Pre-meeting preparation
- Ground rules & regulations
- Punctuality
- Good l/p
- Team work
- Communicate imp. Info<sup>n</sup>