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CONCEPT, DEFINITION, ROLE OF COMPETENCY

Unit Structure

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1.0 LEARNING OBJECTIVES

At the end of this chapter, you will be able to:

- Understand the history and concept of competency
- Describe competency based selection and training and development
- Analyse the development of competency models
- Examine the relevance of competencies in modern organisations

1.1 CONCEPT AND DEFINITION

The knowledge, skills, abilities, and attitudes that support both individual and organisational performance are referred to as competencies. Knowledge is information that is acquired by experimentation, research, or experience. Applying knowledge repeatedly leads to skill. Depending on the role a person has and the demands of the business, a different expertise level for each skill of an employee will be required to work efficiently in the organisation.

One of the biggest challenges a company might face in recruitment is identifying employee competencies. It can be difficult to categorise what employees need to have in order to make them successful.

Competency is a concept that aids the employee about the areas and levels of performance that he would be expected to do. It shows the employee the kind of behaviour that would be valued, recognized and appreciated in organizations.

Competency is a set of related knowledge, skill, and attitude that affects a major part of one's job and correlates with the performance on the job. It can be measured against pre-defined standards, and can be further improved through training and development.It is the behaviour that employees must have or acquire as input for a situation in order to achieve high levels of performance, whereas competence relates to a system of minimum standards of an organization or is demonstrated by its performance and outputs.

Competencies usually fall into three categories:

1. **Behavioural Competencies** – such as soft skills involved in an employee's performance.

2. **Technical Competencies** – the effective use of technological systems and computers, or any hard skills necessary for a job.

3. **Leadership Competencies** –personality traits that make a good leader, that could be evaluated as measurable behaviours.

1.2 HISTORY

The study of competencies began in the early 1970's. In 1973 David Mc Clelland, an American psychologist published an article demonstrating that behavioural traits and characteristics are much more effective than aptitude tests in determining who is and is not successful in job performance. Good performers did things like exercise good judgment, notice problems and take action to address them, and set challenging goals. These were behaviours independent of aptitude, skill proficiency, and experience level.

This research has resulted in hundreds of job studies that attempt to answer one basic question: What is it that differentiates good performers

from average performers? If we know what these differentiators are and can measure them, they can be used to help hire better employees, assess and appraise employees, and help them improve their performance.

These various characteristics have come to be called competencies. Competencies are traits or characteristics that help determine job performance.

In the business world today, there is some ambiguity over the definition of a competency. The biggest confusion is between competencies and skills. Skills generally refer to the mastery of technique and knowledge that applies to a specific area or profession. Sales skills include prospecting, handling objections, and closing. Drafting skills include measuring and drawing. Managerial skills include writing and forecasting. Some companies use the word competency to mean skills. But there are so many skills in every position in an organization that management of a skills database is a time-consuming and difficult activity. Another problem is that the focus on skills distracts people from the use and assessment of competencies, which play a much bigger role in determining performance.

For instance, among chief financial officers, some have a better grasp and knowledge of the financial structure of organizations than others. Being able to understand a balance sheet involves knowledge. It could be easily said that superior CFOs do not necessarily understand balance sheets or other aspects of finance better than average CFOs. More importantly, what they possess is the ability to partner with CEOs, to understand business issues, and to impact and influence the organization using their financial acumen as a tool. They are able to help reduce costs in manufacturing operations by working with the manufacturing personnel to come up with better ways to do things. In short, it is competencies, not knowledge or skills, that differentiate superior performers.

In some of the largest accounting and manufacturing firms, senior managers and top professionals have spent hundreds of hours attempting to develop a list of skills important to different positions. However having the greatest knowledge and skill on the planet won't make any difference if people have no desire and no drive to use that skill and knowledge.

It is not that skills are unimportant. A basic level of skill is necessary to a job. If you are hiring an electrical engineer to work at a nuclear power plant, you need someone who knows electrical engineering. But having only technical ability alone does not determine successful performance. People with basic skills who are strong in the important competencies for a position will succeed, because they're strong in those competencies, and they acquire whatever knowledge and skills they need to become a superior performer in that job. If people strong in Initiative do not know the answer to a problem, they'll use their Initiative to find it. Keeping the focus on competencies is keeping your eye on the ball. It is paying attention to what matters, paying attention to the things that actually determine the difference between strong and weak performance.

1.3 TYPES OF COMPETENCIES

Generic and specific competency:

There are some competencies that are essentially required by all human beings irrespective of the type of the organization, position in the organizational hierarchy, nature of products and services, whether it is operating in mild or tough competition, national or multinational, functioning in different environment, and so on. These are generic competencies which are also termed as 'skeleton competencies'.

Generic competencies include ambition, career aspirations, creativity, originality, compassion, peer relationship, organizing ability, personal learning, self-knowledge, self-development, time management etc.

An individual cannot succeed in his/her professional career without having the generic or skeleton competencies.Research scholars have expressed their views and have defined competency, top competency, core competence, and competency mapping from different angles.

Generic competencies are applicable to a wide range of positions, for example, for all managers across different organizations and industries, whereas specific competencies in contrast are applicable only for a particular position in a given industry, for example, general manager (materials) for a company belonging to the FMCG industry.Specific competencies would vary from industry to industry. The general manager (materials) from an FMCG company will not fit into a similar role in the steel industry. The specific competencies are different for different positions, so the general manager (materials) will not be able to fit into die role of general manager (sales) in the same company.

Behavioural and Functional Competencies:

Competencies which are connected with behaviour are termed as behavioural competencies, whereas competencies connected to technical, functional or domain expertise, which are essentially cognitive in nature, are termed as functional competencies.Functional competencies are specific to a particular department or a type of job. Today's business scenario is very demanding and considers competency mapping very important for its survival and growth.

Technical Competencies:

This category includes the underlying knowledge and skills described in observable and measurable terms that are necessary in order to perform a particular task assigned to a person achieving quantitative target and conforming to qualitative requirement.

These competencies include the following:

- Competency identification skill
- Computer competencies

- Electronic system skill
- Objectives preparation skill
- Training and development skill

Business Competencies:

Business competencies include knowledge and skills essentially required for decision-making and to run a business.Some business competencies are:

business understanding skill, Cost benefit analysis skill, Delegation skill, Organization behaviour understanding to name a few.

Interpersonal Competencies:

The interpersonal competencies comprise of knowledge and skills to develop the workforce, maintain relationship, understand others, and to communicate effectively.

Intellectual Competencies:

These competencies need to be possessed by the organizational leaders for survival, and growth of the business in the complex and turbulent business environment. Attributes such as Performance management skills, model building skills intellectual versatility are competencies with regards to intellectual abilities.

1.4 COMPETENCY DESCRIPTION, COMPETENCY LEVELS, DESIGNING COMPETENCY DICTIONARY,

Competency Levels

Competencies fall into three main categories: Core, Cross-functional and Functional.

Core Competencies

Core competencies are considered mandatory competencies. They align with and are central to an organization's ability to achieve its strategic goal, that is, those functional areas that create competitive advantage when executed accurately.

They include such things as decision-making skills, team effectiveness, individual reliability, motivation and commitment to task, adaptability and flexibility, demonstration of the skills required to solve complex problems, individual integrity, superior written and verbal communication skills, initiative, determination, the demonstration of perseverance required to achieve a desired goal.

All employees in the organization should demonstrate these competencies. Many HR organizations rely on such indicators of employee being a good fit when selecting individuals for onboarding.

Cross-functional Competencies

Cross-functional competencies are useful across a broad matrix of organizations and organizational silos. They support the organization's ability to reduce or eliminate individual thinking and management practices. Instead, they transform such valuable qualities within the organization as knowledge-sharing across organizational entities.

Cross-functional competencies include financial acumen, demonstrable computer application skills, market awareness and enhanced research skills, among many other such skills

Functional Competencies

Functional competencies, sometimes called technical competencies. They define the specific skills that professionals in a given field or position require on a daily basis. They are job-specific and relatively easy to identify in terms of the elements of success they require in that particular field.

1.5 PROMOTING A COMPETENCY CULTURE

As discussed above, competencies are essential for an employee to succeed in an organisation, especially in the long run. Organisations look for specific skills in candidates during the selection process. Once the candidate is selected into the organisation, he is trained and developed gradually to enhance his skills which will in turn enhance his productivity at the organisation. Hence it is important that organisations breed a culture where competencies are acknowledged and nurtured.

Promoting a competency culture is also important for the following reasons.

Performance and Productivity

Competency development can help individuals perform better on the job by giving them the skills they need to do their jobs effectively. It also helps them identify their strengths and weaknesses so that they can focus on improving those areas where they need more training or experience.

Career progression

People who participate in competency development programs are more likely to be promoted because they have demonstrated their ability to expand their skill set beyond what was initially required for their position. This gives them more opportunities for career advancement within their organization or elsewhere.

Employee retention

Employees who have access to competency development programs are more engaged with their work because they are likely to make progress towards achieving their goals at work rather than stagnating at one level

doing the same thing over and over again without any progression in the near future.

Organizational effectiveness

When employees have been identified as having the right skills and abilities for their positions, they can be matched with other employees with complementary skills for maximum effectiveness within teams and departments. In this manner, organizations can improve overall performance by aligning their human resources with the strategic needs of the organization.

1.6 CONTEXT AND RELEVANCE OF COMPETENCIES IN MODERN ORGANIZATIONS

In today's modern environment, just skills and capabilities does not seem sufficient for a bright professional future for an individual as well as for an organisation. Businesses have come to realise the importance of competencies that enhance not only employee's growth but also the organisations growth although indirectly. Multiple research have shown that further mapping and monitoring such attributes plays a very crucial role in the success of an entity and its stakeholders.

Further, the relevance of such attributes is explained below in detail.

Identification of Skills Gaps

In an organization, skills gaps are the difference between the skills employers require, and the skills that are available from the existing workforce. With a competency model and assessment tools in place, organizations can easily define the skills that are required for each role as well as track and identify the skills gaps within their workforce, allowing the company to run more efficiently.

Superior HR policies

According to a survey, 48% employers acknowledge that talent shortages have a medium to high impact on their business, but few of these employers are actually putting talent strategies in place to address the problem. When an organization understands exactly what skills are required for a position, the recruiting and hiring process becomes more efficient. Also, for many organizations, an employee's tasks may change over time while a written job description stays the same. By implementing a competency model, HR can better understand the skills needed for the job and thus, have the opportunity to bring in the best candidates for the required positions.

Training for corporate goals.

Organisations have specific goals but if its workforce is not in sync with those goals it becomes difficult to attain them. Competency assessments aids in evaluation of the current workforce in comparison to the desired

workforce. By regularly assessing, tracking and measuring competencies, organization can make intentional decisions to stay on path. Whether it's matching lower level employees with mentors to build skill sets or bridging skill gaps by training upper-level employees through an e-learning solution, creating goals and timelines through competency management is an essential element of an organization's progression.

Effective management

According to a study, companies that manage people right will outperform companies that don't by 30% to 40%. When leadership understands what their subordinates need to succeed in their jobs, they can manage people to the best of their abilities. Knowing the skills needed to carry out the tasks required of each job makes it possible for leadership to create efficient teams and match employees with those that complement each other's core competencies, as well as intervene when skills gaps are perceived.

Succession Planning

Understanding a workforce's skill sets makes filling key business leadership positions and succession planning and promotion easy. By making use of a competency model, leadership can begin to phase out those who plan to exit the organisation and groom the existing employees to take over crucial positions. Through competency assessments and individual employee career goals, leadership can better identify which employees display the capacity to lead and create better futures for the organisation.

Organizational Growth

Numerous studies have demonstrated that organizations that have competency management initiatives in place exceed those that don't have such processes in place, in areas such as revenue per employee, customer satisfaction and efficiency. A proactive approach can build organizational capacity and trust. Understanding and evaluating the workforce allows for businesses to recognize what needs to be improved to reach corporate goals and to develop a competitive advantage.

Market Opportunities

When an organization's leadership knows their workforce's skill sets and capabilities, they can better respond to market demands or trends. Through the use of competency models and assessment tools, organizations can better plan for and take advantage of opportunities within their industry.

1.7 EVOLUTION OF COMPETENCY BASED HRM

Competency based assessment has originated from the traditional method of Job analysis where a detailed description explained how a job is done. It was used as a decision tool for a number of HR processes like hiring, promotions etc. Job Analysis however had minimal or no reference to the knowledge, skills and attitudes required for doing a job. To respond to the

changing business needs and to enhance the performance of the Human Resources, the concept of competencies came into existence and over the years integrated into almost all aspects of HR processes. Hence, assessments processes used in organizations to make strategic decisions were also influenced and integrated with the competencies. The benefits seen were a very specific and objective evaluation of employees for purposes like selection and hiring, performance and potential appraisal, role change and succession planning etc.

Since, job analysis provided very limited and restricted information regarding one particular job, with the changing times its usage for strategic decisions started becoming more and more obsolete. The new trend was to select and hire candidates who possessed more than one skill and would be able to contribute in the organization both horizontally and vertically as and when required. To achieve it, assessing the competencies identified as critical for the organization, became the preferred choice.

Competency based assessment emerged as a tool which streamlined and integrated the HR processes of the organization to yield concrete long term benefits. Some critical and cost intensive processes like Recruitment benefited hugely from this approach. Along-with understanding the technical know how a job requirement possessed for a given role, it also provided helpful insights into the organizational fit of the prospective profile holder. This in turn helps in managing the attrition level in the organization which emerged as the single biggest problem in certain sectors.

It also transformed the trends in talent management and capability building of the employees. With clearly defined competencies and clear understanding of desired behaviours to be displayed within the organizations, the management had a clear perspective regarding the skill gaps and measures to identify and leverage the strengths. For the employees, it provided an opportunity to direct and redirect their self-learning appropriately to achieve tangible results desired by the organization. A clear interpretation of organizational goals in one's day to day working became possible because of the core competencies and frameworks adopted by the organization while competency based assessment paved the roadmap for charting out one's own career track for the employees in the organization.

The other important role that the competency based assessment played is that of pay based on competencies, replacing the old ladder growth concept which depended on experience gained over long years. The more competencies one acquires which contribute to the organizational values, the more rewarding is the pay for such an employee. This provides greater flexibility to the employees to plan their growth in the organization at their own pace.

While the competency based assessment has become quite popular in the corporate world, it also requires certain careful considerations before it is implemented. While opting for a competency based assessment all the

stakeholders of the organization need to be in complete sync with the objectives, methods and desired results of such a system. Any method created for competency based assessment has to be relevant to the short and long term organizational goals and business objectives. Naturally this new process would face a lot of resistant and flak from the employees before it is understood and embraced by them to become a high performing organization.

1.8 COMPETENCY SELECTION

During the hiring process looking at the competencies of a candidate can help the talent management strategies. Looking at job-related competencies helps with selection, promotion, training and development, performance management, career planning, and succession planning. By utilizing competency-based interviewing in the hiring processes, it becomes fairly easy to determine the behaviours, knowledge, and motivations required to achieve certain objectives related to the different job requirements. Competency-based selection decisions can also be made more quickly and accurately. Interviewers are able to evaluate detailed information because they have a set list of competencies to search for. There is less margin for error because the interviewer has clear competency targets

Below are a few sample competency-based interviewing questions:

- Can you tell me about a situation where you identified a new solution to a work-related problem?

  (This question is designed to test problem-solving and analytical skills.)

- Give me an example of an instance in which you handled workplace conflict.

  (This will help assess multiple competencies such as problem solving, communication, and initiative.)

- What process of brainstorming do you follow?

  (This will help identify the candidate's ability to strategic-thinking, motivation, and judgment.)

Organizations that use a competency-based recruitment process focus on candidates' ability to draw parallels from their professional experiences that show that such employees possess a given trait. For employers, the process involves establishing profiles for specific positions and job groups and then using those profiles as standards against which candidates are assessed throughout the application, interview and selection process.

The idea of measuring competencies in the workforce started to gain momentum in the United States in the early 1970s with the work of psychologist David McClelland at Harvard University. He found that

competencies would help more than traditional hiring methods to determine on-the-job success. McClelland's process focused on the behavioural qualities employees needed to become top performers as well as on an individual's proven abilities and technical skills.

In assessing competencies in the communications area, for example, an organization might evaluate a candidate's proficiency at asking questions effectively, confronting conflict, telling stories, paraphrasing, presenting ideas with clarity. Assessing the competency of political understanding might require evaluating candidates on the basis of their understanding of people relationships, the dynamics of an organization and other factors.

Competencies can be measured throughout an employee's life cycle from the time someone answers a job posting through the interviewing and hiring phase, to annual performance reviews and job promotions.

1.9 COMPETENCY BASED TRAINING & DEVELOPMENT

Competency-based training is a training focused on specific competencies or skills. Competency-based training is broken down into much smaller units that are focused on one particular skill. The learner must demonstrate his understanding of that skill or competency before continuing to the next segment of training. The skills are put together into modules and typically at the end the learner receives some form of qualification or certification. This type of training may also be called outcome-based learning/training or skills-based learning/training.

It is a learning model in which the required level of knowledge and skill must be demonstrated before advancing to the next task. Competencies can be divided into two groups within an organization's competency framework: core and job role competencies. This framework gives employees a comprehensive understanding of what skills and knowledge are needed for their job, with required outcomes and targets clearly stated so that the learner knows exactly what is expected of them, and where exactly they are on a training track toward achieving those targets. Participants must master one skill or competency before continuing to the next portion of the training.

Benefits of a Competency-Based Training Program

The advantages to such a training is far and wide with most organisations turning to such a type of training in order to equip their employees with better capabilities to perform their tasks and achieve the organisation's objective in an efficient manner.

Personalised training

Modules can be completed at the user's pace. Training programs can be personalized to meet the interests, skills, and needs of employees. People have unique learning styles and a competency-based training program can

be customized in order to create a more effective and targeted development program.

Workplace productivity

The modules can be broken down into small units which makes training programs more manageable. Units can be completed in a phased manner. They need not be completed all at once.. This is a huge advantage when balancing training with already busy work schedules.

Improved employee performance

Employees are more motivated and confident when they are competent in their position, know exactly what their performance expectations are, and receive recognition for it. This improves the overall productivity of employees and the organization. Managers in an organization can create teams of employees with complementary skills. Career progression and promotional paths can be outlined. Employees thus have the opportunity to learn more competencies beyond their roles.

Efficiency in skills and knowledge

The training and assessment conducted in a competency-based training program are relevant to the job expectations. This allows for a smooth and efficient transfer of knowledge and skills. Competency is achieved and work performance improves. Employees can be provided the training they need, which will lead to decreased errors. Valuable skills and knowledge stay within an organization with clearly defined core competencies. The training is focused on identified areas requiring performance improvement. Custom-designed training enables specific performance-related outcomes. Individuals' gaps and strengths are defined and talent is measured. This allows training to become motivational and empowering.

Cost-effective

The training, development, and assessment can occur on the job, which makes it more cost-effective for employers. Since the training programs are goal-oriented and personalized, money is not wasted on unnecessary training. The professional development of the employees is the focus of competency-based training. Planning and collaboration are required and there must be clarity about the company's vision and business goals. In order for training to be motivational and empowering, employees must not feel burdened by these training sessions.

1.10 COMPETENCY BASED PERFORMANCE MANAGEMENT

Competency management systems allow employers to evaluate employees' performance. Use of these systems allows managers and supervisors to identify gaps, conduct remedial training, recruit staff and compensate current employees appropriately. Developing competency-based performance management systems involves creating comprehensive

competency models for all jobs and assessing employees against those models during annual performance reviews.

Development is one of the most important functions of performance management. Performance Management System is concerned with outputs, achievements of results; and with outcomes, the impact made on performance. It is also concerned with the process required to achieve these results and the inputs in terms of capabilities, that is knowledge, skills and competencies that are expected from the teams and the individuals. For high-performing organizations, a competency-based performance management system is an essential part of an overall competency management plan. With a competency-based performance management system in place, organisations can motivate the staff better, align training with company goals, clearly define roles and the skills needed to perform each job well, as well as optimize the hiring process.

Below are some key components to optimize a competency-based performance management plan.

Goal setting

Having set goals allows everyone involved to have something to strive toward, measure and be accountable for. By planning out specific goals and setting expectations, employees get motivated to work effectively, help management to communicate clearly and allow tasks to be completed in an efficient manner. Whether goals are set individually or at a team level, they should be geared towards developing the core competencies of the company and supporting the organization's mission, vision and values.

Communication

One of the most important elements of a performance management plan is communication. By clearly communicating the plan and the goals employees can get on board and motivated to participate in such a program. The purpose should be communicated clearly, and often. If employees don't see the point, they may not do their best to progress toward the goals. It's also important to set clear expectations. If deadlines need to be set for individuals or teams to complete training or to give feedback, the employees need to know that it is expected out of them to complete the activity at that time and not just aa a suggestion. One great benefit of performance management is that the feedback gives HR better clarity when recruiting, which saves time and resources.

Defining Job profiles

Great employees want to excel in their positions and understand what is needed to move up. Defining the skills needed to perform tasks to the best of their ability will make it easier for them. By understanding job responsibilities and expectations, employees can be more confident in their position, as well as their future, within the company. Additionally, it is also important to plan for the subsequent workforce. With the

organization's core competencies in mind, organisations can define what job types can be hired for in the future.

Gap identification

Once the organisation has outlined the skills needed for each job type, The managers can better understand where the skill gaps exist. Whether it's through surveys, interviews, performance reviews, or coaching sessions, learning what the employees need to know in order to perform well in their position is invaluable. Additionally, by identifying skill gaps managers can begin to see a clearer picture of where there may be job related gaps in the workforce.

Development programs

After the managers are able to identify the skill gaps, the managers need to nurture the staff and bring them up-to-speed. Whether it's by way of company-wide training days or management meetings or weekly one-on-ones, the best way to encourage continued learning is by setting up a coaching development program.

With a coaching and development plan, an organization can accomplish multiple goals like bridging skill gaps, vetting employees for future positions and putting them on track for a planned career path

Assessments

Key elements of all successful evaluation programs are monitoring, documenting and assessments.

- Monitoring continued learning activities, helps to understand where to make changes,

- Diligent documentation will make it easier to make data-backed decisions moving forward, and

- Assessments allows to better understand what is working and what needs to be changed.

While some feel that conventional, annual assessments are tiresome, anxiety-inducing and many times, fruitless, it's still important to have some kind of progress areas in order to set up the workforce for success. A process of continuous coaching and improvement with actionable, constructive criticism can position the workforce to perform to the best of their ability. For some organizations, creating a unique performance management system is in order. Depending on the organization, a performance management program may mean a great process is implemented or it could mean virtually zero. The more organized and planned out your program is, the less face to face time will be required. We're experts at mapping out successful competency-based performance management plans. With the data gathered through defining job types, evaluating skill gaps and the results of continued learning activities,

managers can put together the evaluation program that works for their organisation.

Program review

With feedback from management and staff, it's important to regularly revise the performance management plan. Managers should tie all activities back to reaching company goals and company core competencies. He should get management and staff feedback and make changes to the plan accordingly. It is important to motivate the staff by putting an emphasis on career path while recognising and rewarding them.

Performance Management Software

In order to keep everything organized across the organization, performance management software is a must because even the most comprehensive plan won't be effective if it can't easily give access and feedback to everyone involved.

While creating a competency-based performance management plan can sometimes be a difficult task. However such a software can help keep managers organized and on track to meet their goals. Not only does performance management software help to identify, analyse and manage skills gaps within the workforce, but also provides an overview of progress, an opportunity to compare continued learning techniques and the ability for leadership to analyse a large amount of data in a comprehensive way. When evaluating the various skills and competencies of an employee, a wide range of attributes can be considered. Physical and mental characteristics can be accompanied by a range of other abilities related to different skill sets, working in various combinations depending on the requirements of the role.This combination of skills and competencies can then be brought together to form a competency framework. Since each role requires different skills, these competency frameworks can vary greatly from one employee to another, with a member of staff working in sales likely to have a distinct framework from a person working on a production line.

As HR managers build up a database of desired competencies and the frameworks associated with different roles, performance management software can be used to track and analyse existing human resources and future requirements. This helps make informed decisions about new hires, as well as development plans for existing employees to improve existing competencies or introduce new ones as required.

1.11 COMPETENCY BASED CAREER & SUCCESSION PLANNING

Competency-based Career Development is a planned system created to link individual career needs with the organization's workforce requirements. From the employee perspective, they are looking for career

opportunities that address their strengths, support development, provide challenges and match personal interests, values and preferred working styles. The organization on the other hand is looking to have employees develop themselves in a way the addresses the organizational needs. Therefore, putting career development tools and processes in place to highlight the options and career paths available to employees is in the interest of both, the organization's as well as the employee's.

CAREER DEVELOPMENT

Organisational Needs	Individual Needs
Important needs and challenges. Critical competencies to meet challenges	Development needs Provide challeneges
Shortages. strength to meet challenges	Match the individual's 1. Interests 2. Values 3. Personal style

Competencies and Career Development

From the employee's perspective, they define the key requirements for successful performance within jobs. They support the identification of potential career paths within and across job families, while also allowing employees to plan their careers, based on their interests as well as strengths and gaps in their personal competency inventory. Competencies support employees in determining and implementing targeted learning and development programs in line with their interests and competency gaps. They also Increase engagement and a sense of empowerment, due to their ability to more effectively plan and manage their careers

From the organization's perspective, competencies serve as a foundation for developing tools and programs to support employee career development by using assessment tools and processes to support employee / job matching. Career development self-help guides and resources for learning and development. By conducting coaching and mentoring programs and providing career resource centres and counselling facilities.. They can use collaborative learning, knowledge sharing, communities of practice through social networking tools, wikis, etc. Formal structured development programs for job groups (job rotation, in-class courses,

remote on-line learning, mentoring, are also crucial tool to employee development.

The major steps in developing a competency-based system are:

- Putting together a resource panel of experts on the target jobs who will set direction and specify the expected job performance criteria.

- Define tasks and characteristics, through the resource panel, and survey job profile to obtain their perceptions of which job tasks and personal characteristics contribute to success in the said jobs.

- Identify top performers using performance criteria specified by the panel.

- Conduct in-depth interviews with both superior and average incumbents in those jobs to find out what they do and how they do it.

- Based on the outcome of stage 4, develop a competency model of people in those jobs by identifying those competencies that make the biggest contribution to outstanding performance as opposed to the competencies that all job holders need.

- Analyse career paths by combining the survey and the interview stage results.

- Implement the career path system through a number of options such as
  - computer-based tasks and competency programs
  - performance and potential assessment linked to new job opportunities;
  - systematic counselling career development and related training programs.

Succession planning has the greatest impact when it is part of an overall competency management plan. Competency management includes everything from skills management to performance management and a learning management system with e-learning objectives and assessments. Through competency management, managers can decide on the best way to pass on important knowledge, making inevitable transitions smooth and painless.

Measurable Goals:

When leaders need to appoint their successors, it's important that they create a timeline and give key staff measurable goals. With performance and skills management software, leadership can see where staff are skills-wise and, if necessary, recommend appropriate training to get them on track.

Skills Management Software:

Skills management software is the most comprehensive way to identify, track, measure, and manage employee skill sets. When every level of the organization has access to the data, it makes the decision making process easier and more efficient. With skills management software, existing leadership can make succession planning decisions based on clear, quantitative data.

Learning Management System:

Implementing a learning management system allows staff to nurture their skills through e-learning assessments and courses. With a focus on the next generation of leaders, this system can include leadership development courses to supplement coaching and mentoring initiatives. An LMS can also help bridge skill gaps that can't always be done via on the job training.

Future requirements:

Having a succession planning initiative in place will allow organizations to look toward the future rather than constantly focusing on the present. Taking into account potential future growth and industry changes ahead of time will give organisations more flexibility when industry turbulence occurs. Every company needs to put a competency management system in place to plan for workforce changes that are sure to occur. Doing so ensures a steadfast workforce, a positive company culture, and workforce sustainability.

1.12 LINKING HR PROCESSES TO ORGANIZATIONAL STRATEGY, COMPETENCY FRAMEWORK – DEVELOPMENT OF PERSONAL COMPETENCY FRAMEWORK

A good competency framework can increase clarity around performance expectations and establish a clear link between individual and organisational performance. A competency framework is a structure that defines each individual competency such as problem-solving or people management required by individuals working in an organisation or part of that organisation.

Earlier HR professionals used to draw a clear distinction between 'competences' and 'competencies'. The term 'competence' (competences) was used to describe what people need to do to perform a job and was concerned with effect and output rather than effort and input. 'Competency' (competencies) described the behaviour that lies behind competent performance, such as critical thinking or analytical skills, and described what people bring to the job. However, there's been growing awareness that job performance requires a mix of behaviour, attitude and skill, and the terms are now more often used interchangeably.

In designing a competency framework, managers should include only measurable components. It's important to restrict the number and complexity of competencies, typically aiming for no more than 12 for any particular job role and arranging them into clusters to make the framework more accessible for users. The framework should contain definitions of each competency, particularly where it deals with different levels of performance for each of the expected behaviours. It should also outline the negative indicators for that competency, all those behaviours deemed unacceptable.

If a framework is too broad and containing only general statements about individual competencies, it will fail to provide adequate guidance either for employees as to what is expected of them or to managers who have to assess their staff against these terms. If, on the other hand, it is too detailed, the entire process becomes very time-consuming and could become less credible

Employer competency frameworks may include different types such as core competencies that support the organisation's values and mission. They will usually apply to all jobs in the organisation. Common competencies are those that relate to certain jobs. For example, in management roles common competencies may include strategic awareness, leading a team and managing team performance.

Technical or job specific competencies apply to certain roles within the organisation. They outline any technical expertise required and assess the depth and breadth of that skill and knowledge. Leadership competencies include skills and behaviours that contribute to leadership performance. By using a competency-based approach to leadership, organisations can better identify and develop their next generation of leaders. Essential leadership competencies and global competencies have been defined by researchers. However, future business trends and strategy should drive the development of new leadership competencies. While some leadership competencies are essential to all, an organisation should also define which leadership attributes are distinctive to it to create competitive advantage.

When preparing a framework, it's important to take account the legal background to ensure that none of the competencies discriminate against any particular group of employees or potential employees. It's also important that when frameworks are used to assess competence, they recognise an individual's potential to develop and don't just collect evidence of a certain behaviour as historical data.

1.13 DEVELOPING COMPETENCY MODELS

Competency models can be extremely useful to all organization for a variety of reasons. First, they can summarize the expertise of people who know what success in leadership or a role looks like, so that it can be easily communicated with others. This can be extremely helpful when multiple stakeholders are involved in talent acquisition and management decisions.

These benefits rest on whether or not the organization is leveraging competency models correctly. If not, the result can be disastrous.

1.14 ISSUES RELATING TO COMPETENCY MODELS

Sometimes, competency models are based on subjective opinion. Decision-makers may sit in a room and pronounce, "I believe *this* is what makes a top performer in the role" or, "I believe this current employee has *it,* let's base a competency model on *it.*" "It" refers to a "secret sauce" that makes up a top performer, but often, these decision-makers are unable to define what *it* is.

Not only is this process not very predictive of future on-the-job success, but it can actually be quite biased. When organizations hire and promote people based on subjective opinions that include likeability, organizations are going to get more of the same type of people, without giving diversity any chance.

Expensive to develop

If an organization wants to go from a subjective competency model to a data-driven one, they would require to hire a consultant. Whether they are hiring a consultant or hiring a senior organizational development consultant as an internal full-time position, consultants who develop competency models often have niche skills in their fields. The process is also very time consuming. It can take weeks even months for consultants to observe and study roles within an organization and develop a predictive competency model based on that research, additionally it also costs a large amount to work on such a process.

As a result, the competency models informed by the expertise are reserved for companies with large monetary resources, who also have the resources to allocate to such research. Even then, these expensive competency models are usually only developed for a select few roles at the mid or high level.

Competency management is treated as an HR process, rather than a business strategy. On average, 88 percent of organizations identified better leader and employee performance as important or critical to the business. When asked about the single most important call to action to improve performance, interviewees said, "Tell employees what is expected of them to excel." Performance excellence, then, means clear communication of the competencies for which an employee is accountable. Until competency management is appreciated as a crucial part of business, employee performance will continue to languish.

Additionally Identification of critical competencies is difficult. Without an assessment strategy and the ability to predict the skills needed by the business going forward, organizations are left clueless as to what skills exist and are needed. Some 74 percent of organizations say that definition of essential competencies by talent segment and job role is critical, or important, to the business. But only 0.7 percent of organizations have the

means to predict the essential skills required. Alignment of competency development with business goals is weak. Some 61 percent of organizations have only somewhat effectively, or not at all, identified critical talent segments and key job roles. Hence, it goes without saying that most have yet to define critical job responsibilities and success criteria. In the absence of these competency procedures, it is no surprise that 72 percent of organizations indicate that employee and leader skill building is only somewhat, or not at all, focused on developing competencies requisite for achieving business goals.

1.14 SELF-ASSESSMENT QUESTIONS

Q1. Competencies is referred as

    a.   Physical attributes
    b.   Skills capabilities and knowledge.
    c.   Educational qualifications
    d.   Demographic characteristics

Q2. Which of the following is a type of competency

    a.   Technical
    b.   Advanced
    c.   Physical
    d.   Logical

Q3. Why is it important to promote a competency culture?

    a.   For business expansion
    b.   For improved employee productivity
    c.   To be sustainable
    d.   To compete in the market

Q4. Explain the steps to plan a competency based system

Q5. Discuss the development of a competency framework.

Q6. What are some issues relating to competency models?

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2

METHODS OF DATA COLLECTION
FOR MAPPING

Unit Structure

2.0 Learning Objectives

2.1 Methods of Data Collection for Mapping:

a. Observation

b. Repertory Grid

c. Critical Incidence Technique

d. Expert Panels

e. Surveys, Job Task Analysis

h. Behavioral Event Interview,

i. Use of technology.

2.2 Developing Competency Models from Raw Data:

a. Data Recording

b. Analyzing the Data

c. Content Analysis of Verbal Expression

d. Validating the Competency Models

2.3 Self-assessment questions

2.0 LEARNING OBJECTIVES

At the end of this chapter, you will be able to:

- Understand the concept of data collection.
- Analyze appropriate methods of data collection.
- Apply the methods of data collection for different purposes.
- Prepare competency models from various data.

2.1 METHODS OF DATA COLLECTION FOR MAPPING:

What is data collection?

Data is collected when we gather and analyse valuable information such as names, email addresses, customer feedback, and website analytics

etc. from a variety of sources to build efficient marketing campaigns, learn more about the customers, or create financial budgets.

Effective data collection can help solve a number of problem. Additionally it can also measure brand awareness, identify trends, and spark new ideas.

Primary data

When the party conducting the research whether that's a person or an organization collects the data themselves, it's considered primary data.

Some of the primary data-collection methods are quantitative, dealing with data that can be counted and measured. Others are qualitative, meaning that they consider factors other than numerical values. Generally, questionnaires, surveys, documents, and records are quantitative, while interviews, focus groups, observations, and oral histories are qualitative. There can also be a combination of the two methods.

Secondary data

Secondary data to any data collected by any person other than the one using it. Secondary data sources are extremely useful. They allow researchers and data analysts to build large, high-quality databases that help solve business problems. By expanding their datasets with secondary data, analysts can enhance the quality and accuracy of their insights. Most secondary data comes from external organizations.

Frequent sources of secondary data include:
- Government departments
- Public sector organizations
- Industry associations
- Trade and industry bodies
- Educational institutions
- Private companies
- Market research providers

While all these organizations provide secondary data, government sources are perhaps the most freely accessible. They are legally required to keep records when registering people, providing services, and so on. This type of secondary data is known as administrative data. It's especially useful for creating detailed segment profiles, where analysts concentrate on a particular region, trend, market, or other demographic.

Observation

Observation is a primary method of data collection. It is a qualitative mode of collection data. Observation involves collecting information without asking questions. This method is more subjective, as it requires the researcher, or observer, to add their judgment to the data. But in some circumstances, the risk of bias is minimal. For example, if a study involves

the number of people in a restaurant at a given time, unless the observer counts incorrectly, the data should be reasonably reliable.

Variables that require the observer to make distinctions, such as how many millennials visit a restaurant in a given period, can introduce potential problems.

In general, observation can determine the dynamics of a situation, which generally cannot be measured through other data collection techniques. Observation also can be combined with additional information, such as video filming, recorded video etc.

Repertory Grid

The repertory grid is a technique for identifying the ways that a person interprets or gives meaning to his or her experience. It provides information from which inferences about personality can be made, but it is not a personality test in the true sense.

The main components of the repertory grid are:

The topic - What the interview is about.

Elements - They can be people, objects, experiences, events, according to the topic. The elements can either be chosen by the interviewee, or they can be selected on a prior basis. For example, on students' views of lecturers, the topic would be "What makes a good lecturer?" and the elements would be particular lecturers known to the interviewee. If a number of students were being interviewed, with different backgrounds, the lecturers/elements would not necessarily be the same.

Constructs – This the most important component of the repertory grid. This is where the elements are compared with one another to produce a series of statements which describe what the interviewee thinks about the topic. These statements will form the eventual unit of analysis. In other words, every statement will be presented as opposite ends of a pole. The students being interviewed about lecturers might say that Lecturer A, as opposed to Lecturers B and C, explains things clearly whereas B and C are hard to follow. So, one set of constructs would be "explains things clearly" as opposed to "hard to follow".

Ratings - Once the main constructs and elements are in place, they are entered on a grid with the elements on top and the constructs down the side. The interviewee then rates each element against each construct according to a rating scale, usually of 1-5.

Uses of repertory grid

Because of its ability to capture good data, the repertory grid is used in a wide range of contexts. For example, In human resources performance appraisals, job analysis, training needs analysis, staff and organisational development,

In psychology for example, psychological tests or counselling type interviews, brand analysis and consumer behaviour, In team development and organisational studies, information retrieval studies and systems analysis, for example mental modelling.

It is particularly good in circumstances where it is important to understand how people think, for bringing out knowledge which is implicit rather than explicit, and for establishing mental maps. It can be used by both practitioners and researchers among others.

Critical Incidence Technique

Researching an incident and its outcomes to obtain qualitative information is termed as critical incident technique. In the research, the participants are asked to share their first-hand experience about the behaviour, occurrence of a particular situation, and its outcomes. John Flanagan introduced the method in 1954 through the Psychological Bulletin. The Critical Incident technique is often used in user interviews.

Let us take an example to understand the Critical Incident Technique clearly:

Situation: The participant is being asked about a tool that she has used.

Q1. Describe the time when you used the tool- **Normal Question**

Q2. Describe the time when you used the tool last- **Specific Question**

Q3. Describe the time when you use the tool for your work, and it helped in making your job easier.- **Critical Incident Question**

The Critical Incident Technique involves a lot of follow-up questions. For example, the follow-up questions of the above question would be:

Q1. When have you used the tool last?

Q2. How did you use the tool?

Q3. What are the things you do with the tool?

Q4. Why did you choose this particular tool?

The participant is usually asked for both positive and negative feedback. The questions can be asked together or separately. Generally, if the positive and negative questions are asked together, the participant answers the positive questions first. One participant can give many incidents. Hundreds and even thousands of incidents are collected with the help of many such interviews. When the codes with the incidents are saturated, it can be understood that the documentation required to fulfil the criteria is met.

Advantages and Disadvantages of Critical Incident Technique:

Critical incident technique like all methods has some advantages and disadvantages.

- If Critical Incident Technique is used, it reveals the errors and issues fast. There is no time frame for taking incidents. The participant can take how much time he wants to evaluate and answer questions.
- If there is some information that is uncommon and rare and cannot be found easily with standard sets of questions, CIT can very effectively evaluate and analyze them.
- CIT gives more importance to the more critical errors and issues.
- CIT is very flexible and can be applied in focus groups and surveys as well as general interviews.

The disadvantages of the method are

- CIT is dependent on human memory; Therefore, if a participant forgets a part of the Incident or interprets it in the wrong way, the process can get stressful and time-consuming.
- Sometimes the participants give details of monumental events but forget to mention smaller intricate details. Hence it is up to the researcher to decide whether or not to use CIT based on the process's goal. He can also use other tools like usability test if that caters more to his needs.

Asking the right questions

The steps that can be followed for asking the right questions are:

- Look for the right person from the particular department.

Question to ask the expert:

If a new person for the role of Manager is being hired, what roles would he be expected to fulfil or how many hours would he be expected to work a day?

Then there are questions which are built specifically for a particular situation.

An example of questions concerning the event that happened could be like:

Where did it occur?

How did it occur?

What was done after it happened?

- Ask for the solution like what works, what does not work, and what might be useful for future situations. This helps in understanding what should be done and what should not be done.

- Repeat the same steps with other divisional heads to evaluate whether or not the desired result is achieved. If the same method is applied for various heads, different perspectives on the same work are found.

- Evaluate the situations and make questions out of them and the examples to analyse the behaviour.

If for example Critical Incident Technique was used to find information about a particular job it would be like: the information about the job is taken by various ways like questionnaires. These surveys can be used for market research.

The participant is asked about his feeling and perspectives of the Incident. The actions were taken during the situation, how the activities altered the situation and what can be done to better it. He is asked about the description of the roles that the job entails. He is intricately asked about details.

The little information that might be missed by tools like user interviews can be extracted by Critical Incident Technique. The job description is evaluated when the participant describes various incidents and his feelings towards those incidents. Usually, more than one participant is used to see different perspectives of the same situation.

Expert Panels

The expert panel method is based on the idea of extracting expert knowledge. The panels are typically groups of 12-20 individuals who are given 3-18 months to deliberate upon the future of a given topic area, whether it is on technology, an application area or an economic sector.Generally, a variety of experts are engaged based on various fields of expertise to debate and discuss various courses of action and make recommendations. They can be useful at different stages of an evaluation. This tool is useful when an issue is complex and contentious. Also where conflict exists to provide opinions that may have more credibility, and hence may assist in resolving the conflict. When a variety of opinions are present, to provide a credible alternative opinion, based on credible expertise.

Some of the benefits of expert panels include:

- Availability of expert judgement at the centre of an exercise, which can be particularly important when dealing with the uncertainties associated with the future
- In-depth and meaningful interaction and networking between different scientific disciplines and areas of expertise that would otherwise be difficult to organise
- The ease with which panels can complement other methods used. With some methods, panels are a near necessity for the generation of inputs, the interpretation of outputs, and/or the overall conduct of the method
- There is significant reductions in time allocations as the recommendations from the experts can be directly implemented without further deliberations.
- It is comparatively a cost effective method to apply.
- There is immense credibility of the conclusions as it comes from experts holding ample amount of knowledge.

However there are also few disadvantages

- Because the panel must come up with consensus-based conclusions, its organisation tends to eliminate minority points of view and tone down conclusions
- The point of view of a dominant expert can be over-influential within the panel
- Experts could have a tendency to go beyond their field of competence

Adaptability to a variety of situations encountered in evaluation.

Expert panels have the following functions:

1. Gathering relevant information and knowledge
2. Synthesising the information gathered
3. Stimulating new insights and creative views and providing a vision of future possibilities, as well as creating new networks

There are a number of approaches for actually identifying potential participants. These once they are established they are the main actors carrying out the process throughout the exercise. The Panels can be given very specific tasks within a much wider process, for example, commenting upon the organisation's strategy with respect to adaptation of a specific technology or a process.

Once the panel's remit has been formulated, the task of assembling members can begin. The first step is to develop a profile of the panel, i.e. to identify the sorts of expertise and/or stakeholders that should be represented in light of the panel's responsibility. There are two interrelated considerations to take into account when profiling panels:

1. Composition: What mix of knowledge is required to address the panels role?

2. Balance: What mix of views, positions, value judgements and scientific disciplines should be represented on the panel to ensure even-handed analysis and conclusions?

It can be divided into:

1. Personal contacts: Using names known to those already involved in the project.

2. Stakeholders: Identifying major stakeholders in the areas of concern and asking them to put forward names.

3. Formal process: Involves more systematic search processes. Types of expertise and stakeholders are identified; a first set of names suggested; these are asked to nominate key people then a final selection is made of the people who are to be invited to take part. The initial aim is to generate a long list of candidates for panel membership which will then need to be cut down to a short list of primary nominees and alternates. Key stakeholders typically contribute to the composition and

procedural design of expert panels, which helps ensure that those stakeholders will find the panel's results credible.

Surveys, Job Task Analysis

Survey is defined as the act of examining a process or questioning a selected sample of individuals to obtain data about a service, product, or process. Data collection surveys collect information from a targeted group of people about their opinions, behaviour, or knowledge. Common types of example surveys are written questionnaires, face-to-face or telephone interviews, focus groups, and electronic (e-mail or website) surveys. Surveys are a valuable data collection and analysis tool that are commonly used with key stakeholders, especially customers and employees, to discover needs or assess satisfaction.

There are two main types of survey:

- A questionnaire, where a list of questions is distributed by mail, online or in person, and respondents fill it out themselves.
- An interview, where the researcher asks a set of questions by phone or in person and records the responses

When to use surveys to collect data

It is helpful to use surveys when:

- Identifying customer requirements or preferences
- Assessing customer or employee satisfaction, such as identifying or prioritizing problems to address
- Evaluating proposed changes
- Assessing whether a change was successful
- Monitoring changes in customer or employee satisfaction over time

How to administer a survey

- Determine what you want to learn from the survey and how you will use the results.
- Determine who should be surveyed by identifying the population group. If they are too large to permit surveying everyone, decide how to obtain a sample.
- Decide what demographic information is needed to analyze and understand the results.
- Determine the most appropriate type of survey.
- Determine whether the survey's answers will be numerical rating, numerical ranking, yes-no, multiple choice or open-ended, or a mixture.
- Brainstorm questions and, for multiple choice, the list of possible answers. Narrow down the list of questions to the absolute minimum that you must have in order to learn what you need to know.
- Print the questionnaire or interviewer's question list.
- Administer the survey.
- Tabulate and analyse the data collected.

The below example explains how a survey can be conducted with the help of the below questions

Q. How satisfied are you with the product?

	Very dissatisfied	Somewhat dissatisfied	Somewhat satisfied	Very satisfied
Packaging				
Size of the product				
Quality of the product				
Product utility				

Figure 1.1 survey questionnaire with a rating scale.

Survey considerations

Conducting a survey creates expectations for change in those asked to answer it. Do not administer a survey if action will not, or cannot, be taken as a result. Satisfaction surveys should be compared to objective indicators of satisfaction, such as buying patterns for customers or attendance for employees, and to objective measures of performance, such as warranty data in manufacturing or re-admission rates in hospitals. If survey results do not correlate with the other measures, work to understand whether the survey is unreliable or whether perceptions are being modified by the organization's actions. Surveys of customer and employee satisfaction should be ongoing processes rather than one-time events.

What is a job task analysis?

A job task analysis evaluates a job, rather than the person doing the job, to understand the larger work responsibilities associated with each position. This data-driven process seeks to develop an overview of the knowledge, job tasks, and responsibilities that an employee must master to be successful in a specific role. By performing job task analyses, companies can begin to understand skill gaps, identify training needs, write a job description that attracts more candidates to apply, and develop fair hiring practices. Notably, this process does not seek to identify the ideal candidate, rather, job task analyses help the company document each part of the job to comply with professional and legal guidelines

Following is the process to conduct a job task analysis.

Identify and interview subject matter experts

A subject matter expert is an employee in the company who has been in the role and can understand the industry best practices involved with

performing at a high level. This person might be the current employee in the role, the employee's manager, or someone who started in the role and advanced to a higher position successfully.

Observing the job role

The next step of the job task analysis is to observe the role. If this role is currently filled, the employee can be shadowed for a day to get a sense of their activities with regards to what job tasks does the person do during working hours. This step may not be possible if the company is working remotely. If physically observing a job role is not possible, the employee can share their calendar or some of their virtual meetings of the employee can be attended. Watch for tasks or activities that an employee is performing that they may not be aware are part of the job duties. For instance, if you see someone taking notes in a meeting, but that's not listed in their job description, record that observation for future reference.

Enlisting fixed duties of the role

Responsibilities are broad categories of essential duties that a role requires. Responsibilities can be broken down into job tasks. For instance, "Fulfilling customer orders" is a responsibility; critical tasks within that category include things like printing out shipping labels or packaging orders for shipment. Get as granular as possible to listing job tasks, keeping statements clear and concise. Highlighting these specific tasks makes it easier to identify knowledge requirements, specify any physical demands, and create a clear picture later on in the job description.

Creating questionnaires for employees

Create a structured questionnaire for employees to complete. These questionnaires can be used to find out how often someone performs a task, or to assess if there is something in the job description that is irrelevant. Alternately, existing employees should complete a skill assessment. Skill assessments are typically used to screen candidates.

Interviewing specific workers

Review previous job descriptions, onboarding materials, and similar roles advertised at other competitive businesses. This gives some perspective as to what questions to ask.

The following can be asked to the subject matter expert

- What are your main 3-5 job responsibilities?
- How would you describe the successful completion of your daily duties?
- Tell me about the opportunities for advancement in this role.
- Do you perform duties that aren't listed in your job description?
- How does management support you in this job?
- Which departments do you regularly communicate with for your duties?

Often, interviews provide a snapshot in time: if the subject matter expert is currently experiencing a busy holiday rush, for instance, it may be that

they're reporting a specific task more frequently than they would the rest of the year.

Defining tasks and responsibilities

Finalize the position's job tasks and responsibilities. Use the job analysis data from the questionnaires as well as qualitative data from the first-hand observation and interviews. Refer to existing documentation. The goal is to evolve the job descriptions and provide more detail than a candidate would typically see in an employer-branded job posting.

Verifying findings

Review the findings with the hiring managers to ensure that everyone is aware of how the role has evolved over time. Some managers may not realize, for instance, that in the past an employee in this role took on more responsibility than they should have. What may have originally started as an entry-level role in the job descriptions may have since become a more technical one. Additionally, the job analysis may show that more than one person is needed to complete all the duties and responsibilities assigned to the role.

Finalising the job task analysis

The final step is to take the information and begin to translate it into meaningful action. Define the employee selection criteria and refine the job descriptions. Review the compensation and performance evaluation benchmarks to ensure people are being paid fairly for the work performed.

A job task analysis can also illuminate new ways to hire. For instance, a skill assessment can be a better predictor of success when task analysis has been completed. Questions in the skill assessment can be designed to replicate specific tasks and responsibilities listed in job descriptions, evaluating whether a candidate is truly capable of doing the job.

Behavioral Event Interview

Behavioural-based interviewing is a technique which focuses on a candidate's past experiences, behaviours, knowledge, skills and abilities by asking the candidate to provide specific examples of when they have demonstrated certain behaviours or skills in the past as a means of predicting future behaviour and performance. It is a technique that asks the candidate to describe a situation or an experience they had in a previous job. Responses may not be as polished as the traditional type of question because they cannot be rehearsed ahead of time. Nonetheless, the interviewer gathers valuable information from experiential responses because past performance predicts future performance.

Why is it useful?

It's important to assess whether the candidate demonstrates traits that fit the workplace culture. BEI questions solicit real-life experiential

responses that provide a way to evaluate skills, knowledge, and behaviours as opposed to philosophical views. The candidate's responses are a true indication of how the candidate will behave and perform in future work-related situations. Behavioural competency assessment is an integral part of the performance management process in high performing organizations.

Who should use it?

Behavioural Event Interviewing is helpful for anyone conducting an interview, particularly the hiring manager. The technique works well in a multiple- interviewer scenario. Various questions can be assigned to members of the interview team, or the hiring manager can seek multiple perspectives if the same questions are asked by more than one member.

When is it used? Behavioural Event Interviewing can be used to evaluate candidates for any open position. A critical success factor in selecting the best candidate is seeking adequate information to assess whether the candidate's skills, education, experience, and behavioural traits are a good match with the key job requirements and the organization's culture.

One method of developing the competencies described by Mr. D. C. McClelland is by conducting Behavioural Event Interviews. The objective of a Behavioural Event Interview (BEI) is to get very detailed behavioural descriptions of how a person goes about doing his or her work. The interviewer's job is to get complete stories that describe the interviewee's specific behaviours, thoughts, and actions in actual situations.BEIs are very focused, clinical-type, recorded interviews which can take from 2-2 1/2 hours to complete. They require working with a candidate to develop a series of "behavioural events." After each interview, the recording is analysed for evidence of competencies. The total process of recording the interview, creating transcripts and analysing them for competencies can be a really long process.

The major step in the BEI is to elicit behavioural events. The interviewee is asked to describe, in detail, the five or six most important situations he or she has experienced in a specific job. The situations should include two or three high points, or major successes, and two or three low points, or key failures. The candidate is asked to answer five key questions. For example, interviewees can be asked the following questions such as:

"What was the situation? What events led up to it?"

"Who was involved?"

"What did you think, feel, or want to do in the situation?"

Here the person conducting the behavioural event interviewing process should be particularly interested in the person's perceptions and feelings about the situation and people involved in it.

Follow up questions should include:

How was the person thinking about others (e.g., positively or negatively) or about the situation (e.g., problem-solving thoughts)?

What was the person feeling (e.g., scared, confident, excited)?

What did the person want to do - what motivated him or her in the situation (e.g., to do something better, to impress the boss)?

"What did you actually do or say?" Here you are interested in the skills that the person showed.

"What was the outcome? What happened?"

Trained specialists analyse the BEI transcripts to identify competencies that appear in the Behavioural Events. If the goal is to build a competency model, the process must be repeated with 8-12 superior performers and 8-12 average performers, each providing five or six events. This means that 80-144 events must be generated and analysed for each job. In today's busy, lean organizations, few interviewers have the time or resources for the level of individual analysis of each candidate using the Behavioural Event Interviewing methodology.

Use of technology

The challenges of competency assessment, and how technology helps Assessment is subjective and one-sided It is hardly possible to assess an employee's skills on one's own. HR managers usually can assess some general competencies such as active listening skills or stress tolerance. In addition to it, line managers can evaluate some specific technical skills such using job-related software and observe how efficiently an employee collaborates with his/her colleagues, among other important criteria.But, as humans, even talented and experienced managers can sometimes miss some valuable capabilities or draw wrong conclusions about their people's behaviours.

Hence Productively engaging relevant feedback gives for evaluation purposes, using automated or semi-automated assessment and retrieving relevant data from other enterprise systems can help to avoid subjectivity and one-sided view.

In particular, the intranet can include a collaboration space for manager's feedback surveys. Answers marked by them can be automatically processed and all results stored in a single directory.

Tests linked to specific competencies such foreign language proficiency or using some software can be developed and sent out to different job holders automatically and regularly. Once a test is completed, its results are quickly calculated by the system and then available in the central database.

CRM can provide details about a salesperson's communication with customers; the accounting system, about employee-related costs; the intranet, about an employee's social activities.

To make assessment as unbiased as possible, managers tend to turn to the 360-degree feedback approach. However, getting feedback from all engaged stakeholders especially from those located remotely takes time and efforts.

However It is possible to save HR personnel's time and cut the organization's costs by taking advantage of data processing capabilities of the competency assessment solution. The software can take care of many routine operations such as creating and processing tailored appraisal forms based on job profiles with relevant competencies

Competency assessment is often carried out irregularly or only during annual or biannual performance reviews. Since significant changes can happen within the enterprise and/or the market even in 6 months, such information can be not timely enough. To ensure continuous evaluation of work skills, the HR manager can schedule assessment events periodically and configure the system so it sends to the staff automatic reminders about upcoming appraisals or competency tests to be taken; employees can be automatically notified about the test results and provided with follow-up action plans.

By the time of assessment, it can be complicated for people to remember why they made a certain conclusion about their colleague's competencies. In addition, assessment results which are not supported by facts can be perceived as biased by employees, especially when it comes to promotion or bonus distributions. Therefore to make the assessment process more transparent, all relevant data like employees' performance dynamics, competency development based on test results can be displayed in dedicated dashboards per employee and, if needed, tracked. Located in a single place, the assessment results become more visible for employees, which facilitates competency-related discussions between employees and their managers. Also, employees can look up their competency-based job profiles at any time in a central competency repository in which competencies are linked with specific roles. It can help them to understand exactly the management's expectations regarding their skills and behaviour. Managers can take advantage of automatically generated reports, such as personal development reports or aggregated views of competencies and gaps.

A basic competency structure within the enterprise is a prerequisite for implementing competency assessment software. It implies the organization has previously developed its **competency map** like a list of well-defined competencies and has a tested and documented **assessment process** in place.

Mapping competencies

Competencies are usually divided into general and key job ones; for higher job levels, they can be added with leadership skills and behaviours. They can be defined either by HR staff or adapted from standardised models. 4-6 competencies of each type usually can be enough for a job profile.

Defining and structuring competencies can seem too complicated and labour-intensive. Yet, for a pilot version of a competency management program it is enough that just some part of the organization's job positions is described in detail.

Assessment criteria

Competencies are normally evaluated based on assessment criteria for which some benchmarked levels like proficiency levels, rating scales etc. are set. These levels can differ significantly depending on specific jobs and job levels. For example, a sales manager is expected to demonstrate excellent communication skills whereas it is not a "must" for an engineer; a manager is expected to focus on strategic matters much more than his/her team members.

Even though competency management applications can't totally replace humans in the skills evaluation process, they can facilitate this task by providing the managers with:

a. automated tools for receiving, processing and assessing data about employees' skills

b. a comprehensive view of these data in dedicated employee dashboards and automatically generated reports

c. the possibility to ensure continuous competency assessment with timely schedules and notifications

d. performance tracking and a more transparent assessment process.

2.2 DEVELOPING COMPETENCY MODELS FROM RAW DATA:

a. Data Recording

This is the main part of the framework. Generally, the better the data collected, the more accurate the framework will be. For this reason, it's a good idea to consider which techniques to use to collect information about the roles, and the work involved in each one. The following can be used.

- **Observe** – Watch people while they're performing their roles. This is especially useful for jobs that involve hands-on labour that can be physically observed.

• **Interview people** – Talking to every person individually while choosing a sample of people to interview, or conduct a group interview. Managers can interview the supervisor of the job they are assessing. This helps to learn what a wide variety of people believe is needed for the role's success.

• **Create a questionnaire** – A survey is an efficient way to gather data. Spend time making sure to ask the right questions, and consider the issues of reliability and validity. There are standardized job analysis questionnaires available to managers that can be administered to the employees.

b. Analyzing the Data

Analyse the work – The behaviours are used to perform the jobs covered by the framework. The following can be considered:

· Business plans, strategies, and objectives.

· Organizational principles.

· Job descriptions.

· Regulatory or other compliance issues.

· Predictions for the future of the organization or industry.

· Customer and supplier requirements.

Job analysis that includes a variety of techniques and considerations will give the most comprehensive and accurate results. While creating a framework for the entire organization, a sample of roles from across the company can be used. This will help to capture the widest range of competencies that are still relevant to the whole business.

As managers gather information about each role, recording what they learn in separate behavioural statements is important. For example, if they learn that Paul from accounting is involved in bookkeeping, they can break that down into these behavioural statements: handles petty cash, maintains floats, pays vendors according to policy, and analyses cash books each month. Other roles also have similar tasks and therefore bookkeeping will be a competency within that framework.

c. Content Analysis of Verbal Expression

• **Group the statements** – the team members should read through the behaviour statements, and group them into piles. The goal is to have three or four piles at first – for instance, manual skills, decision-making and judgment skills, and interpersonal skills.

• **Create subgroups** – Break down each of the larger piles into subcategories of related behaviours. Typically, there will be three or four sub groupings for each larger category. This provides the basic structure of the competency framework.

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- **Refine the subgroups** – For each of the larger categories, define the subgroups even further. Managers should question why and how the behaviours relate, or don't relate, to one another, and the groupings can ne revised as necessary.

- **Identify and name the competencies** – The team can identify a specific competency to represent each of the smaller subgroups of behaviours, subsequently they can also name the larger category.

d. Validating the Competency Models

- **Validate and revise the competencies as necessary** – For each item, ask these questions:

- Is this behaviour demonstrated by people who perform the work most effectively? In other words, are people who don't demonstrate this behavior ineffective in the role?

- Is this behaviour relevant and necessary for effective work performance?

These questions are often asked in the form of a survey. It's important to look for consensus among the people doing the job, as well as areas where there's little agreement. Managers should look for possible issues with language, or the way the competencies are described, and refine those as well.

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2.3 SELF-ASSESSMENT QUESTIONS

Q1. Primary data is collected

a.   Through an agency
b.   Directly
c.   From the government

Q2. In critical incident technique, importance is given to

a. Incident
b. Employee
c. Job profile

Q3. What are some questions you can ask in survey conducted to evaluate employee welfare?

Q4. Explain behavioral event interview.

Q5 How has technology helped review competencies?

Q6. While developing competency models, How is data recorded?

❖❖❖❖

3

COMPETENCY MAPPING AND ASSESSMENT

Unit Structure

3.0 Learning Objectives

3.1 Competency Mapping and Assessment – Meaning, purpose and Benefits

3.2 Measuring and mapping competencies

3.3 Steps in Competency Mapping

    a. BEI

    b. Assessment Centre

    c. Conducting and operating assessment Centre

    d. Role of assessors in an assessment Centre

    e. Designing tools in an assessment Centre

    f. Integration of data

    g. Report Writing

    h. Feedback mechanism

3.4 Approaches to Mapping

3.5 Self-Assessment Questions

3.0 LEARNING OBJECTIVES

At the end of this chapter, you will be able to:

- Understand the meaning and purpose of competency.
- Examine the process of measuring and mapping competencies.
- Identify the various aspects in the competency process.

3.1 COMPETENCY MAPPING AND ASSESSMENT – MEANING, PURPOSE AND BENEFITS

Meaning

Competency is defined as the application of knowledge, skills and behaviours used in performing specific job tasks. It is a system for measuring and documenting personnel competency. The goal of competency assessment is to identify problems with employee performance and to correct these issues. An initial competency assessment may reveal the need for specific training of the employee. Competency assessment should be conducted at regular intervals during the employee's tenure. Competency assessments conducted either initially or periodically help to identify or prevent performance problems that may be solved through task-specific training.

Purpose:

The main purpose of competency mapping is to ensure effectiveness of an organization in terms of having a clear idea regarding the outline of the required competencies.

This may further help in:

1. Gap analysis in competencies

2. Role clarity

3. Selection, potential identification, growth plans

4. Succession planning

5. Restructuring

6. Inventory of competencies for future planning

Competencies enable the staff of an organization to have a clear understanding of the behaviours to be exhibited and the levels of performance expected in order to achieve organizational results. They provide the individual with an indication of the behaviours and actions that will be valued, recognized and rewarded. Using a competency framework enables an organization to successfully align the skills, capabilities and knowledge of employees with organizational priorities, resulting in business improvement and efficiencies.

A well-structured and well defined competency framework plays a key role in accomplishing an organization's goals in line with its mission. Competencies ensure that a clear expectations are set and staff members are guided as to how they can assume and reinforce behaviours in line with the organization's mission, culture and goals. A shared language is created to describe what is needed and expected in the work environment, thereby providing reliable and high quality performance. The various facets of human resources management can be integrated, enhancing

consistency in human resources planning, recruitment, learning and development, and performance management, and thereby contributing to the streamlining of human resources operations and ultimately to efficiency gains. Skills gaps are addressed, strengths are further developed and requirements for career progression are clarified. Staff mobility, organizational change and shaping of the organizational culture are also nurtured.

Benefits of Mapping Competencies

Competency mapping creates standards for employee training and development specifically tailored to the organizational needs. Creating a competency map helps to drill down to the skills, knowledge, abilities, and behaviour required for the work. Competency mapping involves finding out the key skills and behaviours which are required for a particular position in an organization. It can be used for establishing the working culture of the organization, strategies and goals of the organization and for benchmarking the goals of the employees.

The purpose of implementing competency mapping is for ensuring the competitiveness, efficiency and effectiveness inside the organization. It is these standards in competency marking that sets the benchmark for employees. Performance appraisal forms are duly filled based on the level of skills of employees which makes them suited for a particular role in the company. After assigning the employees based on their competency it is the responsibility of HR to do an analysis of the strong and weak points of employees.

Below are few advantages of competency mapping for organizations

- Establishes expectations for performance excellence
- Improved job satisfaction and better employee retention
- Increase in the effectiveness of training and professional development programs
- Provides a common understanding of scope and requirements of a specific role.
- Help teams and individuals align their behaviours with key organizational strategies
- Identify performance criteria to improve the accuracy in selection process.
- Provide a clear foundation between the managers and employees and performance, development, and career-oriented issues

On the other hand, the advantages of competency mapping for the employees can be described below.

- Helps Identify the behavioural standards of performance excellence
- Provides a more specific and objective assessment of their strengths and the tools required to enhance their skills
- Enhances clarity on career-related issues

- Helps individuals understand how to achieve expectations

3.2 MEASURING AND MAPPING COMPETENCIES

Competency mapping is a continuous process. It must be administered in a systematic manner. But before actually implementing the process, the need identification along with the steps to conduct it should be well drafted.

Competency mapping involves the evaluation of current employees which helps in identifying existing strengths and weaknesses in the organization. This information allows to optimize employees' potential by assigning them to tasks where they have the highest chances of success. Additionally, understanding employee weaknesses allows the organization to create new training opportunities and identify other areas where they can better support their staff.

It defines roles within an organization with utmost clarity. This ensures employees can focus their talents on the most relevant tasks and rely on peers for support related to their expertise. As a result, organizations tend to experience outcomes like improved productivity and increased profits.

An organization with clearly defined roles experience a streamlined hiring process. It can use its competency mapping to attract talented employees with the appropriate qualifications. As a result, hiring managers may have fewer resumes to review and can spend time interviewing candidates who are a good fit for the position.

3.3 STEPS IN COMPETENCY MAPPING

Identify the organization's goals

An organization can begin the competency mapping process by identifying its goals. It can review its mission statement or meet with senior executives to understand the larger goals that employees are trying to achieve. This step allows the process to build a good foundation, identify smaller goals that employees strive for daily and clarify any confusion about the organization's objectives.

Analyse competencies of existing employees

By analysing the skills of existing employees, an organization can create outlines for competency maps and identify opportunities for improvement. One useful analysis method is self-evaluation, as employees have a unique perspective on their skills and can highlight them as they relate to their roles. Organizations also implement supervisor evaluations to obtain a more unbiased perspective of employee performance and are specific to each department or role.

While implementing evaluations, reviewing employee work history is important to improve the accuracy of results. These reports can reveal insightful information about an employee's progress or test weaknesses.

For instance, work history might demonstrate a steady development of leadership skills that improved an employee's ability to delegate tasks. If an employee's work history shows proficiency in a skill that a current evaluation doesn't reflect, it might indicate a weak test and encourage the organization to reevaluate its evaluation standards.

Define competencies

Once an organization understands what employee goals are and what skills are necessary for achieving them, it can define competencies for each job role. Listing important skills and relating them to essential duties would be crucial. For instance, the competencies of a product designer might include communication and negotiation to facilitate positive client relationships. These professionals also rely on analytical thinking skills to develop prototypes and conduct user testing that effectively analyzes consumer preferences.

Deterrmine metrics

An organization can more clearly define competencies by assigning metrics to them. A common example of a metric is a sales criteria that indicates an employee's performance expectations. While a sales criteria is just a number, it closely relates to competencies like interpersonal skills, negotiation and active listening. If an employee reaches their figure or comes close, the employer can better understand the employee's ability to perform their job.

Provide additional resources

Throughout the process of competency mapping, organizations may recognize employee demand for additional resources. Departments might require more training or upgraded equipment to adequately perform their duties. By allocating these additional resources, organizations can boost morale and demonstrate their ability to set realistic expectations.

Implement results of competency mapping

After an organization clearly defines roles through competency mapping, it can share results internally and externally. Additionally it could incorporate the findings into job descriptions to attract suitable candidates. Organizations can also share the results with employees so that they can prepare for performance evaluations.

Behavioral Event Interview

Behavioural Event Interview (BEI) is a way of conducting an interview in a structured form and is widely used in selection processes for new employees to identify certain behavioural aspects. The method was devised in the 1970s by American psychologist McClelland. The technique is based on the assumption that predicting future behaviour should best be based on the knowledge about the candidate's past behaviour. This explains why the word 'behaviour' plays a prominent role in the naming of BEI. The technique is based on the fact that knowledge

and behaviour from the past play a crucial role in how someone will behave in the present as well as in the future.

The aim of Behavioural Event Interview (BEI) is to receive extremely detailed behavioural descriptions from the candidate on the other side of the table during the job interview. It is about gaining insight into how someone performs their work and underlying reasons for their approach. The person conducting the interview needs to gain a clear view of the applicant and challenge them to tell a complete story, which is specifically about their behaviour, thoughts, and actions and describes current situations. A Behavioural Event Interview (BEI) sometimes can take long hours to complete It is also convenient to prepare a number of questions in advance, with which sufficient information can be retrieved. When speaking to multiple candidates, the prepared questions can help safeguard continuity and allow all candidates to profile themselves in the same way. The questions are mostly open and provide the candidate with the opportunity to describe certain situations well.

Behavioural Event Interview is all about attaining behavioural aspects from an applicant. The candidate is asked to name approximately five important situations and subsequently describe how they reacted. It is important that they tell the interviewer what their specific tasks were. Moreover, these situations must contain at least two highlights or major successes and two to three setbacks. The latter are also referred to as key weaknesses.

The five main questions as described below are also referred to as the STAR method. STAR is an acronym for Situation, Task, Action, and Result. In addition, a second R—referring to 'Reflection'—may also be added, resulting in the question: 'what are your thoughts on your own course of action?' The five main questions according to the STAR method are as follows:

1. Situation – What was the situation?

When a selection board is looking for a commercially minded person who is particularly well versed in handling complaints, the candidate may be asked whether they already have enough experience and, if so, whether they can describe a situation that demonstrates their skills.

2. Task – Who was involved in the situation / What was your task in the situation?

By discovering the exact task of the candidate in the situation described, the interviewer finds out what perspective the candidate took on and how they felt at that time.

What were your thoughts and emotions in this situation?

This task-oriented question is the follow-up to the second question. By asking this question, the interviewer discovers the candidate's reasoning in and thoughts about the situation. This can be both in a positive and

negative sense. The candidate's emotions at the time could provide important information.

3. Action – What did you ultimately do and say in this situation?

By asking this question, the BEI interviewer finds out what the candidate's competencies are. In case of information of particular note, the interviewer may also ask further questions within the Behavioural Event Interview (BEI). For example, if the candidate says he carefully listened to the dissatisfied customer, then the interviewer may ask for examples. These are also referred to as 'follow-up questions'. They are about figuring out what the candidate's intrinsic motivations were and why he decided to take a certain action.

4. Result – What was the result of all the actions taken by the candidate?

After the candidate's competences have been addressed in the fourth question, the interviewer may use the 'result question' to find out whether the desired effect had been achieved. This is not just about the result from the perspective of the candidate, but also from other stakeholders, such as the customer, colleagues, and managers.

Assessment Centre

An assessment centre is a method that many organizations use to identify management potential and determine candidate's suitability for higher functional positions. It is often used in manager development process as a tool to evaluate candidates' personality traits and abilities.

The process is done under standardized conditions and puts candidates through a combination of group and individual exercises which simulate the conditions of a given job. The assessors judge candidate's behaviour which can then serve as the basis for valuable predictions of a candidate's potential.

Benefits of assessment centres

- They focus more on measuring job-related behaviours and skills.
- They have a potential to measure broader range of skills and knowledge than traditional tests and interviews.
- They are standardized and provide equal treatment in candidate assessment.
- They provide no discrimination of any kind regardless of gender, race or age.
- They are a great learning opportunity for both the candidate and the assessor.
- They rate candidates more accurately.

Assessment can be held anywhere from the employer's offices to a hotel or training facility. Employees could work both individually and as part of a group on a variety of exercises, including:

- case studies
- group discussions
- presentations
- psychometric tests
- role play
- social events
- written tests

The duration of an assessment centre may be anywhere from a few hours to a few days. This depends on the position or role in the specific organization that the candidates are applying to. Generally, the higher the position in an organization, the more candidates will be subject to different types of tests to measure suitability. An assessment centre may be conducted in the office of the company itself, or at the premises of the professional assessment consulting firm hired or at an external venue.

The number of candidates that might appear in an assessment centre will be modest. Often the assessment centre is the next step in the recruitment process, after the e-assessment. The e-assessment is performed at home or at an office location, generally to screen large amounts of candidates. The candidates who performed best on the e-assessment are invited to the next round and assessment centre.

While aptitude tests are standardized tests, assessment centre exercises such as interviews, presentation- and role play exercises are assessed by professional assessors. Some centres may involve a behaviour analyst or a psychologist to study the body language of the candidates. In interviews, the assessors might use different interview techniques while in presentation- or role play exercises, they may be spectators observing the candidates quietly. The different types of tests may have different assessors.

Assessment centres usually start with a briefing of the candidates. The assessors or representatives of the company may brief the candidates about what the day will look like and what they can expect. Any required documents may be submitted and attendances marked. Detailed instructions will be provided at the start of each of the tests, and any queries of candidates will then be answered. After addressing the questions and/or any uncertainties the test or exercise will commence.

The types of tests, difficulty level, and duration differs and depends on the job position for which the assessment centre is being conducted. It is also dependent on the area of expertise related to it. For instance, an assessment for sales and marketing positions might require more verbal, presentation and situational skill tests and exercises, while an analyst position requires more numerical and case-study types of tests and exercises. Generally, the written or computer tests, if any, are conducted first; followed by communication and verbal exercises, such as group and role play exercises; and a direct interview in the end.

Commonly used assessment centre exercises are:

Psychometric tests:

It may be used to analyse the skills and abilities of a candidate and match these with the requirement of the job position. These tests are designed to filter out the right candidate for the specific job opening. Psychometric tests are conducted either in written form or online may help companies find out the right candidate for the job. The medium used for conducting these tests may be online or written. We can divide the psychometric test part into two categories:

Aptitude and ability tests:

Aptitude and ability tests are designed to measure logical reasoning or thinking performance. They are standardized tests consisting of multiple choice questions that are administered under strict exam conditions. There are hundreds, if not thousands of aptitude and ability tests on the market. Popular test areas are verbal ability, numerical ability, abstract reasoning, spatial reasoning, mechanical reasoning and error/data checking tests.

Personality tests:

These tests are standardized questionnaires to reveal the aspects of a candidate's character. It is used to determine typical reactions of a candidate to various situations. Employers look at several factors during the recruitment process, such as how well you get on with others, your reaction to stressful situations and other forms of attitude towards work-and non-work-related situations.

Role play exercises

During a role play exercise, candidates are expected to act out a scenario with either a group of peers or just one or more interviewers/observers. Usually, these types of simulation exercises are situations they may encounter while performing the job they are applying for, but this does not necessarily have to be the case. Common example scenarios might include dealing with a customer complaint or marketing a new brand. Candidates may be asked to analyse a situation, propose/discuss solutions or fulfil the objective considering various elements included in the simulated environment. Prioritization and decision making skills are key during this exercise.

Group exercises

These types of exercises are commonly used during assessment centres and are similar in nature to a panel interview. Group exercises are assessed discussions that usually involve a small group of job candidates (usually between 6 and 10 people), following a question/statement posed by an assessor or recruiter. Group exercises are conducted in assigned and unassigned roles, depending on the job role. Performance of each of the candidates is assessed and rated in relation to the performance criteria such as leadership and persuasiveness.

Presentation exercises

Presentation exercises are used to analyse the communication, presentation and persuasion skills of the candidates. Candidates might, for instance, be provided with a report and asked to present their views regarding the material. A question-round at the end of the presentation is common.

Panel interviews

Panel interviews are similar in nature to regular interviews, only rather than facing just a recruiter or team member, there may be anywhere from three to six people on the panel. The people on the panel depend on the business in which the recruiting organization is active. This might be HR people, consultants/team members and/or partners. At the start of the interview, the panel members will introduce themselves and explain how the interview will be structured.

Role of assessors in an assessment Centre

The primary role of the assessor is to assess candidates' performance and related knowledge in a range of tasks and to ensure that the competence and knowledge demonstrated meets the required standards and learning objectives. Assessors therefore need to have occupational expertise in the areas to be assessed. They will be required to update their expertise by being involved in continuous professional development activities.

- Assessors are responsible for making initial contact with the candidate and maintaining regular contact throughout the programme.

- Carrying out an Induction which includes an initial assessment with the candidate before commencing the programme and establishing the correct award and level to be undertaken.

- Ensuring that the candidate is aware of current rules and regulation relating to them and all concerned with their assessment especially equal opportunities and health and safety.

- Ensuring that the candidate is aware of their own responsibility with regards to the collecting evidence and taking into account any certification of prior learning or achievement.

- Explaining the assessment process fully to the candidate and others involved

- Following the guidance issued by the organisation with regards to assessment practice and completion of all assessment documentation and records.

- Conducting various forms of assessment to meet the learning objectives and standards

- Ensuring that all evidence towards meeting the learning objectives and standards of the particular qualification is recorded and maintained in line with requirements

- Assessing evidence of candidate's competence against the standards and learning objectives within the qualification

- Making sure that assessment decisions are matched against the appropriate level Providing candidates with prompt, accurate and constructive written and verbal feedback.

- Managing the assessment procedure from planning through to making and recording assessment decisions.

- Maintaining accurate candidate assessment and achievement records which can then be subjected to internal verification

- Keeping the respective manager of the department up to date with regards to candidate progress

- Confirming with the candidate when they have demonstrated competence and completing the required documentation

- Agreeing new assessment plans when evidence is insufficient to meet competence. Making themselves available for discussion with those involved in the assessment process.

- Demonstrating commitment to equality of opportunity and any other anti-discriminatory practice.

- Ensuring that anyone involved in the assessment process gives their consent, especially where this may mean intrusion into areas of privacy and confidentiality of sensitive information.

Designing tools in an assessment centre

There are a lot of things to consider when designing an assessment centre. Managers need to be mindful that the assessment centre reflects the visions and goals of the organisation. It must reflect the brand's recruitment culture and company culture and must portray the role and the skills needed to fulfil the role while providing a fair selection process that allows candidates to showcase a range of their skills.

In order to design an assessment centre, the following steps need to be followed.

Step 1: Identify competencies

The first thing is to identify competencies, which are the abilities, skills, knowledge, and behaviours that are vital for the candidate to successfully take on the role. Identifying competencies is done by analysing the role

looking to be filled. Analysis can be done by reviewing some of the
questions below:

- What does the role consist of?
- What are the requirements, skills, and qualifications that the candidate
  needs to have?
- What are the essential and the desirable skills for the role?

Using a comparative list of the essential and desirable requirements for the
role can narrow down the competencies that the managers want to
evaluate at the assessment centre. Managers need to narrow these down
because otherwise, the process would take too long. So, managers need to
concentrate on the competencies that really matter. The amount and level
of competencies that managers choose to evaluate at the assessment centre
will wholly depend on the role's duties and responsibilities.

Step 2: Design relevant tasks and activities

Once the managers have established the competencies, they can identify
and design relevant tasks and activities that will allow to measure each
candidate's skills and knowledge. A good way to assess and predict a
candidate's success in the business, and overall future job performance, is
by designing tasks that determine their current job skills, in relation to the
role. There are a whole range of tasks and activities that can be chosen
from to test the candidate's competencies.

These tasks may include activities such as:

- Presentations
- Interviews
- Role play
- Group discussions
- Written tests
- Psychometric tests
- Reference checks

Managers must compare the competencies they are looking for and decide
which tasks and activities are best. Not all the tasks are relevant for the
assessment process. For example, presentations can help identify a
candidate's existing knowledge, skills, and capabilities. Psychometric tests
help to measure the individual's mental capabilities and reveal the
individual's behavioural style.

Step 3: Select interviewers to monitor performance

Managers need to find assessors who can measure and monitor the
performance of the applicants. And if necessary, provide them with
training regarding the assessment centre and its procedures and policies.
Organisations must choose a selection of HR representatives and
managers from different departments of the business. One such advantage
is that they are familiar with the business and know what the candidate
needs to succeed in the business and the role. Also, external assessors will

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provide a fairer assessment and are less likely to be prejudice or biased. Both internal and external assessors can have advantages and disadvantages, due to which some businesses choose to have a mix of internal and external interviewers at their assessment centres.

Providing training for the assessors is critical because then they can make informed decisions on how to evaluate candidates and choose an individual who is the best fit for the role and business.

Step 4: Create a timetable and work out the logistics

In order to design a successful assessment centre, Managers need to plan the format, work out the timetable and sort out the logistics. Scheduling a timetable and working out the logistics of the assessment centre is very important. Managers need to decide where the assessment centre will be held, how long it will take, how many applicants they want to invite, the dates upon a timing schedule for the assessment

Once the relevant information is collected, managers need to provide the details to the applicants who will be attending the assessment centre. It is vital to follow the schedule because it will ensure professionalism to the candidates and will avoid wasting time and resources.

Step 5: Provide feedback

Managers need to devise ways in which they will provide feedback to the applicants. It is good practice to provide feedback to all applicants, including unsuccessful candidates, where possible. Providing quality feedback to applicants ensures that the company's reputation is upheld and offers valuable insight for the unsuccessful candidates in their future employment endeavours.

The organisation should aim to create feedback that correlates to the role, and the strengths and weaknesses that the candidate showed during the assessment. Focus should be on how to produce constructive feedback, as opposed to negative criticisms of candidate's performance.

Report generation

At the end of the assessment centre exercise, candidates' scores are collated to generate a report. These scores are arrived at based on the usage of specially built assessment simulations, observations of behaviours and candidate performances by independent assessors. The comparison and analysis of these reports will determine which of the candidates will be selected by the organisation.

Feedback mechanism

Feedback must be given to those that have been selected. But feedback must also be provided even to the unsuccessful candidates. Not only is it a common courtesy, it will also add credibility and transparency to the assessment centre, and to the company as a whole. It will improve the reputation of having a fair and objective recruitment process. It will also

aid the unsuccessful applicants in their other attempts of being recruited in other companies. Deciding on which person should perform a specific job is not something that should be done randomly. Hence hiring the best people will help pave the way towards the achievement of the business goals.

3.4 APPROACHES TO MAPPING

There are various approaches to mapping. Each of this approach will lead to understanding the skills and abilities of employees in a more accurate manner. An organization has the flexibility to adopt an approach most fitting to it while also arriving at the desired result.

There are 6 approaches to competence analysis:

1. Expert Opinion

2. Structured Interviews

3. Workshops

4. Critical Incident Techniques

5. Repertory Grid Analysis

6. Job Competency Assessment

1. Expert Opinion:

This method involves an expert member of the HR department while discussing with the other experts and referring to the published list to finalise the important criteria's. The major drawback of this method is that it lacks detailed analysis and the line managers have not been involved at any step so it may be unacceptable.

2. Structured Interviews:

In this approach, we require the list of competences prepared by experts and the job-holders. The key result areas are identified to analyse the behavioural characteristics, which distinguish performers at different levels of competence. The positive and negative indicators required for achieving high levels of performance can be analysed as:

* Personal drive/ motivation
* Analytical power
* Creative thinking
* Team Management
* Interpersonal skills
* Communication skills

3. Workshops:

A team of experts, managers, job-holders along with a facilitator and a consultant work together in a workshop. The activities of workshop initiate with defining job related competence area. The members of the group develop examples of effective and less effective behaviour recorded on charts. The facilitators' job is to help the group to analyse its findings and assist generally to set competency dimensions which can be identified by behaviour.

4. Critical Incident Technique:

Through this method, we can accrue data about effective or less effective behaviour related to actual events- critical incidents. The technique is used with groups of job holders, their managers and expert in following ways:

- Explain the technique and its uses. This helps to gather the real information regarding the behaviours constituting good or poor performance
- Listing the key areas of responsibilities for a particular job.
- Discussing each area of job and relating to critical incidents
- Collect information about the critical incidents under the following areas:
- What were the circumstances?
- What did an individual do?
- What was the outcome of the efforts of the individual?
- Same process is repeated for each area of responsibility and various critical incidents are recorded.
- On referring to the chart, analysing the critical incidents, the recorded behaviour is marked on a scale from one to five.
- These ratings are discussed and re-discussed for reducing errors.
- Final analysis lists the desired competence, performance indicators for each principal accountability or main task.

5. Repertory Grid:

Repertory grid can be used to identify the dimensions that distinguish good from poor standards of performance. This technique is based on George Kelly's personal construct theory. George Kelly was a psychologist best known for his contributions to personal construct theory. This theory suggests that each person has their own mental framework from which they see the world. People develop their own constructs, or schemas, that they then use to interpret information and experiences.

Personal constructs are the ways in which we view the world. They are personal because they are highly individual and they influence the way we behave or view other people's behaviour. The aspects of the job to which these 'constructs' or judgements apply are called 'elements'. A group of people concentrate on certain elements such as work or task of job holder

and develop constructs for them. This helps to define the qualities which indicate the essential requirements for successful performance.

The procedure involves following steps:

a. Identify the elements of the job to be analysed.

b. List out the tasks in question.

c. Draw three cards randomly from the pack of cards and ask the group members to select the odd one out from the point of view of the qualities and characteristics needed to perform it.

d. Try to obtain more specific definitions of these qualities in the form of expected behaviour.

e. Again draw three cards from the pack and repeat step c&d. Repeat the process unless all the cards have been analysed.

f. List all the constructs and ask the group members to rate each task on every quality using a six or seven point scale.

g. Collect and analyse the scores in order to assess their relative importance.

The repertory-grid analysis helps people to articulate their views by reference to specific examples. It is easier to identify behavioural competences required in a job by limiting the area through this technique. This method of analysis is quite detailed and time- consuming.

6. Job Competency Assessment:

The job competency assessment method as described by Spencer & Spencer (is based on David Mc Clelland's research on what competency under six clusters-

• Achievement Cluster
• Helping/Service
• Influence
• Managerial
• Cognitive
• Personal Effectiveness

The competency assessment method is used to model the competencies for a generic role i.e. for a position which is similar to many job holders and basic accountabilities are same. The method begins with assembling a panel of expert managers to express their vision of the job, its duties, responsibilities, difficult job components, likely future changes to the role and the criteria against which the job-holders performance is measured. The members select some members to be outstanding or satisfactory.

The next step is to conduct 'behavioural event interview' with nominated job-holders to focus upon the distinction between a person's concept and

what a person actually does. This employs a structured probe strategy rather than a standard set of questions. This investigative interview helps to gather most accurate performance data.

Following this analysis, differentiations can be made between superior and average performers in the form of the following:

(a) Competencies possessed by superior performers.

(b) Activities undertaken by average performers.

(c) Competency and average criteria for both superior and average performers.

3.5 SELF-ASSESSMENT QUESTIONS

Q1. Benefits of mapping competencies is

a.   Job satisfaction
b.   Low morale
c.   demotivation

Q2. What is the first step in competency mapping?

a.   Analyze competencies
b.   Identify organizational goals
c.   Define competencies

Q3. Explain the meaning and purpose of competency mapping.

Q4. What is the role of assessors in an assessment centre?

Q5. Describe the process of Behavioral Event Interview.

Q6. According to you, what are the important job role characteristics to assess and why?

❖ ❖ ❖ ❖

4

CONCEPTUAL FRAMEWORK OF PERFORMANCE MANAGEMENT

Unit Structure

4.0 LEARNING OBJECTIVES

By the end of this chapter, you will be able to:

- Understand the conceptual framework of performance management
- Examine the association between performance management and performance appraisal.
- Analyse the relation between the performance management and other HR practices.
- Highlighting the components of performance management system

4.1 CONCEPTUAL FRAMEWORK OF PERFORMANCE MANAGEMENT

Performance management is a tool used by organisations to help monitor and evaluate the performance of employees. The goal is to create an environment where employees can perform to the best of their abilities and produce the highest-quality work most efficiently and effectively. The aim of performance management is to view individuals with respect to the entire workplace system. It focuses on accountability and transparency and promotes a clear understanding of expectations.

A formal performance-management program helps managers and employees see eye-to-eye about expectations, goals, and career progress, including how an individual's work aligns with the company's overall vision. Generally speaking, performance management views individuals in the context of the broader workplace system.

Performance-management programs use traditional tools such as creating and measuring goals, objectives, and milestones. They also aim to define what effective performance looks like and develop processes to measure performance. However, instead of using the traditional method of year-end reviews, performance management turns every interaction with an employee into an occasion to learn.

Managers can use performance management tools to adjust workflow, recommend new courses of action, and make other decisions that will help employees achieve their objectives. In turn, this helps the company reach its goals and perform optimally. For example, the manager of a sales department gives staff target revenue volumes that they must reach within a set period. In a performance management system, along with the numbers, the manager would offer guidance gauged to help the salespeople succeed.

Focusing on continuous accountability creates a healthier, more transparent work environment, and emphasis on regular meetings can improve overall communications. Because performance management establishes concrete rules, everyone has a clearer understanding of the expectations. When expectations are clear, the workplace is less stressful.

Input	Process	Output
Vision & Strategy of the Organization	Performance Management	Business Performance
	Performance Measurement	

Figure 1.1: The conceptual framework of a performance management system

4.2 PERFORMANCE MANAGEMENT PROCESS

Performance management is a communication process by which managers and employees work together to plan, monitor and review an employee's work objectives and overall contribution to the organization. More than just an annual performance review, performance management is the continuous process of setting objectives, assessing progress and providing ongoing coaching and feedback to ensure that employees are meeting their objectives and career goals. It is a continuous process of planning, coaching and reviewing employee performance.

The planning phase is a collaborative effort involving both managers and employees during which they will:

* Review the employee's job description to determine if it reflects the work that the employee is currently doing.

* Identify and review the links between the employee's job description, his or her work plan, and the organization's goals, objectives and strategic plan.

* Develop a work plan that outlines the tasks or deliverables to be completed, the expected results and the measures or standards that will be used to evaluate performance.

* Identify critical areas that will be key performance objectives for the year. The choice of areas may be determined by the organization's strategic plan, by the employee's desire to improve outcomes in a certain part of his or her job or by a need to emphasize a particular aspect of the job.

* Identify training objectives that will help the employee grow his or her skills, knowledge and competencies related to the work.

* Identify career development objectives that can be part of longer-term career planning.

A successful coaching stage for performance consists of four main steps: planning out goals, monitoring performance, reviewing results, and rewarding success.

Planning: This step starts by establishing expectations and developing a strategic plan for employees. Managers should set defining goals determine deadlines, and make clear how they will impact the team and the entire company.

Monitoring: Crucial to achieving goals is consistent monitoring of progress. Managers should frequently check in with employees to help work through problems as they arise. Whether it's weekly, bi-weekly, or monthly, consistent check-ins keep employees and managers working together and on the same page.

Reviewing: With frequent check-ins, performance reviews turn into more of a formality rather than an intensive process. This is the official place for employees and managers to share their view on how the year went and look back on the progress and achievements.

Rewarding: Rewards play a big role in employee motivation. Rewarding employees for their efforts and achievements throughout the year, not just once at the end of it, lets them know their talents are appreciated and encourages them to continue to perform at a high level. Inadequate

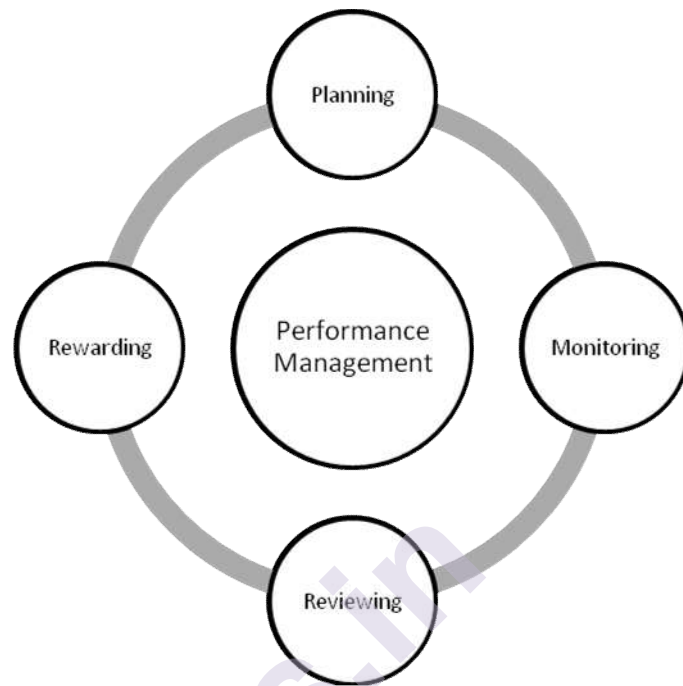rewarding can leave them discouraged, unappreciated, and looking for a new job.

Figure 2.1: The performance management process

4.3 OBJECTIVES OF PERFORMANCEMANAGEMENT SYSTEM

Setting and Defining Goals

Goal setting are one of the most effective and consistent methods used to improve performance among employees. Setting and defining clear goals yields several key benefits, including, allowing employees to focus on what's important. Aligning individual objectives with business objectives. Optimizing employees' individual performance. Identifying the key result areas and work upon improving them.

Efficient performance management techniques and systems will always place goal setting as one of its most critical requirements. It is the manager's responsibility to set goals that are mutually beneficial for both employee performance and business performance.

Setting Expectations for Managers and Employees

Alongside distinct goals, a strong performance management system seeks to establish clear expectations from managers and employees alike. As a manager, setting manageable expectations for employee is critical. Managers should not expect a poor performer to start yielding great results from the get-go, or an excelling performer to stay consistently at the top every week. Similarly, holding managers to unmanageable standards runs the risk of bringing in poor management decisions.

In order to set expectations that yield solid results, Define the expectations in clear terms. Let employees know exactly what is expected from them and provide clarification when needed. Explain how the expectations established will help in fulfilling the overall business objectives; draw the line of sight between their contribution and the business achieving those objectives. Document the expectations. Establish a process that clearly defines and measures what to do and who is responsible for each task.

Only when employees and managers have a clear understanding of their own roles, responsibilities, and accountabilities, that they are likely to be more consistent in their results and productive in their work efforts.

Establishing Effective Communication

When so many workplace dynamics are shifting to meet new demands or to respond to external circumstances, communication is essential. While an organization has a culture dedicated to strong, effective communication, it results in a workforce that is engaged and has aligned its individual objectives with the overall business objectives. Part of effective communication involves transparency. Team members should have a clear understanding of what other active projects their teammates are engaged in. A team that lacks communication, ultimately lacks the coordination that is required for any high performing team. In order to build a communication active environment, team leaders, or managers, should take sufficient time to indulge in one-on-one interactions with their team members They should build a workforce with varied skills, that fosters further career development, continuous feedback and coaching. This can be done through performance reviews, or 360-Feedback resources. Managers should set and conduct regular team building activities. Promote and encourage collaboration and communication among team members, and as an essential part of the workplace culture.

Setting Performance Standards

Arguably one of the most critical objectives of performance management, setting performance standards for employees can make or break the results of the performance management system. Any good performance management system should always have a set of performance standards, and performance plans, that streamline employee performance evaluation and improvement. Every role in a company has a certain performance standard that comes along with it, and a failure to accomplish performance standards can mean a lack of effort on the employees' part. setting even more unrealistic standards for the job that is failing to reach its existing standards. Or not having enough resources to complete the new demands.

A failure of cooperation or collaboration from the team and manager is also possible.

It is impossible to identify reasons for failures in an individual's performance without a performance management system. Performance

management systems highlight gaps in contribution, while bringing attention to the areas that note progress. One of the greatest objectives of performance management is to identify the strengths and opportunity areas of the organization, which become more evident and therefore easier to identify and improve upon with the established performance standards to measure against.

Establishing Individual Training and Performance Plans

This objective is to identify the training and development needs of employees, and implement a well-designed development plan.

Establishing personal development plans helps employees acquire

the necessary knowledge and skills to advance in their individual careers. A well-executed performance plan builds improved competency and value add to one's position, and ultimately organizational value.

4.4 HISTORICAL DEVELOPMENT IN INDIA

Performance appraisals send their roots beyond the Industrial Revolution, when technical advances, like the Spinning Jenny and the Steam Engine, created a need for improved work methods and productivity.

Ancient Hinduism believed in performance appraisals. They had an automated process for it, which worked brilliantly, flawlessly and beautifully, across lifetimes and centuries. It was called the law of cause and effect, or karma. This process didn't need a manager, it was ingrained into the fabric of the universe within which everyone operated, and hence uncorrupted by personal biases. This system had only one flaw, called memory. Humans could not remember what it was that they were being appraised for, and so some Hindus became bitter, some became arrogant, and almost all of them became passive. Also, the concept of karma required immense faith in the process, which wasn't easy at all, and hence the need for a process owner arose.

The Brahmins used performance appraisal as a tool to create fear in the minds of the people. Some of them made a lot of money by selling performance management tools coated in complicated jargon that promised accurate measurement and improved future ratings. People were judged more on the basis of past performance rather than present capability and future potential. They were given KRAs that were not open to negotiation. There was no freedom to move across roles and empathy was lost to a cold calculation. The common man lived in great fear, at the mercy of these managers. This was a corrupt system, the managers accepted gifts and bribes, so some employees could get away without working, and some worked hard all their lives without promotion or reward.

4.5 PERFORMANCE MANAGEMENT AND PERFORMANCE APPRAISAL

A performance management process involves a supervisor and employee communicating continuously throughout the year, with the aim of meeting the organization's strategic objectives. It is a continuous process that focuses on aspects like planning, monitoring, and evaluating employee objectives in an attempt to enhance employee performance. This helps employees to put in their best efforts to achieve company goals.

Performance management does not aim at enhancing every skill. Good performance management only intends to improve the specific skill sets that align with the company's interests and goals. It evaluates the overall contribution of an employee towards the organization to enhance the productivity and effectiveness of the employee. Crucial career aspects like bonuses, promotions, dismissals are closely related to this process.

Objectives of Performance Management

The major objectives of performance management are as follows:

- Defining the company's goals.
- Setting realistic expectations for managers and employees.
- Establishing clear communication between individuals and teams.
- Defining a performance plan by setting performance benchmarks.
- Shape individual training and performance plans.

Approaches for Conducting Performance Management

The two approaches used for conducting performance management are:

Behavioural approach- This approach is best suited for situations where individual results are difficult to measure. The behavioural approach identifies and measures behaviours to evaluate employees. This approach is mainly used for assessing individuals working in a team, support staff, HR professionals.

Result-oriented approach- This approach is used when the outcome is more important than the execution. The employees are evaluated based on objective criteria. A result-oriented approach is used for evaluating sales professionals, call centre employees, etc.

The performance management process of Facebook strongly stresses on peer to peer feedback. This feedback is used in semi-annual reviews to evaluate the functioning of teams. Facebook also has internal software that provides real-time feedback ensuring that issues are solved before they turn into problems.

How Do Performance Appraisals Work?

Performance appraisals help employees advance their careers by providing feedback on their job performance. They ensure that the employees

manage and meet the expected goals and give them proper assistance by guiding them on how to reach the target if they fall short. Given the limited funds to award incentives, companies can easily determine how to allocate those funds by checking out the top performers through performance appraisals. They help understand which employees have been major contributors to the company's growth and are the most deserving.

Performance appraisals assist employees and managers in creating a plan for employee development via additional training while identifying ways of improvement. It is important to note that performance appraisal isn't the only time when employees and managers discuss the employee's contributions. Frequent conversations help keep all team members on the same page, strengthen relationships between managers and employees, and reduce the stress of annual reviews.

Basic types of Performance Appraisals are **Self-assessment:** An individual rates their behaviour and performance. **Peer assessment:** An individual's co-workers rate their performance. **360-degree feedback assessment:** Performance review is collected from an individual, peers, and supervisor. **Negotiated appraisal:** It is a relatively new approach wherein a mediator is involved. It attempts to moderate the negativity that can be a part of the performance evaluations by allowing the subject to present first.

A performance appraisal examines an employee's job performance over a while. The final review highlights both weaknesses and strengths to encourage future performance. Performance appraisals are usually done to give employees big-picture feedback on their work. It turns into increases, bonuses, or termination decisions. They can take place any time but are usually annual, semi-annual, or quarterly.

Contrastingly, performance management is an ongoing process that continues throughout the year to motivate employees to establish goals, regulate progress, and achieve more than the set target.

Characteristics	Performance appraisal	Performance Management
System	Usually tailor made	Tailor made
Application	Applied to all staff	Applied to all staff
Type of objectives	Individual objectives may be included	Emphasis on integrating corporate, team and individual objectives
Performance measures	Mostly qualitative	Competence requirements often included as well as quantified measures
Frequency	Annual appraisal	Continuous review with one of more formal reviews
Rating system	Top-down system, with ratings	Joint process, ratings less common
Link to reward	Often linked to pay	May not be a direct link to pay
Adaptability	Monolithic system	Flexible process
Paper work	Complex paper work	Documentation often minimised
Ownership	Owned by HR department	Owned by line management

4.6 LINKAGE OF PERFORMANCE MANAGEMENT SYSTEM WITH OTHER HR PRACTICES.

The establishment of an effective performance management system requires time and resources and therefore, the support of senior managers. When developing a new performance management process, an organization can strike up a committee made up of employees, managers and board members to increase understanding and support for the process. Management support to act upon the outcomes of the performance management process is also necessary to ensure that good performance is recognized, inadequate performance results in the necessary support and/or training to improve performance and consistently poor performance

It is a continuous communication process between an employee and their employer with clear objectives and clarity with regards to how the employee's job contributes to the objectives of the company, the employee's key performance areas, the standards and expectations in terms of the key performance areas along with the measurement of key performance areas and how performance can be improved.

Managers use performance management systems to assess and reward the performance of their employees. Apart from that, a strategic human resource management function handles the recruiting, interviewing, hiring and development of all personnel required to ensure the company can achieve its goals. The relationship between performance management and strategic planning links day-to-day operations with the vision of the company.

Personal Development Goals:

An individual establishes his personal goals by aligning his development activities to the requirements of the organization. For example, a strategic HR department can provide self-assessment tools that allow an employee to understand how he is rated in terms of attributes. These attributes may include accountability, reliability, integrity and customer-centric behaviour. Performance gaps may reveal a need to improve in one or more of these areas. Establishing a specific, measurable and attainable goal makes it easier for an employee to achieve his objective. Goals should also be realistic and time bound.

Organizational Goals:

As part of the strategic planning process, an organization lays down certain plans and objectives for the future. For example, a company may decide to focus on specific IT trends such as cloud computing or data security. As a result, strategic direction may dictate whether a company maintains research and development spending. This impacts the HR department's ability to attract and retain top talent.

Change Management:

In order to ensure an organization's capability to provide relevant services, it usually requires assessing the entire workforce against a well-defined competency model for each role. Any work usually involves a combination of technical and professional skills. For example, if a business needs to make a shift from doing business one way to transforming to using new processes and technology, skill in change management becomes a priority. Managers need to recognize, through performance management processes, individuals who can act as leaders and help in achieving strategic goals of the organisation.

Training and Development:

HR management allows an organisation to recognize the need to offer training and development opportunities that ensure the personnel are able tackle challenges now and in the future. Workshops, seminars, videos and job aids can help prepare employees to address problems in the workplace. By analysing performance review results, HR administrators can identify problem areas, such as communication, collaboration and business sense. Subsequently, they can offer learning and development options. Or, if all employees appear to lack technical knowledge about a new infrastructure, the success of the entire company may depend on evaluating performance gaps.

Scorecard

One way to formalize the link between strategic planning and performance management is through the implementation of a balanced scorecard, which involves creating indicators of individual performance along four separate perspectives of an organization's success.

For example, in case of a banking institution, a manager should look at the below areas:

• Financial areas such as cost control, sales growth rate, profit growth rate.

• Customer centric area such as service product quality, customer satisfaction, service timing.

• Internal processes such as information delivery, interaction between employees and clients, standard operation process

• Learning and growth aspects corporate image, competitiveness, employee satisfaction.

The HR function should play a critical role in creating and implementing the human resource management practices and performance management strategies that will allow the organization to realize its mission and vision.

Specifically, the HR function can make the following contributions:

• Communicate knowledge of strategic plan. The HR function is a good method to communicate the various components of the strategic plan such as mission, vision, and objectives to all the employees.

• Outline knowledge, skills, and abilities needed for strategy implementation. The HR function, through job analyses and the resulting job descriptions, serves as a repository of knowledge regarding what KSAs are needed for a successful implementation of the strategic plan. Thus, the HR function is in a unique situation to provide information about whether the current workforce has the KAs needed to support the strategic plan, and if not, to offer suggestions about what types of employees should be hired and what types of plans should be put in place to develop the needed KSAs internally.

Propose compensation systems. The HR function can provide useful information on what type of compensation system should be implemented to motivate employees to support the strategic plan.

4.7 COMPONENTS OF PERFORMANCE MANAGEMENT SYSTEM:

Performance management system is an extremely detailed process. A lot of areas need to be kept in mind before designing an effective system. Various components form an integral part of this system, without which the performance management system would not function effectively. Following are some components that form a part of the process.

Performance Planning: Performance planning is the first crucial component of any performance management process which forms the basis of performance appraisals.

Performance planning is jointly done by the manager and the employees in the beginning of a performance session. During this period, the employees decide upon the targets and the key performance areas which can be performed over a year within the performance budget., which is finalized after a mutual agreement between the manager and the employee.

Performance Appraisal and Reviewing: The appraisals are normally performed twice in a year in an organization in the form of mid reviews and annual reviews which is held in the end of the financial year. In this process, the employee first offers the self-filled up ratings in the self-appraisal form and also describes his/her achievements over a period of time in quantifiable terms. After the self-appraisal, the final ratings are provided by the appraiser for the quantifiable and measurable achievements of the employee being appraised. The entire process of review seeks an active participation of both the employee and the manager for analysing the causes of loopholes in the performance and how it can be overcome.

Feedback on the Performance: Feedback and counselling is given a lot of importance in the performance management process. In this stage the employee acquires awareness from his manager about the areas of improvements and also information on his contribution to the expected levels of performance. The employee receives an open and a very transparent feedback and along with this the training and development needs of the employee is also identified. The appraiser adopts all the possible steps to ensure that the employee meets the expected outcomes for an organization through effective personal counselling and guidance, mentoring and representing the employee in training programmes which develop the competencies and improve the overall productivity.

Rewarding good performance: This is a very vital component as it will determine the work motivation of an employee. During this stage, an employee is recognized for good performance and is rewarded. This stage is very sensitive for an employee as this may have a direct influence on the self-esteem and achievement orientation. Any contributions duly recognized by an organization helps an employee in coping up with the failures successfully and satisfies the need for affection.

Performance Improvement Plans: In this stage, fresh set of goals are established for an employee and new deadline is provided for accomplishing those objectives.

The employee is clearly communicated about the areas in which the employee is expected to improve and a stipulated deadline is also assigned within which the employee must show this improvement.

Potential Appraisal: Potential appraisal forms a basis for both lateral and vertical movement of employees. By implementing competency mapping and various assessment techniques, potential appraisal is performed. Potential appraisal provides crucial inputs for succession planning and job rotation.

Performance planning.

Performance planning is a strategic process that ensures that an organization's goals are met by its employees. It involves setting specific, measurable, achievable, relevant, and time-bound goals for employees, and then creating a plan to help them meet those goals. Performance planning helps to ensure that employees are working towards the organization's goals, and that they have the tools and resources they need to be successful. It also allows organizations to track employee progress and identify areas where employees need additional support.

Advantages of Performance Planning

One of the benefits of performance planning is that it allows employees and managers to identify goals and objectives that need to be accomplished in order for the employee to be successful. Additionally, performance planning can help to identify any gaps in the employee's skills or knowledge that may need to be addressed. This can also help to

improve communication between employees and managers, and can help to ensure that employees are aware of the standards that are expected of them. Additionally, it can help to identify areas in which employees need additional training or development. Finally, performance planning can help to document employee performance, which can be used as a basis for salary reviews or other types of performance-based evaluations.

It is a crucial process that is used by managers in organizations to ensure that they are able to meet the goals and objectives of the organization. It is also used to ensure that employees are able to meet the expectations of the organization and that they are able to improve their performance over time. The process of performance planning is used by managers to assess the performance of employees and to identify any areas where employees may need additional training or development in order to improve their performance.

Building a Performance Planning system

Some key steps in creating a successful system include:

- Establishing clear goals and objectives for the organization and individual employees.
- Defining the key competencies that are needed to achieve the organization's goals.
- Assessing the current levels of performance of employees against the defined competencies.
- Setting specific performance goals for employees, aligned with the organization's goals.
- Developing a plan of action for helping employees meet their performance goals.
- Monitoring and assessing employee progress against performance goals on a regular basis.

Taking steps to adjust the plan as needed to ensure that employees continue to make progress. A successful Performance Planning system is an important tool for helping organizations achieve their goals. By establishing clear goals and objectives, defining the key competencies needed to achieve those goals, and assessing the current levels of performance against those competencies, organizations can create a plan of action to help employees meet those goals. By monitoring and assessing employee progress, organizations can ensure that employees are making the necessary progress and can take steps to adjust the plan as needed.

Objectives of Performance planning

• To come to an agreement on the individual's job responsibilities.

• To clarify the goals and objectives that need to be achieved.

• To identify the competencies required for doing the job.

• To create an appropriate performance and career development plan for the individual including his department and the organisation as a whole.

Performance planning is a crucial part of an employee's growth in the organisation. An effective performance planning system will be easy to understand, as well as to implement. It would also be accurate enough to provide the performance of an employee throughout the year.

The basic objectives of performance planning is explained further.

The first one is to communicate basic responsibilities that the individual has to perform on a daily basis. Daily operational activities such as reporting, data management, etc.

The second objective is to remove any vagueness in the goals and objectives that the individual has to achieve in the year or time period specified by the team leader.

The third is to identify and build on the competencies of an individual for doing the job. This helps in making employees more productive.

The fourth is to create an adequate career development plan for the individual which would keep him/her motivated. If an employee is well aware of his/her career as well as growth plan, he/she will be self-motivated.

The performance planning tool should be effective in monitoring as well as measuring the results. It should identify key performance levels which can easily be quantifiable. Performance metrics which are easy to identify are helpful in making comparisons.

The performance plan laid out would also be helpful in enlisting various training programs for employees to increase their knowledge and productivity.

Normally, there is no specific format in making a performance plan, but it should have these four parameters. The first is to list the goals, secondly it should contain various performance measures. Thirdly the performance planning should enlist various measures or action required to achieve desired goals, and the last one is that it should have a given time period for all goals

Ongoing support and coaching.

Coaching is a personal on-the-job approach usually one-to-one, that helps people develop their skills and levels of competence. The need for coaching may arise from formal or informal performance reviews but opportunities for coaching will emerge during normal day-to-day activities.

Every time a manager delegates a new task to someone, a coaching opportunity is created to help the individual learn any new skills or techniques needed to get the job done. Every time a manager provides

feedback to an individual after a task has been completed there is an opportunity to help that individual perform better next time.

The Coaching Process

Coaching as part of the normal process of management consists of −

Making people aware of how well they are performing by, for example, asking them questions to establish the extent to which they have thought through what they are doing.

- Ensuring that individuals not only know what is expected of them but also understand what they need to know and be able to do to complete the task satisfactorily. This gives managers an opportunity to provide guidance at the beginning itself because guidance at a later stage may be seen as interference.

- Using whatever situations may arise as opportunities to promote learning.

- Encouraging people to look at higher-level problems and how they would tackle them.

Coaching will be most effective when the coach understands that his or her role is to help people to learn and individuals are motivated to learn. They should be aware that their present level of knowledge or skill or their behaviour needs to be improved if they are going to perform their work to the satisfaction of themselves and those concerned.

Individuals should be given guidance on what they should be learning and feedback on how they are doing and, because learning is an active process, they should be actively involved with their coach who should be constructive, building on strengths and experience.
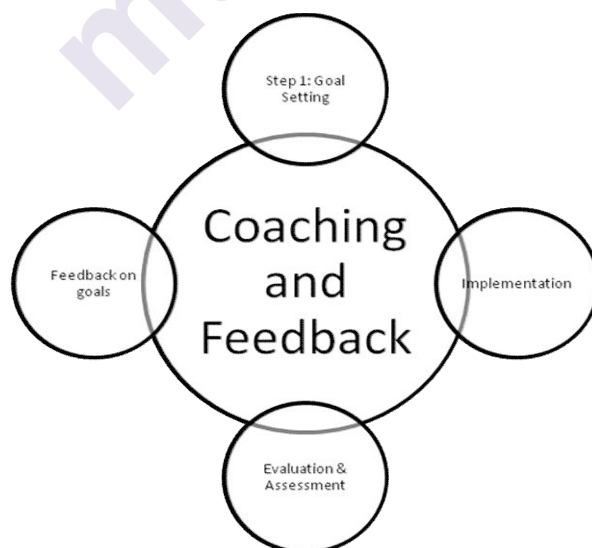

Figure 1.1 : Process of Coaching and Feedback

There are many types of coaching elements that provide a framework of the coaching process. The following are examples of elements as a part of Human Resources that are essential when it comes to performance coaching:

- **Building Trust** - Trust is key to coaching. The supervisor and employee relationship must have some level of trust for coaching to work. A mutual interest in the success of the other is critical. Trust can begin to develop through open, honest feedback and respect.

- **Defining the Issues** - The supervisor/manager should seek information from the employee to better understand the issue or performance in question. The emphasis is not on proving who is right or wrong, but on gathering information in a non-judgmental manner.

- **Coaching for Success** - Taking employees from compliance to commitment can be difficult. Finding or creating that factor means sometimes helping the employee get in touch with what matters to him/her - what are his/her internal goals. Sometimes this is best achieved through the use of open-ended questions leading to the employee's self-discovery.

- **Creating a Plan of Action** - For the purpose of buy-in and commitment, the supervisor and the employee should jointly create an action plan. The plan should include performance goals that are simple, measurable and attainable.

Performance measurement and evaluation.

Performance measurement is the ongoing, regular process of information collection for monitoring how a program, policy or strategy is doing. It is a systematic way of mapping the evidence of the progress made towards the expected results.

Evaluation is a specific, in-depth way to gather and analyse information and draw conclusions about the performance of a policy, program or strategy. Evaluations may also be focussed at the project level.

There are two broad types of evaluations:

- "Formative" also known as process evaluations, are designed to improve the design and implementation of a program, policy or strategy as it evolves.

- "Summative" also known as outcome evaluations are designed to judge a program, policy or strategy's relevance, success and cost-effectiveness along with its relative contribution to the intended outcomes.

Purpose of Performance measurement and evaluation.

- Measuring progress toward pre-established goals and targets.
- Determining whether an activity is achieving its stated outcome and objectives and making adjustments if any.
- Serving as an early indicator in the case of significant changes in operations.
- Assessing the effectiveness of a program, intervention, policy, or regulation, compared with its absence or with one or more alternative approaches.
- Establishing a causal relationship between an activity and the outcomes experienced by those affected by it.
- Addressing questions about implementation, variations in effectiveness across different settings or populations, and contextual factors

Through the process of performance measurement and evaluation, below are some examples of questions addressed by managers. Reflecting on these questions, managers would be in better positions to quantify and measure performance.

- Did the program meet its stated output goals?
- How many individuals participated?
- What percentage of people who participated in a program reached a certain goal?
- In each program site, what was the average length of time it took participants to complete a program?
- Why did certain individuals engage or not engage in a program?
- How many people reached a certain goal a result of access to a program, compared to those who did not have access?
- How does the implementation of a program differ across sites, and how do those differences affect participants' experiences?

Various performance measures used can be categorised as follows:

Effectiveness: This indicates the degree to which a process output i.e., a service or product conforms to the set requirements.

Efficiency: This indicates the degree to which the required service or product is produced and at the minimum resource cost.

Quality: This measures the degree to which a service or product meets the requirements and expectations of the user.

Timeliness: This measures if the product or service was provided on time. The criteria for evaluation of timeliness are based on customer requirements.

Productivity: This is calculated by dividing the value added by the product or service by the value of labour and capital cost.

Some of the objectives of evaluation are:

a) It helps to determine how well performance expectations are being realised.

b) It determines a set of objectives prior to implementation.

c) It assesses the reasons for specific successes and failures.

d) It helps to uncover principles underlying success.

e) If explores techniques for improving effectiveness.

f) It establishes a foundation for further research.

g) It redefines system objectives.

Below are a few ways to measure and evaluate employee performance data:

- **Graphic rating scales**: A typical graphic scale uses sequential numbers, such as 1 to 5, or 1 to 10, to rate an employee's relative performance in specific areas. Scales are often used to rate behavioural elements, such as "understands job tasks" or "participates in decision-making." Or they could note the frequency an employee performs a certain task or behaviour, such as "always," "frequently," "occasionally," or "never" coming to work on time.

- **360-degree feedback:** This system takes into account the feedback, opinions and assessments of an employee's performance from the circle of people in the company with whom they work. It can include co-workers, supervisors and others. As inputs are evaluated from many sources, positive and negative similarities and trends can be noted. You can also identify areas that may need additional measurements and support.

- **Self-Evaluation:** Asking an employee to evaluate her own performance can be very effective. Often, employees may be more critical of their performance than you might be. You can use a form that requires multiple-choice answers, essay-type answers, or a combination of the two. Comparing a self-evaluation to your own objective appraisal can be helpful in finding similarities and discrepancies along with a richer understanding of employee's performance. It can generate conversations that can be beneficial to employee development.

- **Management by Objectives:** Also known as "management by results," this is a process whereby employees and managers form objectives together. They jointly determine individual objectives, how they align with company goals, and how performance will be measured and evaluated. MBO gives employees a clear understanding of what's expected and allows them to participate in the process, which may foster better communication and increase motivation.

- **Checklists:** Using a simple "yes-no" checklist is a quick and easy way to identify employees that have deficiencies in various performance

areas. It will also identify those that need additional training and knowledge to become more efficient.

The performance measurement methods are described as a tool to create measurable indicators to establish whether progress has been made while achieving predetermined goals.

It helps to monitor budgets against progress so that the organization can understand how the workforce is functioning individually and a team. Organizations have realized the importance of implementing the concept of performance measures in their system and the critical role it is going to play in their growth and development.

4.8 SELF-ASSESSMENT QUESTIONS

Q1. Measurement of employee performance can be done by

a. Historical data
b. Extrapolation
c. Checklists

Q2. The first step of coaching process is

a. Implementation
b. Goal setting
c. Evaluation

Q3. Explain the performance management process

Q4. How will you link performance management with other HR practices?

Q5. What are the objectives of performance planning?

Case Study

Priya works in the training department of a large information technology organization. She is in charge of designing and delivering interpersonal skills training, including communication skills, networking, and new manager training classes. Priya has excellent knowledge of how to design training class. She incorporates behavioural modelling and practice into all of her classes. She has also conducted research on what good communication consists of, how to network, and what new managers need to know to be successful. However, individuals who attend her training classes often give her low ratings, stating that she has a hard time answering specific questions in classes, and that she does not seem approachable after the classes when individuals want to ask questions.

Q1. In your opinion, what is causing Priya's poor performance?

Q2. How can the performance problem be solved?

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IMPLEMENTATION AND ISSUES IN PERFORMANCE MANAGEMENT

Unit Structure

5.0 Learning Objectives

5.1 Implementation and Issues in Performance Management

5.2 Defining Performance

5.3 Determinants of Performance

5.4 Performance Dimensions

5.5 Approaches to Measuring Performance

5.6 Diagnosing the Causes of Poor Performance

5.7 Differentiating Task from Contextual Performance

5.8 Self-Assessment Questions

5.0 LEARNING OBJECTIVES

At the end of this chapter, you will be able to:

- Infer the implementation of performance management.
- Define performance and its determinants.
- Analyze approaches to measuring performance
- Determine the causes of poor performance

5.1 IMPLEMENTATION AND ISSUES IN PERFORMANCE MANAGEMENT

Case Study

Performance Management System Rollout at BT Global Services

BT Global Services utilized several steps to effectively roll out a new performance management system called "Maximizing Performance," designed to bring new consistency to managing and developing employees and to create a high-performance culture. BT Global Services, a global communication services company, employs more than 20,000 people. After obtaining support from senior management, the first steps included a series of communications, including a workshop for executives so that all employees would receive a clear message about why a new system was being developed, what roles employees would play, and how those roles would contribute to the success of the company. The next step included

training line managers, to ensure involvement and commitment, including the important role these managers play in ensuring success. Among other areas covered, training included how to set effective goals with employees, providing coaching and feedback to facilitate development. Roles were reviewed and clarified to ensure employees understood expectations and how their work contributes to the success of their team, business unit, and the company as a whole. For ongoing monitoring of the program, data were collected through employee surveys, face-to-face meetings with line managers, and team meetings. In summary, BT Global Services illustrates an example of an effective rollout of a new performance management system including communication plan, training, and ongoing commitment to monitoring and improvement.

5.2 DEFINING PERFORMANCE
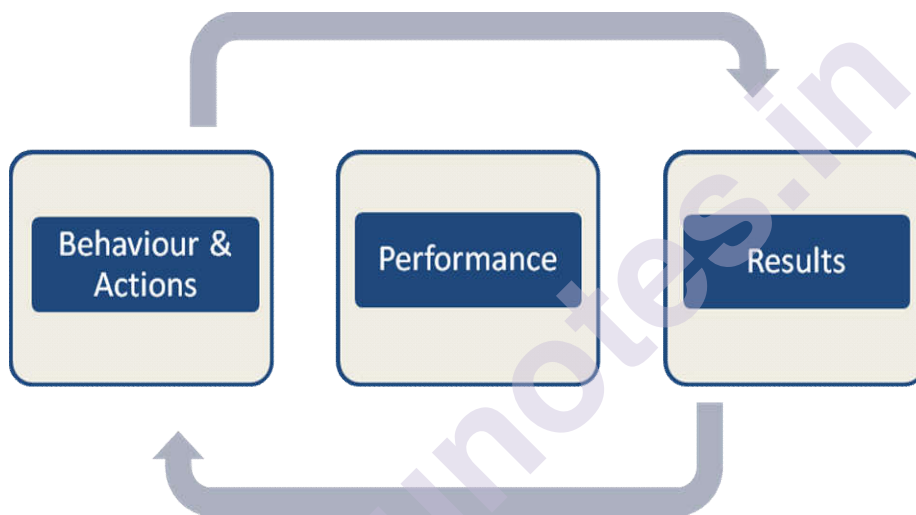
Figure 1.1 indicates how behaviours and actions impact performance

Performance can be defined as what an employee does in terms of the work assigned to him as a part of his job profile in an organization to achieve certain objectives. performance is not only a matter of what people achieve but also how they are achieving it. A high performance result comes from appropriate behaviour and the effective use of required knowledge, skills and competencies.

Performance management examines how results are attained because this provides the information necessary to consider what needs to be done to improve those results.

The concept of performance has been explained by Brumbrach (1988) as follows: 'Performance means both behaviours and results. Behaviour emanates from the performer and transforms performance from abstraction to action.

Not just the instruments for results, behaviour is also an outcome in its own right, which is the product of mental and physical effort applied to tasks and can be judged apart from results. This leads to the conclusion that when managing performance both behaviour and results need to be considered.

Performance is associated with an approach to creating a particular vision of purpose and aims of the organization, which will be helping each employee to understand and recognize their part of responsibilities by the help of which they will manage and enhance the performance of both individuals and the organization.

In an organization, alignment is a flow of objectives from the top to bottom and at each level, team or individual objectives are defined in comparison with higher-level goals. But it also should be a transparent process where individuals and teams are being given the opportunity to set their own goals within the framework defined by the purpose, strategy and values of the organization.

Objectives should be agreed, not set, and this agreement should be reached through the open dialogues that take place between managers and individuals throughout the year. In other words, this needs to be seen as a partnership in which responsibility is shared and mutual expectations are defined.

5.3 DETERMINANTS OF PERFORMANCE

To achieve high performance one must devote large number of hours to thoughtful Practice. Employees must approach performance with the goal of getting better and better. Below are some characteristics that determine performance.

Willingness to perform : If employee is performing tasks and responsibilities in the organization with willingness level of the performance will be high and will be up to the standards.

Capacity to perform: combination of knowing what to do and how to do it includes cognitive, physical, perceptual, motor, and interpersonal skills.

Opportunity to perform: expend high level of effort, persistence in the expenditure of that level of effort.

Several factors are affecting employee performance. First, organizational knowledge management which has a significant role in improving employee performance through analysing the current skills, knowledge and ability of employees then design a proper strategy to reduce the gap between the current and desired performance.

Second, ICT which are considering the core assets of the organization that are working in encouraging employees to improve their performance.

The third factor is the empowerment, which has a tremendous impact on an employee's performance to reshape the attitude of organization in

dealing with numerous challenges and threaten in the market, especially if the organization is looking for their employees as a competitive advantage for surviving.

Fourth, creative and innovative which are playing as a change-agent in promoting the manifestation of a new idea, which lead the organization to face uncertainty and complexity in a highly changing environment.

The fifth factor is an organizational culture, that drives employees performance to develop creative solutions, thinking innovatively and using flexible reasoning in challenging organizational situations.

FACTORS DETERMINING PERFORMANCE

Declrative Knowledge (Willingness to work)	• Facts • Principles • Goasl
Procedural Knowledge (Capacity to perform)	• Cognitive skill • Physical skill • Interpersonal skill
Motivation (Opportunity to perform)	• Choice to perform • Level of effort • Persistence of effort
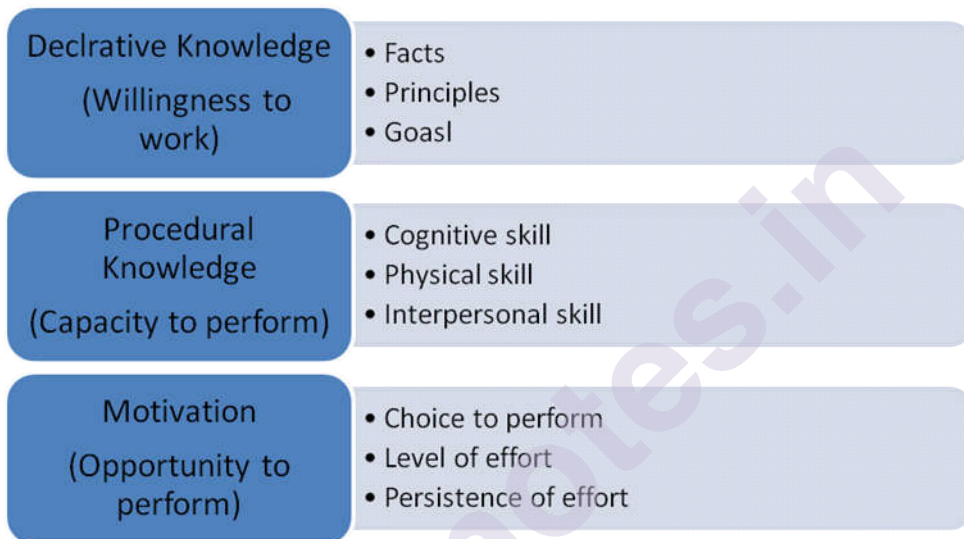
Figure 1.2 – Determinants of performance

5.4 PERFORMANCE DIMENSIONS

Performance is multidimensional so consider many different types of behaviours to understand performance.

1. Quantity of work i.e. the quantity or amount of work produced or the volume of work completed by employees, identifies hard-working employees

2. Timeliness of work i.e. timely delivery of work in terms of schedules, meeting deadlines, etc. recognises employees who produce work on-time and meet deadlines

3. Quality of work i.e. the quality of work produced in terms of standards, errors, waste and rework recognises employees who produce quality work, which meets standards and work with few errors or mistakes

4. Use of Resources/Efficiency i.e. produces work in an efficient way in terms of using time, money, materials and other employee's time well, recognises employees who come in on budget with efficient use of time, materials and labour

5. Customer impact and value addition i.e. work produced meets the expectations of customers, this recognises employees who do work that meets and exceeds internal or external customer standards and expectations

6. Self-Reliance i.e. recognises employees who produce work without the need for extensive supervision which requires a reasonable level of support

7. Department Contribution – the employee is helpful to others in the department in getting work done and sets a tone of co-operation

8. Productive Work Habits – the employee has an overall work style which is effective and productive in terms of time management, setting priorities and following-up on commitments

9. Adding Skills & Capabilities – the employee is continuously adding new capabilities in terms of skills, knowledge, and attitude to get work done in new and better ways and building for the future

10. Alignment & Compliance – the employee behaves in a way that is aligned with the values, culture and mission of the organisation as well as common organizational practices and procedures.

This is a very useful way to consider performance and incorporating the dimensions adds value to the performance management process

5.5 APPROACHES TO MEASURING PERFORMANCES

Measuring the performance of employees is the backbone of any organization's management. Business owners usually measure employee performance by assessing how much contribution the employee is making to the firm's growth. This is conveyed to the employee at the time of their performance appraisal.

Performance appraisal refers to the evaluation of employees, providing them with valuable feedback, and creating a positive effect on future performance. Employee performance depends upon a number of factors such as;

- conducive work environment
- work profile
- compensation
- bonus system
- job satisfaction
- company policies
- technology

These factors play an important role in determining employee productivity and hence the overall organizational development.

Organizations can use different strategies and approaches for the purpose of measuring the performance of their employees.

The five major approaches are:

1. Comparative approach

2. Attribute approach,

3. Behavioural approach

4. Result Approach

5. Quality approach

Each of these approaches differs in characteristics and suitability. A firm can select any one or a combination of these approaches on the basis of their business goals and management type.

1. Comparative approach of measuring performance

The comparative approach involves ranking an employee's performance with respect to that of others in the group. Individuals are ranked on the basis of the highest to the lowest performer. There are several techniques for a comparative approach such as the forced distribution technique, paired comparison, and graphic rating scale. The forced Distribution technique involves ranking employees in groups.

Take the below example,

A group of top performers constituted 10%, a group of average performers constituted 40%, and another group of good performers constituted 40%. Finally, a group of low performers constitute the remaining 10%.

This ensures rewards for the top performers. Given proper training and guidance, these top performers can be promoted to higher managerial positions. While the poor performers are given a chance for further improvisation or dismissed if their performance does not meet the standard requirements. This will, in turn, cause new talent hires. The system ranks the employees on the basis of categorization rules rather than on their performance. In such cases, employees with higher rankings would get better pay than those with lower rankings though they may not deserve it.

In Paired Comparison Technique the organization compares one performer with the other and assigns a score of 1 for the higher performer. The final performance score is the summation of all the winning points.

A comparative approach is undertaken in the case of firms with a small group of employees with similar job profiles. Therefore, the disadvantage is that it is unsuitable in the case of firms with a large number of employees or a firm with different job profiles. Also, since the scale is based on subjective judgment, there is a high chance of bias.

2. Attribute approach to measuring performance

In this system, the employees are rated on the basis of a specific set of parameters such as:

- problem-solving skills,
- teamwork, communication,
- judgment, creativity and
- innovation.

The graphic rating scale entails rating the employee on a scale of 1 to 5 that is lowest to highest. A mixed rating scale is a more layered form of measurement. In the first step, the employee is rated as high, medium, or low on a given set of parameters. Each parameter is then broken down and scaled as above (+), equal (0) or below (-)

The major disadvantage of the attribute approach of performance measurement is that of subjectivity. It may be heavily reliant on the nature of the evaluator. Another limitation of this method is that it is accurate in identifying only the best and the worst performers. However, the advantage of this method is its simplicity, because of which most organizations go with it.

3. The behavioural approach to measuring performance

This is one of the oldest performance measurement techniques. The Behavioural approach consists of a series of vertical scales for different dimensions of the job. This can be done using the BARS technique or the BOS technique. The Behaviourally Anchored Rating Scale (BARS) technique consists of five to ten vertical scales. These scales are based on parameters which are decided consensually by all employees. Employees are then ranked on each of the anchors according to their performance.

On the other hand, Behavioural Observation Scale is a recent version of BARS. It provides a more specific description along with frequency in regard to employee behaviour for effective performance. The overall score is the average of all these frequencies. Although the Behavioural approach is suitable for reliability and accuracy, the major drawback of this approach is the voluminous data that the managers have to remember. Supervisors tend to remember only those behaviours that define closely to the performance scale which leads to a biased rating.

4. Result approach to measuring performance

This approach is a simple and straightforward concept, wherein organization rate employees on the basis of employee performance results. The first type of result approach is the Balanced Scorecard technique. This technique focuses on four perspectives namely:

- financial,
- customer,
- internal & operations, and
- learning & growth.

The second approach is the Productivity Measurement and Evaluation System.

It is very effective in motivating employees for enhanced productivity and measuring feedback. It consists of four steps.

The first step is to identify the objectives which the organization wants to achieve. The second step measures how well these objectives are made.

The third step involves how effective are they in evaluating employee performance.

Finally, the fourth step gives feedback to the employees. Organizations calculate an overall productivity score as a summation of the performance scores of all these factors.

The main advantage of the result-based approach to performance measurement is that it converts strategy into operations with a more holistic view. It takes into consideration the external environment of the job such as customers and learning and growth. It does not simply rely on financial indicators of job performance.

However, the disadvantages are the lack of focus on the human resource aspect, and the absence of certain key stakeholders in the indicators.

5. The quality approach to measuring performance

This approach focuses on improving customer satisfaction by reducing errors and achieving continuous service improvisation. This approach takes into consideration both personal and system factors. Also, employers take regular feedback on the personal and professional traits of the employee from managers, peers, and clients to resolve performance issues. The Quality Approach mainly focuses on the use of the various quality management techniques and process in order to continuously improve business processes.

The advantages of this approach include:

- assessment of both employee and system,
- problem-solving through teamwork,
- use of multiple sources to evaluate performance and
- involvement of both internal and external factors

However, practitioners of this approach believe that this approach does not correspond with the quality philosophy of an organization.

5.6 DIAGNOSING THE CAUSES OF POOR PERFORMANCE

One of the most important jobs for management in any organization is dealing with performance problems and taking disciplinary action when required. However, managers frequently avoid acting, leaving problems

uncorrected which in turn may send signals to employees that unsatisfactory performance and inappropriate behaviour are acceptable, or that employees can skirt or even break rules or regulations without fear of discipline.

This situation exists because, too often, management thinks formal discipline is the only way to deal with poor performance and unacceptable behaviour. It exists because management and labour, where employees are represented by a union, failed to explore the many ways to deal effectively with workplace performance issues in a more enlightened manner, using approaches that provide greater potential for producing results benefiting both employees and management.

Performance and disciplinary problems, can be categorized into four distinct types. If the goal is to correct the problem, then categorization is crucial to determining an appropriate strategy for improvement. situations where the employee's quality and quantity of work is unsatisfactory, through no justifying circumstances should be examined. The immediate benefit of sorting problems into categories is that it encourages a thorough analysis. It frames the examination of a broader array of possible causes and, most importantly, assists in developing strategies for resolution that are non-punitive and developmental.

The primary source of information is performance measurement data, as well as behavioural observation, complaints and incidents. The causes of poor performance can originate in one of two areas: management- and organization-centred causes; or employee-centred causes.

The managerial and organizational shortcomings that most often cause unsatisfactory performance include:

Lack of understanding of role and expectations: In many instances management fails to tell subordinates what their role is and what is expected of them. Performance problems arise when the individual employee establishes performance expectations that are different from those of the organization. Or, in the absence of clearly defined standards and objectives, the employee simply does not perform to management's expectations, undefined as they might be.

Inappropriate job assignment: Another managerial or organizational cause of poor performance occurs when the corporation makes a poor job assignment. This fault is more apt to be found in a growing organization, but it also occurs in more stable situations. The problem lies in promoting, transferring or otherwise assigning an employee to a job to which the person is not fitted because of a lack of competency, personality or interest.

Lack of training: There is little justification for assigning an individual to a job the person isn't trained for. Unless employees are adequately trained for their positions, it is unreasonable to expect them to perform to acceptable standards.

Job design: In many instances poor performance arises because of the design of the job. Employees will be motivated to perform well in jobs that offer variety, challenges, responsibility and an opportunity for personal growth. If the task the employee has to accomplish does not have these characteristics, less than optimum performance can be expected.

Inadequate or poor supervision: If an employee's supervisor is providing inappropriate direction and information, negative or inappropriate feedback, or inconsistent supervision, then performance problems will usually occur.

A second major cause of unsatisfactory performance lies with employees themselves. The problems that arise from these causes are varied and numerous. In some cases, the problems are enough to cause unsatisfactory performance by the individual. In other cases, they become evident only when combined with organizational problems. The most common employee-centred causes are the following:

Lack of interest: To perform an employee has to be interested in the work that needs to be accomplished.

Personality: In some instances a person's personality may be a major cause of poor performance. Personalities are very difficult if not impossible to change. In these cases, it may be necessary to move the individual to another assignment more in keeping with the employee's personality. For example, not everyone's temperament is suited to customer service.

Limited capabilities: Every individual has a limit to what they can do. Just as we all have physical limits as to how fast we can run or high we can jump, there are limits to our capabilities to carry out certain organizationally required functions.

A review of the causes will allow the manager to better determine the best approach to solving the problem. In unionized environments, it is at this stage of the analysis that the level of co-operation between labour and management will be most tested. There will be a temptation for the parties to fall into traditional adversarial patterns of dealing with one another. There is a need for objectivity and recognition that they have mutual interests in resolving the problem in the best interest of all the involved parties.

Performance improvement strategies

Identifying and clarifying role and expectations: As a strategy for improving performance, managers should clearly outline the employee's role and what is expected. Role clarification can be facilitated if a job description exists. This job description can serve as a basis for discussion between the boss and subordinate. In a similar sense, the development of objectives and work plans for the individual employee, along with measurable standards of expected performance, can be of significant help in clarifying expectations.

Training and development: The challenge in achieving results with a poorly performing employee is to be certain that a lack of training or skills deficiency is the real reason for the performance discrepancy; and therefore management is prepared to support the individual in applying the learned skills once training is completed.

Organization development: In cases where the organization is acting as a barrier to the attainment of expected performance levels, dialogue should take place with the employee regarding those barriers and how they might be removed or avoided. This dialogue can take the form of a meeting, involving all the employees in a department or work unit, to identify and resolve problems.

It is important that such a meeting is well-planned and that action is taken after the session. In many instances, organizations that follow this strategy continue with the process of employee involvement by including staff in the development and implementation of action plans for problem resolution.

Job involvement/enrichment/ re-engineering: Where there is a low level of interest, increased employee involvement or job enrichment will produce higher performance levels. The type and nature of these changes can be extensive and, in some cases, difficult to implement. However, in many instances, organizations have responded to the alienation of workers by dramatically re-engineering the whole way in which they produce products or provide services. These initiatives have produced substantial improvements in performance not only for the individuals involved, but also for whole organizational units.

Increased feedback: In many cases, employees perform below standard because they do not receive timely and accurate feedback on their performance. For increased feedback to be most effective, the employee has to know and understand what is expected in specific measurable terms. The employee must then receive, either through a supervisor or through some kind of measurement and reporting mechanism, timely feedback on performance.

Management development: The development and education of supervisors at all levels of the organization in techniques of motivation, communication, leadership and other essential managerial skills is an important step in resolving performance problems.

Managers must be knowledgeable about managerial techniques if they or their employees are going to be expected to perform effectively. Equally, managers have to be empowered to be able to do something about problems identified by employees. Most importantly, managers have to realize that their effectiveness is determined by the performance of their employees and that through training, support, information and involvement employees are going to perform more effectively.

Removal: Where there is a poor fit between the employee and the job, then removal, either in terms of transfer or termination, has to be considered. Too often, managers see this alternative as being the only one without seriously examining other possibilities such as those outlined above. In other cases, managers are not prepared to deal with a situation that can only be resolved through relocating the individual. In the long-run, both the individual and the organization benefit from removal and therefore this alternative has to be seriously considered.

The implementation of this alternative is often not easy, particularly where employees have certain seniority rights under a collective agreement. Access to good training programs and reasonable probationary provisions in the case of transfer can facilitate the use of this solution. In the case of termination, the provision of outplacement counselling and fair severance benefits can ease fear and apprehension.

Implementation and Issues in Performance Management:

Performance management is a process for setting up a shared understanding of what is to be achieved at an organization level. It involves the alignment of organizational objectives with the individual's agreed measures, skills, competency requirements, development plans and the delivery of results. The focus is on performance improvement through learning and development in order to achieve the overall business strategy of the organization. Holistically, performance management integrates a multitude of elements that contribute to effective management of the human resource.

Performance management is a systematic process which a manager can use to get the team members to achieve the team's objectives and targets, improve overall team effectiveness, develop performance capabilities, review and assess team and individual performance, and reward and motivate.

Effective performance management requires:

- Identifying tasks and accountabilities

- Defining competencies necessary to be successful in a position

- Ensuring that team members have the required competencies

- Having in place a system to develop competencies

- Providing timely feedback on how effectively the team members are applying their respective competencies to accomplish their tasks and achieve the goals

- Rewarding and motivating effective performance

In the event that performance does not meet established requirements, the manager must understand the corrective processes and methods that can help improve employee performance.

A performance management system needs to be designed with the unique needs of an organization in mind. It should be aligned and supportive of the organization's mission, vision and values. And it should provide a useful, and user-friendly process for gathering, sharing, and documenting feedback.

Following are the steps to follow to implement an effective performance management system.

Establish a performance management timeline

As per an organization's strategic objectives, a manager should conduct formal review of business model, sales cycles and other criteria that will vary from one company to another. Performance management process should be as unique as the company. While reviews have traditionally been done on an annual basis, many people believe that this is far too infrequent, including employees who prefer to have more frequent development-related discussions with their managers.

Evaluation of employee performance

Those employees who evaluate employee performance should be those most familiar with the work the employee is doing. But, while it may seem that the manager is the obvious choice, the truth is that others may actually be more aware of employee performance, peers, mentors, even customers. Hence 360 degree reviews have become common in many organizations; it's a process that involves gathering feedback from a wide range of people who can offer insights into employees' performance.

Performance review questions

Asking the right questions as part of the performance review process is critical to ensuring that the feedback will be relevant and aligned with organizational and individual goals. Once the manager is clear about the purpose of the review it's important to frame questions so they are clear and non-biased. The intent of each question should align with the intent of the performance management strategy. Another aspect of performance review questions are ratings by providing a scale.

Performance management goals

This is an important consideration because performance reviews should be more forward-looking than backward-looking. In practice, though, too often reviews focus more on past behaviour. Reviews should be more developmental. Managers should work with employees to develop performance management goals that are both aligned with organizational goals and reflect employees' own personal and professional desires.

Employee feedback

Few formal performance management system may occur on a semi-annual, monthly, or some other timeline, continuous feedback is important. It's important to think about the employee feedback process

and whether it offers feedback, guidance and both positive and constructive feedback regularly enough to ensure employees are getting the coaching and counselling they need. Today's employees, more than ever, crave that kind of input from their managers and others. Employee feedback process may occur by one on one basis or check-ins, as part of monthly dashboard reviews, etc. Cultivating a culture of continuous feedback can help ensure employees are focused on the right goals and objectives and have the resources and support to be successful.

Introduce employee and manager training

Performance management systems are only as good as the interactions they drive between managers and employees. Training everyone, but especially managers, to deliver quality and effective feedback is important to ensure that the performance management process is working the right way. Organisations must not assume that all managers have the knowledge and competencies they need to conduct performance evaluations effectively, especially if their experience comes from working in other organizations. Each organization is unique and each organization's performance review process will be different.

Linkage with performance management software

Successful performance management is about more than just forms and meetings. It's dependent on a number of steps and processes all coming together to create an aligned and smoothly flowing system.

Following questions should be asked and examined

- How will you alert employees, and managers, about what they need to do next?

- How will you follow up with managers who are falling behind?

- How will you stage reviews when you have more than one source of feedback?

- How will you ensure anonymous feedback doesn't get released?

- Will you have HR or managers sign-off on reviews?

- How will you store and control access to the data?

- How will you analyse the data? And on and on.

- - Keeping track of, and staying on top of the many moving parts of an effective, and continuous, performance management system can be aided significantly by tying it all together with performance management software.

What can go wrong in performance management?

The basic objective of performance management is to develop and improve the performance effectiveness of team members. The manager and the team member work together to plan, monitor, review and appraise the latter's work objectives and overall contribution to achieving the organization's goals. Various types of tools are used in this process, ranging from traits based or behaviour based to result based. Both formal and informal communications are used to provide feedback. The feedback could be regular or irregular. A lot of time and energy is spent in getting the goals and measures right, reviewing performance, and appraising it. However, things could go wrong and the required effectiveness of employee performance is not obtained.

Some of the major challenges in managing performance could be as follows:

Wrong Design

The performance management system and tools must fit with the specific needs of the organization. It cannot be a duplication of a system designed and implemented in another organization, even an organization in the same industry or the same business group. Intense consultation with various stakeholders and users of the system is necessary. User trust is an absolute necessity for the success of the system. The design should be tried out on a pilot basis before it is rolled out to the organization as a whole. All documents and forms must be in place. The system should be fair and equitable. Performance management should be viewed as a continuous process and not an activity conducted once or twice a year. The design should also include mechanisms for rewarding performance and handling poor performers.

Absence of Integration

The performance management system has to be integrated with the strategic planning and human resource management systems as well as with the organizational culture, structure and all other major organizational systems and processes.

Lack of Leadership Commitment

Leadership commitment and support is a must for smooth implementation of the system. Leaders must drive the process and make performance management an integral part of the management of the company. Leaders contribute not only in setting the strategic direction and performance measures but also in monitoring and reviewing performance across the organization. They also reinforce the performance cycle by recognizing and rewarding performance.

Ignoring Change Management in System Implementation

Strategic management of change is a vital part of implementing the system. Driven by the top management, it involves careful management of

resistance. Communication would be a major intervention and a key tool in managing the change. Implementation milestones and schedules must be followed. Proper documents must be in place.

Incompetence

Competence to use the performance management system is necessary to ensure smooth implementation of the system. Some of the major skills would include:

- Defining strategic objectives, performance indicators, core competencies and performance contracts

- Defining performance measures that correspond to the KPIs

- Giving and taking feedback, conducting appraisal interviews, and active listening

- Performance coaching

The focus would be on designing and implementing training and development interventions that would help in developing the competence of various job holders. Special emphasis would be on building the behavioural dimensions of performance.

5.7 DIFFERENTIATING TASK FROM CONTEXTUAL PERFORMANCE

Job performance consists of two main factors:

Task performance describes the core job responsibilities of an employee. It is also called in-role prescribed behaviour and is reflected in specific work outcomes and deliverables as well as their quality and quantity.

Whereas, Contextual performance goes beyond formal job responsibilities. Also referred to as discretionary extra-role behaviour contextual performance is reflected in activities such as coaching co-workers, strengthening social networks within an organization and going the extra mile for the organization.

In recent years, it has emerged as an important aspect of an employee's job performance. The latter is no longer considered consisting strictly of performance on a task. Rather, with an increasingly competitive job market, employees are expected to go above and beyond the requirements listed in their job descriptions.

Examples of contextual performance include volunteering for additional work, following organizational rules and procedures even when personally inconvenient, assisting and cooperating with co-workers, and various other discretionary behaviours. By strengthening the viability of social networks, these activities are posited to enhance the psychological climate in which the technical core is nested.

One of the most important functions of an organization is to ensure that employees are effective in performing their jobs. However, in recent years, contextual performance is viewed as an integral part of overall job performance.

By recent trends, practitioners and researchers view job performance as moving beyond what is considered effective for performance on a task. In today's world, with changes in the global market and increased competition, employees are now expected to go beyond what is expected in their job description.

Contextual performance captures this ability of employees to engage in activities that contribute to the overall well-being of the organization. This aspect of job performance is viewed as equally important as task performance.

5.8 SELF-ASSESSMENT QUESTIONS

Q1. Which of the following is a determinant of performance?

    a. Motivation
    b. Punctuality
    c. Self-awareness

Q2. Which of the following is a challenge in mapping performance?

    a. Employee behaviour
    b. Wrong design
    c. Business ethics

Q3. Which of the following is a dimension of performance?

    a. Age
    b. Gender
    c. Quality of work

Q4. Suggest some performance improvement strategies

Q5. Describe some issues in implementing performance management.

Q6. Explain task performance and contextual performance.

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PERFORMANCE MANAGEMENT AND EMPLOYEE DEVELOPMENT

Unit Structure

6.1 Introduction

6.1. Personal Development Plans

6.2. 360 Degree Feedback as a Developmental Tool

6.3. Performance Management and Reward System

6.4. Performance Linked Remuneration System

6.5. Performance Linked Career Planning and Promotion Policy

6.6 Summary

6.7 Self Assessment Questions

6.1 INTRODUCTION

Performance is considered to be an achieved outcome of the organization in relation with its predetermined goals. It includes accomplishments through individuals or group contribution to the organization's strategic goals. The term performance encompasses economic as well as behavioral outcomes.

Managers role is basically divided into 3 different segments:

a. Being: Performances based on Manager Competencies

b. Doing: Performance of Manager activities on the dependent roles at different levels in the organization and on the organizational performance as a whole.

c. Relating: Managers nature of Relationships which becomes an input to the productive process with members of the role network-vertical or horizontal to generate the desired performance as the output.

Manager's Potential is determined based on all 3 segments which is also related to performance standards set.

6.1. PERSONAL DEVELOPMENT PLANS

Personal development, which is a continuous lifelong process based on the continuous improvement of a manager's knowledge, skills and experience. Personal development is beneficial not just for an individual but it also helps in growing the businesses and society as a whole. The enhancement

in the individual's abilities and skills, impact the life of the oneself and the around you positively. It increases a sense of purpose and boosts one's confidence.

A simple and effective way of keeping track of personal development is by completing a personal development plan. A personal development plan, also known as a PDP, is an action plan that you can use to identify:

1.   Individual goals and achievement

2.   Strengths and weaknesses

3.   Areas that need improvement and development to meet the goals

4.   How to achieve the goals.

A plan development program is a form of self-evaluation and self-reflection that is typically used in higher education and the workplace. However, it is also essential exercise in the personal life. For example, you may want to complete a new assignment or need to learn a new language for an overseas project, the program can help you achieve the goal.

Benefits of the program

1.   It provides with clear goals.

2.   It helps to identify the strengths and weaknesses.

3.   It improves the employability.

4.   It improves performance.

5.   It increases motivation.

6.   It helps to track progress.

7.   It improves a sense of purpose.

8.   It enhances the mental well-being and reduces stress.

Overall, a plan development program enhances the chances for success and maximizes the potential.

6.2. 360 DEGREE FEEDBACK AS A DEVELOPMENTAL TOOL

The overall development of an employee consists of activities that are initiated by an organization that would help in their prospective growth. An effective performance management system is one which gives high priority for employee development. Employee development encompasses the following activities:

1) Identify and conduct necessary training for employees based on properly planned training programs that would help employees to attain the necessary competencies essential for the job.

2) Provide enough opportunities to employees by recognizing their talent and giving them more responsibilities. This will aid employees to accelerate their growth to leadership positions in their organizations.

3) Identify employees who perform poorly and direct them to performance improvement plan so that they can be effectively guided and groomed to become good performers.

4) Identify and figure out if there are any other reasons for non-performance of an employee, like non-availability of tools to perform their job or any other external factors and remove those obstacles so that employees are in a position to perform their job well.

The organization receives an excellent return of investment, when they focus on the performance management system of an employee as the system would be good due to the following reasons:

1) Well trained employees become more competent and execute their responsibilities productively. They easily achieve the goals that are set for them under performance planning activity.

2) Employees become happy as their development is taken as the prime focus. This will lead to better employee engagement and reduces attrition.

3) When leaders are groomed within the organization, it helps in succession planning and reduces the associate costs and risks in hiring a new employee.

4) When facilities are created for employees to do their job effectively and obstacles are removed, it ensures that organization goals are met.

The organizations always strive to evaluate and guide their employees toward constant improvement, but a standard performance review system is always necessary. 360-degree feedback is a method and a tool that provides each employee the opportunity to receive performance feedback from his or her various associated stakeholders that include supervisor or manager, four to eight peers, reporting staff members, coworkers, and customers. It also includes the self assessment of the employee who is assessed for the appraisal. The feedback provides insight into the skills and behaviors desired in the organization to accomplish the mission, vision, and goals and live the values. The feedback is firmly planted in behaviors needed to exceed customer expectations.

People who are chosen as feedback providers or raters are often selected in a shared process by both the organization and the employee. These are people who generally interact routinely with the person who is receiving feedback.

Feedback provided for this review process can be as detailed or brief based on the choice of the person giving it. For example, a manager may provide a detailed breakdown of goals they had discussed with the employee, the progress toward those goals, and the way the employee dealt with unexpected challenges along the way. A peer review might be based on the

how they it was working with them. For example, a coworker could say something like "this worker has excellent interpersonal skills and also is accountable with the tasks assigned."

360-degree feedback assists each individual to understand their strengths and weaknesses and to contribute insights into aspects of their work that need professional development.

6.3. PERFORMANCE MANAGEMENT AND REWARD SYSTEM

Any performance management mainly involves managing employees and managers, as their performance directly affects the performance of the organization as a whole.

Bratton definition 'Reward system refers to all the monetary, non-monetary and psychological payments that an organization provides for its employees in exchange for the work they perform.'

An employee reward system is a motivation tactic, organizations use to help their staff feel motivated to complete a high-quality work. It's differs from an incentive program because incentives are goal oriented and combined with a reward. A reward is for the team members who perform exceptional work or are a great asset to a team.

Companies often use rewards as extra motivation by supplementing their employee's tangible and non-tangible benefits. For instance, an employee can earn a bonus at the end of a pay period on top of their base salary or monetary rewards separate from their paycheck. This can include additional paid time off, company lunches or gift cards.

Rewards schemes may include either Extrinsic rewards such as financial payments and working conditions that the employee receives as part of the job or Intrinsic rewards that relate to satisfaction that is derived from actually performing the job such as personal fulfillment, and a sense of contributing something to society. Several people who work for charities, for example, work for much lower salaries than they might achieve if they worked for commercial organizations. In doing so, they are exchanging extrinsic rewards for the intrinsic reward of doing something that they believe is good for society.

Objectives of a reward scheme

a.   To support the goals of the organization by aligning it with the goals of employees.

b.   To ensure that the organization is able to recruit and retain sufficient number of employees with the right skills.

c.   To motivate employees.

d.   To align the risk preferences of managers and employees with those of the organization.

e.   To comply with legal regulations.

f.   To be ethical.

g.   To be affordable and easy to administer.

h.   Aligning the goals of the organization and employees

Types of reward scheme

Base pay, or basic pay, is the minimum amount that an employee receives for working for an organization. For example, the employee may be paid Rs.300 per hour for a minimum of 40 hours per week. The employee will therefore earn at least Rs.12000 per week. This will be paid regardless of how many of those 40 hours the employee is actually working. A fixed annual salary is another example of basic pay.

Basic pay may be supplemented by other types of remuneration. A contract labourer may be paid overtime for example if he works more than 40 hours per week, and a manager may receive some form of performance pay in addition to the base pay. Basic pay is likely to address the lower levels of Maslow's hierarchy of needs mentioned above.

Performance-related pay is a generic term for reward systems where payments are made based on the performance, either of the individual (individual performance-related pay) or a team of employees (group performance-related schemes).

6.4. PERFORMANCE LINKED REMUNERATION SYSTEM

Most companies do performance appraisals once a year and use performance management software for streamlining the process. Many of the performance-related reward schemes depend on the performance of the employees. As such, the employees' performance has to be assessed. This usually takes place during the appraisal process. Staff will be assessed on a regular basis, for example twice a year. During the appraisal, targets will be set for the next period, and rewards agreed if the targets are met.

In recent decades performance-related pay schemes are more prevalent in many organizations. This has lead to a situation where a higher portion of the employees pay is dependent directly on their performance. This motivates employees to work harder, and reward those who make a greater contribution to the organization's goals. This should lead to efficiency savings. There are many types of performance-related pay such as:

1. Piecework schemes where a price is paid for each unit of output. These schemes are appropriate where output can be measured easily in units. They are typically used for paying freelance, creative people.

2. Individual performance-related pay schemes where the employee receives either a bonus, or an increase in base pay on meeting previously agreed objectives or based on assessment by their manager, or both. They

are typically used for middle managers in private sector organizations and for professional staff.

3.   Group-related performance-related pay schemes are similar to individual, where rewards are paid based on the achievement of targets set for a group of employees, such as a particular department, or branch of a company, rather than for an individual. Since the rewards apply to a group, they are likely to be based on a pre-determined quantitative formula, rather than on assessment of staff.

4.   Knowledge contingent pay where an employee will receive a pay rise or a bonus, or both, for work-related learning.

5. Commissions are a form of remuneration normally used for sales staff who may receive a low basic pay, but will then receive commission, based on a percentage of the amount of their sales.

6. Profit-related pay is a type of group performance-related pay scheme where a part of the employee's remuneration is linked to the profits of the organization. If the company's profits hit a pre-determined threshold, a bonus will be paid to all members of the scheme which is usually a percentage of the basic pay.

7. Stock option plans aids staff in receiving the right to buy shares in their company at a certain date in the future, at a price agreed today. Stock option plans are most appropriate for the senior management of organizations as they are the people who have the most influence over its share price.

6.5. PERFORMANCE LINKED CAREER PLANNING AND PROMOTION POLICY

Since performance appraisal is the foundation of career planning, employees work towards goals that support the needs of the business and their professional development.

The purpose is to build relationships and facilitate conversations between employees and managers throughout the year with regard to performance goals, career goals, and career planning which is communicated through constructive feedback in a positive manner. This boosts the morale of the employees and helps to identify individual career developmental plans. Based on these evaluations, employees can develop their career goals, achieve new levels of competencies, and chart their career progression.

Promotion means the advancement of an employee to a higher job involving more work, greater responsibility and higher status. It may or may not be associated with the increment in salary. It is one of the best forms of incentives and it provides higher responsibilities, better salary, high morale and job satisfaction to the employees. Practically, all the employees aspire for career advancement and promotion is an advancement of the employee in the organizational hierarchy. It will be seen that promotion is the way of recognizing and developing the abilities

of present employees by filling the skilled and responsible positions from within rather than from outside.

Edwin B. Flippo, "A promotion involves a change from one job to another that is better in terms of status and responsibilities."

A company may have an open or a closed, a formal as well as an informal promotion system, promotional system and so on. Promotion is distinguishable from transfer also in the sense that the latter refers to changes in jobs that involves little or no change in status, responsibility and pay.

Promotion system involves clear definitions of line of future advancement, detailed personnel records, specific promotion plans, definite allocation of responsibility for identifying promotable individuals and a centralized coordination of promotion function. Promotions may be based on either the "rank-in-the-job", where the content of the job including level of skill, efforts and responsibility form the basis or "rank-in-the-man", where emphasis is laid on job analysis, job evaluation, organizational planning, etc. These determine the pay and status of the individuals in the organization.

Promotion may be temporary or permanent, depending up on the needs of an organization, an employee is promoted and may be classified into the following types:

1. Horizontal Promotion where an employee is shifted in the same category with increase in pay, responsibilities and change in designation. For example Second Division Assistant is promoted as First Division Assistant. This type of promotion may take place within the same department or from one department to another or from one plant to another plant.

2. Vertical Promotion where an employee is shifted from a lower category to higher category with increase in pay, status and responsibility it is called vertical promotion. For example a Sales Manager is promoted as General Manager in the company.

3. Dry Promotion where promotion is made without increase in salary or remuneration. For example a college professor was promoted as Head of the Department without an increase in salary. In dry promotion there will be a change in designation and responsibility without corresponding changes in remuneration.

There are two bases of promotion:

1. Promotion based on Seniority based on the total length of service and is counted from the date of his appointment in the organization. This method is followed in Government service.

2. Promotion based on Merit/Performance is generally followed in private organizations. Promotions are based on merits of the employees, i.e., qualifications, knowledge, skills, honesty, initiative, interpersonal relationship, effective communication and of course performance in the job. Seniority is not given weight age.

While there exists a third method, a blend of seniority and merit used in a balanced manner.

The linking of appraisal to pay as well as promotion is an attempt to ensure that informed decisions are taken about the career progression of employees. The objectives of linking performance with promotion policy are as follows:

1. To integrate the growth opportunities of the executives with the fulfillment of the company's objectives.

2. To identify, train, and develop competent personnel with growth potential.

3. To provide a policy environment for high levels of performance.

4. To provide a system of equality in opportunity, equity in assessment, and uniformity in implementation among all the areas of the company in the matter of promotion such as units, business groups, directorates, and officers.

5. To seek and provide a continuous team of work sustained high levels of competence in the company.

6.6 SUMMARY

Performance includes accomplishments through individuals or group contribution to the organization's strategic goals. A manager's potential is determined based on 3 segments which is also related to performance standards i.e. being doing and relating. Personal development, which is a continuous lifelong process based on the continuous improvement of a managers knowledge, skills and experience. Personal development is beneficial both for an individual and also for the growth of the businesses and society as a whole. It also provides an increased sense of purpose and boosts one's confidence. The organizations always strive to evaluate and guide their employees toward constant improvement, but a standard performance review system is always necessary. 360-degree feedback is a method and a tool that provides each employee the opportunity to receive performance feedback from his or her various associated stakeholders. An employee reward system is a motivation tactic, organizations use to help their staff feel motivated to complete a high-quality work. A reward is for the team members who perform exceptional work or are a great asset to a team. It comprises of the basic pay and performance related pay. The linking of appraisal to pay as well as promotion is an attempt to ensure that informed decisions are taken about the career progression of employees.

6.7 SELF ASSESSMENT QUESTIONS

1. Discuss in brief the various segments of manager role in performance.

2. What is PDP ? Explain the action plan needed for such programs.

3. "Feedback is essential from all stakeholders of the organization for performance appraisal and promotion." Comment.

4. "Rewards are the best way to motivate the employees to perform better." Do you agree? Justify with reasons.

5. "Remunerations are an essential component for an employee to perform more efficiently." Elucidate with examples.

6. How does promotion policy play a vital role in career planning and performances of an employee?

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CONDUCTING STAFF APPRAISALS

Unit Structure

7.0 INTRODUCTION

A staff appraisal is a routine evaluation of an employee's job performance and overall contribution to a firm. Appraisal is the process of evaluating or judging the nature or value of something or someone.

Definition:

Staff Appraisal (performance appraisal) is defined as a systematic process, in which the personality and performance of an employee is assessed by the supervisor or manager, against predefined standards, such as knowledge of the job, quality and quantity of output, leadership abilities, attitude towards work, attendance, cooperation, judgement, versatility, health, initiative and so forth.

Staff appraisals are crucial because they provide feedback, a crucial component of a successful workplace. It helps develop the culture of your business and makes sure that you foster an atmosphere where everyone can work effectively. Given that, ongoing, informal discussions are crucial. Regular reviews can also be incorporated into virtually any cycle of performance management. By doing this, one can create a system where an evaluation plays a significant role in determining whether an

employee is on the proper track and can also automate those cycles with appropriate HR software in place.

The three objectives of conducting staff appraisals are:

i.   calculating pay raises

ii.   assisting with organizational planning, placement, or suitability; and

iii. for training and development.

7.1 NEED

The improvement of an organization's human resources is achieved by using performance appraisals for evaluation and developmental objectives.

1.   Evaluation: To inform employees of their standing in relation to performance criteria and objectives. A successful evaluation includes the following:

i.   Creates measurable performance standards for standards of performance.

ii.   Establishes measurable performance standards that everyone can agree upon.

iii. Continues to give staff members performance comments.

iv.   Measures performance precisely.

v.   Evaluates performance in relation to performance benchmarks.

vi.   Where appropriate, develops personnel or takes corrective action.

The two main reasons for performance evaluation are administrative purposes and developmental purposes.

2.   Development purpose: Help people with their training and ongoing personal growth. Employees that have grown professionally are more driven, competent, and committed to fulfilling their job responsibilities. They can significantly increase the effectiveness of the organization. A rigorous, structured procedure called performance appraisal compares employee performance to predetermined standards.

3.   Administrative purpose: Documenting decisions made by human resources on performance and issues that are related to it is one of the administrative purposes.

i.   Choose which staff will be promoted.

ii.   Determine any job transfers or changes.

iii. Identify the employees' weak points in performance.

iv.   Choose a layoff plan.

v.   Comply with legal obligations.

vi. Assess the effectiveness of training initiatives.

vii. Make decisions on pay and bonus issues.

viii. Choose between retention and dismissal.

Hence, the purpose of staff appraisal is to evaluate personnel against a set of standards.

1. Supplying data on the performance rankings used to base decisions like salary fixing, promotion, etc.

2. Review of subordinates' performance.

3. Supplying data that assists in advising the subordinates.

4. Obtaining data to identify staff skill, knowledge, etc. deficiencies.

5. A comparison of the staffs objectives set at the most recent appraisal to the factors that contributed to the level of performance.

6. To check whether the individual's development needs, which were recognized at the previous appraisal, have been met, as well as any roadblocks to effective performance, have been addressed.

7. Goals for the upcoming year.

8. Needs for training and development

Following points to be kept in mind while conducting the staff appraisal:

i.   The line manager and the employee complete and sign off on the majority of appraisals. The employee's development and progress are documented in the appraisal.

ii.   Management staff members are free to disagree with or disagree with an evaluator's choice on an appraisal.

iii. It's crucial to keep in mind that an appraisal is not a disciplinary procedure, and the employer shouldn't utilize one to impose disciplinary punishment. Yet, if a company implements an "employee improvement process," performance-related difficulties may occasionally be resolved by referring to prior employee evaluations.

iv.   Performance evaluations must take into account employee management abilities.

v.   The department of personnel provides detailed instructions for applying policy.

vi.   Evaluation to be made only on the basis of performance of employee at work.

vii. It has also improved the Organization's understanding of roles.

Basic Terminology:

a) Appraiser: An appraiser is a person who conducts a formal evaluation of a worker's performance.

b) Appraisee: The term "appraisee" refers to a worker who is the subject of a manager's performance evaluation.

c) Who carries out the performance evaluation? The past and the future are both taken into account in appraisals. They provide an opportunity to talk about and create goals for employee performance, development, and support and are often performed by line managers.

7.2. SKILLS REQUIRED

Appraiser needs the following skills :

i. The appraiser must remain unbiased while evaluating the performances of the staff. The assessment must be done only based on the performances as per the set criteria based on the industry standards.

ii. They must have strong analytical skills

iii. Should be able to communicate the evaluations to the staff

iv. They are expected to evaluate the staff based on future forecasts and demands of the organization

v. Should not be hassled by emotions

vi. They must measure the performances based on the key performance indicators of the assessee.

7.3. THE ROLE OF THE APPRAISER

Performance management and human resource management both revolve around appraisals. It is crucial for all employers that employees understand their position, goals, and overall purpose. They must also ensure that people perform to the best of their abilities, realize their potential, and receive just compensation. Improved organizational performance follows from this. It also helps to determine any training requirements and, if necessary, to offer training and development so that a person may assist the organization in achieving its goals. The element of the performance review is this. Finally, by attempting to predict the type of job that a person may be capable of in the future, assessments are crucial for helping someone grow their career. Hence the following could be reviewed:

1. To conduct an interview of the individual staff for performance review

2. To plan and execute based on the review of the meeting.

3. Assess each employee in accordance with the company's standards and the evaluation's findings, and

4. Must have the willingness to offer suggestions.

7.4. JOB DESCRIPTION AND JOB SPECIFICATION

Job Description: A job description is a written statement of the obligations and functions of a particular job within an organization.

1.   It aids in gathering data for jobs.

2.   It is carried out to establish what must be provided for a specific job.

3.   It makes it clear who will be reporting to them.

4.   It gives the hiring personnel a clear understanding of the type of candidate each department needs.

5.   It assists with staff evaluations.

Job Specification: A job specification is a list of the talents, abilities, personality traits, and other characteristics that a candidate must possess in order to execute the job.

1. It assists Applicants in determining whether they are qualified to apply for a certain job opening.

2. It aids the organization's recruitment personnel in comprehending the degree of qualifications and attributes.

3. It provides comprehensive information about any position, including employment duties, necessary technical and physical capabilities, and ability requirements.
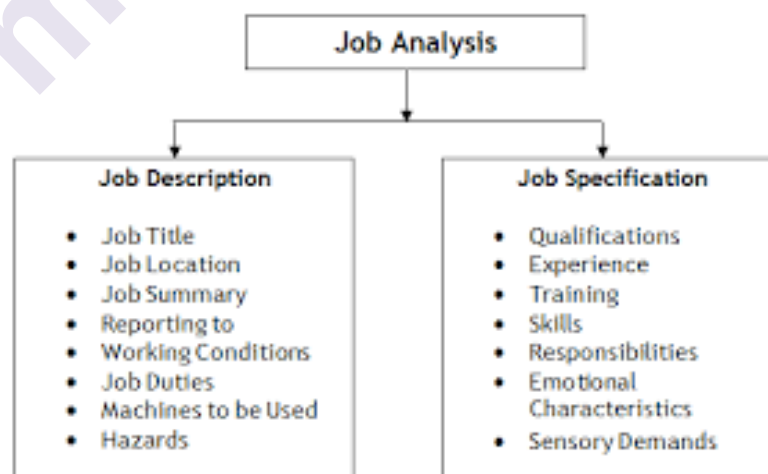
Even though creating a work description and job specification is not legally required, they are crucial to achieving the intended results. These data sets aid in establishing the value, need, and extent of a certain job.

Job Description

Job descriptions contain fundamental information about the job that can be used to market a particular position and draw in a talent pool. It contains details like the job title, location, reporting to and from employees, job summary, nature and objectives of a job, tasks and duties to be carried out, working conditions, machines, tools, and equipment to be utilized by a potential worker, as well as any potential risks.

The goal of the job description

i.   The primary goal of a job description is to gather information about a particular position in order to advertise for it. It aids in attracting, focusing on, hiring, and selecting the ideal candidate for each open position.

ii. It is carried out to ascertain what must be provided for a specific job. It makes it clear what workers are expected to do if they are hired for that specific position.

iii. It gives hiring managers a clear picture of the kind of applicant each department or division needs to complete a certain task or job.

iv. In addition, it specifies who will get reports.

Job Specification

A job specification, also referred to as employee specifications, is a written description of the educational requirements, particular qualities, level of experience, physical, emotional, technical, and communication skills necessary to perform a job, duties associated with a job, and any unusual sensory demands. Also, it involves traits like good physical and mental health, leadership abilities, emotional intelligence, adaptability, and flexibility, as well as moral principles, good manners, and creative thinking.

Job Specification's Goal

i.   Job specifications, which are based on job descriptions, assist candidates in determining whether they are qualified to apply for a certain position or not.

ii. It helps recruiting staff for a business, understand what level of qualifications, traits and set of attributes should be present in an applicant to make him or her qualified for the job opening.

iii. Job specifications provide comprehensive details about any position, including duties, ideal technical and physical abilities, communication skills, and much more.

iv. It aids in deciding which applicant is best suited for a given position.

The job analysis includes both the job description and the job specification. They provide a thorough definition of a position and

instruction for both employers and employees on how to conduct the entire recruitment and selection process. Both forms of data are very important for matching skills to jobs, assessing performance, identifying areas for improvement, and determining the value of a given position.

7.5. APPRAISAL METHODS

Employee performance is assessed based on how successfully they meet a set of goals that have been identified as essential to their job's success. This strategy is also known as management by objectives.

The most recent catchphrase used by businesses worldwide is "be paid according to what you contribute"; as a result, the majority of businesses are focusing on performance management, particularly individual performance.

The emphasis of performance reviews is shifting in the current climate to place more emphasis on professional advancement through conversations and dialogue with superiors.

Systems for measuring, grading, and reviewing performance have evolved to be more complete, systematic, and tailored to each individual employee.

It aids in choosing the best applicant for a certain position.

Several authors have categorized all of the evaluation techniques developed to far in different ways. While DeCenzo and Robbins divided evaluation techniques into three groups—absolute techniques, relative techniques, and objective techniques—Aswathappa divided them into two groups—past- and future-focused. job.

All evaluation techniques have been divided into as many as six categories by Michael R. Carrell including rating scales, comparative methods, crucial incidents, essay, MBO, and combination approaches. The methodologies have been divided into two major groups by Rock and Levis: restricted interpretation and broad interpretation. Several ways of evaluation have been grouped by Beatty and Schneier into four categories: direct indices, goal-setting, absolute procedures, and comparative methods.

Strauss and Sayles provide a more popular classification of appraisal techniques into two groups, old techniques and modern techniques. Modern methods, on the other hand, place more emphasis on the evaluation of work results, i.e., job achievements, than the evaluation of personal traits, whereas traditional methods place emphasis on the rating of the individual's personality traits, such as initiative, dependability, drive creativity, integrity, intelligence, and leadership potential. Modern techniques are frequently more worthwhile and objective.

Table 28.4 : Methods of Performance Appraisal

Traditional Methods	Modern Methods
1. Ranking method	1. Management by Objectives (MBO)
2. Paired comparison	2. Behaviourally anchored rating scales
3. Grading	3. Assessment centres
4. Forced distribution method	4. 360-degree appraisal
5. Forced choice method	5. Cost accounting method
6. Checklist method	
7. Critical incidents method	
8. Graphic scale method	
9. Essay method	
10. Field review method	
11. Confidential report	

Traditional Techniques

1. Ranking approach

The ranking approach, in which each employee is compared to all others in order to determine their relative value, is the most traditional and straightforward formal systematic method of performance review. The employees are listed in order of best to worst, or from highest to lowest. In doing so, the employee scoring highest on the trait being measured as well as the person scoring lowest are both indicated. Once all of the employees who needed to be rated have been ranked, the next highest and the next lowest will be placed between the next highest and lowest. There will be ten ranks from 1 to 10 if there are ten employees to be evaluated.

Limitations

(i)   Irrespective of how much better or worse one is than another, it does not indicate this.

(ii)   Ranking people is challenging when a lot of employees are being evaluated, and

(iii)   It is quite challenging to compare one person to another who exhibit different behavioural patterns. The paired comparison approach of performance appraisal was developed to address these flaws.

2. Paired Comparison:

In this strategy, each employee is individually evaluated against each other, typically based on a single trait. The rater is given a number of slips, each with a pair of names on it. He or she marks the employee he believes to be the better of the two. The final ranking of an employee is based on how frequently they are rated as superior to others. The following formula determines the number of possible pairs for a specified number of employees:

N (N-1)/2

N is the overall number of employees who need to be examined.

3. Grading Approach:

In this approach, certain classifications of value are systematically determined in advance. Employees may fall under one of three categories: excellent, satisfactory, or unsatisfactory. There may be more grades than just three. Performance of the employee is compared against grade definitions. The grade that best depicts the employee's performance is subsequently assigned. Exams that follow the semester system and the selection of candidates for positions in government both use this form of grading. The fact that the rater may give the majority of the employees better performance ratings is one of the main disadvantages of this system. Exams that follow the semester system and the selection of candidates for positions in government both use this form of grading. The fact that the rater may give the majority of the employees better performance ratings is one of the main disadvantages of this system.

4. Forced Distribution approach:

Tiffen developed the forced distribution approach to get rid of the widespread propensity for most employees to be rated at the higher end of the scale. The technique makes the assumption that employees' performance levels correspond to a normal statistical distribution, or 10, 20, 40, 20, and 10%. This is helpful for evaluating the promotion potential and job performance of numerous individuals. It typically eliminates or lessens prejudice.

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5.Forced-Choice Method:

J. P. Guilford is the creator of the forced-choice approach. Each statement in each group is rated by the rater according to how well it describes the subject of the evaluation. There are two statements in the typical forced-choice strategy, both positive and negative. Each statement contains a weight or score that is hidden from the rater. The human resources department rates both positive and negative sets of statements. On the basis of all statement sets, the final rating is determined. This form of employee assessment makes it more objective. The only drawback linked with this strategy is that the actual construction of multiple evaluative statements also called 'forced-choice scales', takes a lot of time and work.

6. Checklist Method:

The main goal of using the check-list method is to lessen the burden of the rater's evaluation. With this strategy, the HR department creates a list of statements, or questions, with yes-or-no replies. The checklist is then given to the rater, who must check the applicable options that apply to the appraisee. Each question has a weight associated with it based on how significant it is.

Fig. 28.2: Sample Check-list for Appraising University Teachers

	Yes	No
1. Is regular on the job?	—	—
2. Does maintain discipline well?	—	—
3. Does show consistent behaviour to all students?	—	—
4. Is interested in (teaching) job?	—	—
5. Does ever make mistakes?	—	—
6. Does show favouritism to particular students?	—	—
7. Is willing to help colleagues?	—	—

The HR department receives the check list once it is finished and uses it to generate the final ratings for all appraises based on all questions. When creating the questions, an effort is made to gauge the rater's level of consistency by asking the same question repeatedly but in various ways.

However, one drawback of the checklist approach is that it is challenging to compile, analyze, and weigh a multitude of comments on employee contributions and qualities. This approach may not be cost-effective because a checklist of questions must be created for each category of employment, which is especially true if the organization has several different job categories. That will take a great deal of time, money, and effort.

6. The Critical Incident Technique:

This technique concentrates the rater's attention on those crucial behaviors that make the difference between completing a task satisfactorily or not (effectively or ineffectively). The process of applying this method to evaluate personnel entails three parts. A collection of notable on-the-job behavior from certain situations is first compiled, both good and poor. Second, a panel of specialists rates or weights these instances based on how desirable it would be for them to carry out a task. Finally, a check-list of instances that characterize employees as "good" or "bad" is created. The rater is then provided the checklist to use in assessing the staff.

The main goal of this grade is to inform employees who can efficiently carry out their duties in urgent situations. This is the case since most people in typical situations work similarly. The critical incident method's advantage is that it emphasizes behavior and, hence, performance rather than personalities. It's disadvantages include the requirement for managers to constantly record key incidents, which adds to their workload and takes up time. In general, negative events are good ones. Which episodes are

essential to work performance is determined by the rater's conclusion. As a result, the technique is susceptible to all the drawbacks associated with subjective evaluations.

7. Graphic Rating Scale Method:

The visual rating scale is one of the most well-liked and straightforward methods for evaluating performance. Also called a linear rating scale. Each employee is evaluated using the printed appraisal form in this approach. The form lists qualities (such quality and dependability) and a range of work performance qualities (from below average to above average) for each quality. On the basis of discrete points along the continuum, ratings are given. The standard procedure is to use a five-point scale. Each appraisee is given a rating by the rater, who then adds up the allotted values for each attribute to determine which score best captures the performance of each trait.

Performance Factor	Performance Rating				
Job knowledge is information pertinent to the job that an individual should have for satisfactory job performance.	☐ Poorly informed about work duties	☐ Occasionally unsatisfactory	☐ Can answer most questions about the job	☐ Understands all phases of the job	☐ Has complete mastery of all phases of the job
Dependability in following directions and company policies without supervision.	☐ Required constant supervision	☐ Requires occasional follow-up	☐ Usually can be counted on	☐ Requires very little supervision	☐ Requires absolute minimum of supervision

This strategy works well for evaluating an employee's diverse work behaviors. But, while judging an employee's behavior at work, it is equally susceptible to the prejudice of the rater. Any uncertainty in the graphic scale's design leads to prejudice when evaluating an employee's performance.

Modern Methods:

1. Management by Objectives (MBO):

Peter F. Drucker introduced a novel idea, called Management By Objectives (MBO), in his book back in 1954 in order to solve this issue. The concept of MBO as was conceived by Drucker, can be described as a "process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's

major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contribution of each its members". In other words, MBO, when reduced to its core, calls for the manager to set goals with each employee and then frequently review their progress.

Setting goals, establishing performance standards, conducting comparisons, and conducting periodic reviews are the four key components of an MBO program.

i.   In goal-setting, objectives are established for each person to achieve. These objectives are jointly set by the superior and subordinate. The desired outcome that each employee is expected to attain is referred to as the aim.

ii. Performance standards set expectations for workers based on the previously planned time period. Employees learn what needs to be done, what has already been done, and what needs to be done once they begin working.

iii. The third phase compares the agreed-upon goals with the actual level of goals achieved. This enables the assessor to identify the causes of the discrepancy between the employees' actual performance and expected performance. Such a comparison aids in identifying the training requirements for raising employee performance. It can also study the variables that have an impact on performance but are outside of the control of the personnel.

iv. When actual performance deviates from the standards established in the first step-goal establishing stage, corrective action is then taken in the periodic review step. Periodic progress reviews are handled constructively rather than punitively, in line with the MBO principle.

2.   Behaviorally Anchored Rating Scales (BARS):

An approach called "Behaviorally Anchored Rating Scales (BARS)" was developed by some organizations in the 1960s in order to achieve objectivity in performance evaluation due to the issue of judgmental performance evaluation that is inherent in traditional techniques of performance evaluation. BARS are explanations of different levels of behavior in relation to a particular performance dimension.

With the use of concrete behavioral examples to anchor a quantified scale, it combines the advantages of storytelling, crucial incidents, and quantified ratings. BARS' supporters assert that compared to other performance rating methods, it provides better and more equitable evaluations.
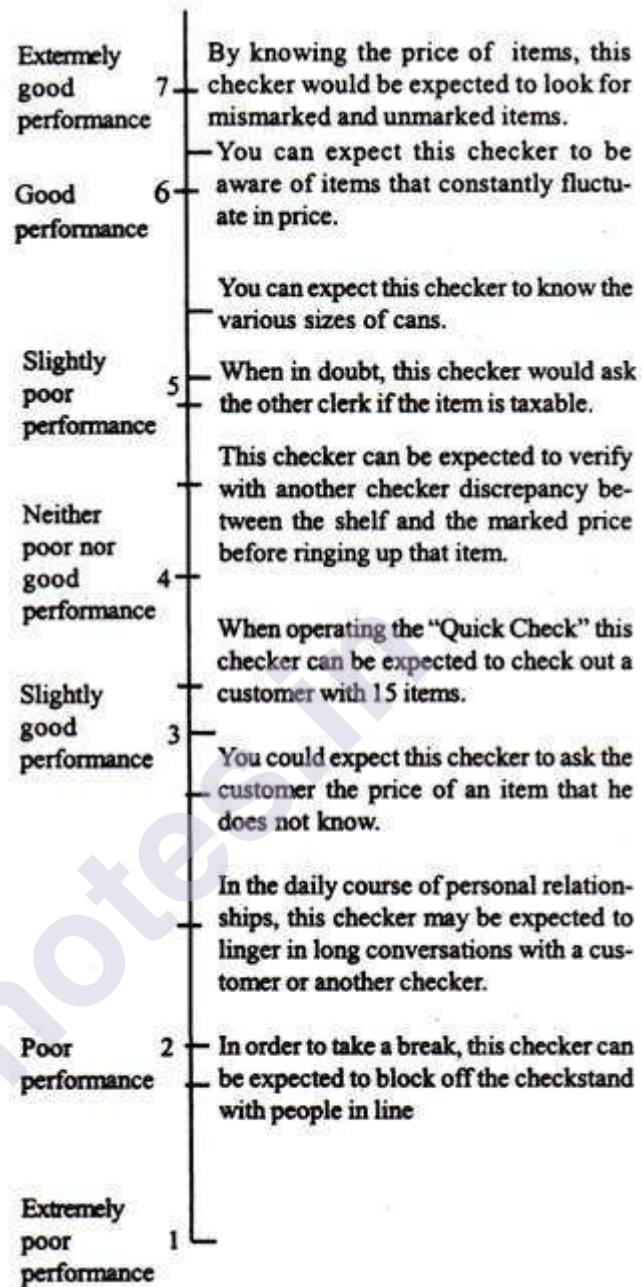
Fig. 28.5 : BARS for Appraising of a Grocery Checker's Job

Because it offers benefits including a more precise gauge, clearer standards, greater feedback, and consistency in evaluation, the BARS technique of performance appraisal is thought to be superior to the traditional ones. BARS has several restrictions, though. According to the research on BARS, it too is distorted, as are other rating scales. The study's findings made it evident that the lofty hopes for scale independence were not supported by studies on BARS to this point. In conclusion, BARS may perform better than traditional rating methods, but it is obvious that they are not a magic bullet for attaining high inter-rater reliability.

3. Assessment Centers:

Assessment centers are mostly utilized in the corporate world to gauge potential for executive or managerial roles. An assessment center is, by definition, a hub where managers congregate to take part in well planned simulation exercises. During two to three days, senior managers evaluate them with psychologists and HR experts. In order to successfully do the actual job, the assessee is required to participate in in-basket activities, work groups, simulations, and role playing. Following the recording of the assessee's behavior, the raters gather to discuss their combined data and observations before providing their assessment of the assessee. The assessees are also given feedback regarding their strengths and faults at the conclusion of the process.

The assessment centers offer a number of distinct advantages, such as more accurate evaluation, little bias, proper executive selection and promotion, and others. Yet, there are also several drawbacks and issues with the assessment center methodology. The method is somewhat expensive and time-consuming, suffocates good performers, discourages weak performers (rejected), fosters unhealthy competition among assessees, and has negative impacts on individuals who are not chosen for assessment.

4. 360 – Degree Appraisal:

An employee's performance is evaluated by his supervisor, peers, subordinates, and customers with whom he interacts while doing his work duties in a 360-degree feedback appraisal system. All of these appraisers respond to survey questions created with this objective to provide information or feedback on an employee. All of the data is then collated using a computerized system to create customized reports. These reports are shown to me regarding the rated personnel. They then meet with me appraiser—whether it be one's superior, subordinates, or peers—and provide the information they feel is relevant and valuable for creating a plan for self-improvement.

7.6. RATERS ERRORS

Rater mistakes are systematic errors in judgment that happen when one person watches and assesses another. How we assess a person's performance may be influenced by personal beliefs and prejudices. The fact that the observer frequently isn't aware that she or he is making these mistakes makes them more challenging to remedy.

Rater error types

• Halo Effect - The propensity to extrapolate incorrectly from one facet of an employee's performance at work. This is because it's influenced by one or more standout qualities, either good or bad.

Leniency is the propensity to overrate everyone and to give exaggerated ratings rather than accurate evaluations of performance.

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• Central Tendency - The inclination to consider every person as average despite variances in performance.

• Strictness - The propensity to give everyone a bad rating and to be unduly critical of output.

• Contrast Effect - The propensity for a rater to assess an individual in relation to other people rather than specific work criteria.

• First Impression Mistake - The propensity for a manager to generate an initial opinion about someone, whether favorable or bad, and then disregard future information that contradicts this impression.

• Similar-to-Me Effect - The propensity to judge others more favorably if they are thought to be similar to the leader. An effective team must have a wide range of talent, style, aptitude, perspective, background, and opinion. The most crucial rater error to avoid might be this one.

To reduce the Raters error :

It's crucial to work on preventing rater errors because they can significantly reduce the value of the Performance Development Process.

Self-Assessment Questions to Help Prevent Rater Mistakes

• Do I base my evaluations on evidence supporting my observations of the Employee's conduct, or do I rely solely on my perceptions?

• Am I evaluating this Employee's skills individually, or have I made generalizations about how they are performing?

• Have I considered the competencies of this Employee over time, or have I made generalizations based on my early impressions of her or him?

• Have I acknowledged any prejudices I may possess so I can avoid letting them color my judgment?

• Did I rate this employee based on how they actually behaved or on how they compared to other people?

7.7. DATA COLLECTION

As a manager, wide range of alternatives for gathering information about each team member's performance is imperative. They are:

1)   Goal Progress: In terms of their regular reporting, you can assign a portion of the performance data gathering to each team member. These reports can be outlined as a component of the objectives you establish or as an element of a job function for which the individual is accountable or involved. As an illustration, call reports, sales reports that include potential revenue and the possibility of closing the transaction, or reports that detail the number of calls made within a specific time period may be used by sales personnel.

2) Generating Data: This area of data collection frequently pertains to the perceptions people have of their jobs and the company.

3) Third-Party Comments: You need to collect information on a person's relationships with third parties in order to truly understand how well they are performing and contributing to the business. Depending on the makeup of your team and each person's function, you can gather different kinds of data from these third parties. These actions might be impacted by variables beyond the person's control. For instance, a salesperson might be particularly good at scheduling meetings with potential clients, delivering sales presentations, and getting the chance to quote for the company's services. Nonetheless, if the rates offered are not reasonable, the salesman may not be able to make sales.

7.8. CONDUCTING AN APPRAISAL INTERVIEW

While doing a review interview there are actually four fundamental sorts of assessment interviews, and each has a different set of goals:

1. Satisfactory and promotable - The employee is going to be promoted because of his or her satisfactory job performance. The interview is the simplest.

2. Satisfactory and not promotable - The worker performs his or her duties satisfactorily, but is not yet prepared for a promotion. Some workers are content in their current roles and do not desire promotions.

3. Unsatisfactory but correctable - If an employee's performance on the job is subpar but correctable, you should create an action plan to address it.

4. Unsatisfactory and uncorrectable - If the employee's performance is unsatisfactory and uncorrectable, the appraiser must nonetheless provide an action plan for them to follow in order to improve it.

The following procedures should be kept in mind when conducting an appraisal interview:

Step 1: Prepare for the interview. First, get the information. Using the employee's feedback and the objective work data. Second, evaluate the job description, prior evaluations, and performance standards for the individual to compare performance to. Finally, schedule the interview at a time that works for both parties and give yourself enough time to complete it.

Step 2: Provide the employee with enough information to enable them to comprehend the conversation. You should offer the employee at least a week's notice to assess his or her performance, read the job description, identify any issues, and compile questions and comments in order to approach the process equally and provide the employee with an appropriate time to comment.

Step 3: Fairly conduct the interview first of all, refrain from using phrases like "You're too slow in producing those reports" when speaking with the employee. Instead, you ought to contrast the employee's work with a benchmark. Encourage the employee to speak next. Next, after the communication is complete, you should make sure the employee is aware of exactly what they are doing well and wrong. Last but not least, an employee may become defensive when told their work performance is subpar. Whatever the case, dealing with a defensive subordinate is a crucial assessment ability.

Step 4: Acknowledgement 1. Examine performance in the past and current. If you only conduct appraisals once a year, it's simple to give comments just on issues that are still recent in your memory. In addition to giving your staff members regular, informal feedback, you should spend some time between evaluations to record any noteworthy events or accomplishments that each employee has. Even while it may initially seem like more work, doing so could greatly increase the value of your performance reports. 2. Be truthful and concise. The time during evaluations is used to address problems that might be hurting an employee's performance or the health of the team as a whole. If someone is a bad performer, your team members will probably notice it, and if you don't confront it, you risk losing their respect. Provide clear and constant communication. Your employee and you should part ways with a clear understanding of what you both need and anticipate from one another moving forward.

7.9. FOLLOW UP AND VALIDATION

It's time to turn your attention away from the past performance of your employees and onto their potential after you've done and finished performance appraisal or evaluation meetings with them.

1. Develop performance objectives with each worker. These objectives centre on the employee's particular performance at work, including his production, results, competences, and behaviour.

2. Define each employee's personal development objectives. These objectives centre on enhancing the employee's knowledge, abilities, and skills. In addition to developing the areas where the employee's knowledge and abilities are lacking, the goal is to build on their strengths.

3. Make meaningful goals. Genuine goals are embraced by both you and your team and are clear, attainable, prioritized, quantifiable, supported by action plans, aligned with the company, related to your goals, and backed by action plans.

4. Wander around. Your effectiveness in the performance appraisal process, as well as your effectiveness as a manager, will be greatly enhanced if you spend time working directly with your employees, observing their performance, and maintaining a high

degree of contact and communication with them throughout the evaluation period.

5. Be a coach. Take the time to regularly recognize your employees when they're performing particularly well, and to provide them with formal and informal coaching, guidance, feedback, direction, and follow-up not only to further build their strengths, but also to upgrade their performance in areas where it has fallen short.

6. Remember your role. You are your employees' central role model, and that makes you their most compelling trainer

7.10 SUMMARY

Appraisal is the process of evaluating or judging the nature or value of something or someone. Staff appraisals are crucial because they provide feedback, a crucial component of a successful workplace. It helps develop the culture of your business and makes sure that you foster an atmosphere where everyone can work effectively. Given that, ongoing, informal discussions are crucial. The two main reasons of performance evaluation are administrative purposes and developmental purposes. An appraiser ensures that people perform to the best of their abilities, realize their potential, and receive just compensation. Improved organizational performance follows from this. It also helps to determine any training requirements and, if necessary, to offer training and development so that a person may assist the organization in achieving its goals. The role of the appraiser is essential in the evaluation of a performance of the appraisee for which certain skill are required.

The performance evaluation is done based on the approaches used by different authors. Two methods used are traditional and modern approaches for evaluating the performances of the staff. It is necessary for the organizations to also keep at bay the raters error while evaluating and accordingly ensure proper data is collected and validated. The evaluation must also regularly be checked and followed up to find the improvements in the staff.

7.11 SELF ASSESSMENT QUESTIONS

1. Explain the ways to conduct staff appraisal?

2. Why is there a need to have staff appraisals in the organization?

3. Explain the traditional appraisal methods in brief.

4. Write a short note on:

i. Assessment Centre

ii. MBO

iii. Raters Error

iv. Checklist Method.

v. 'A manager must collect data for performance evaluation.' Justify.

vi. Why must an appraisal interview be necessary? Explain with certain procedures essential to conduct the interview?

vii. 'The past performance of employees and their potentials must be regularly checked even after you've finished performance appraisal or evaluation meetings with them.' Explain.

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PERFORMANCE CONSULTING

Unit Structure

8.1 CONCEPT

Performance Consulting is defined as a strategy process that boosts individual and organizational performance to create business results. The word "strategic" is used with intent. Future organizational and corporate success depends on strategic work. A method used to collaborate with management on these kinds of initiatives is performance consulting. With performance consulting, businesses can improve both the individual and collective performance of their workforce. It places a focus on attaining distinctly defined company goals.

Performance consultants carry out analyses, create training interventions, assess the effectiveness of the interventions, and, as necessary, modify the interventions based on the data. When business leaders and senior management notice that their staff are not performing to the acceptable standards or meeting the necessary KPI's, they frequently hire performance consultants. Some instances of problems with human performance that performance consultants can assist with: Customers of a national grocery chain are leaving the store without making any purchases because the lines are too long and the cashiers are counting up customers too slowly. Due to their lack of thorough product knowledge, a highly qualified sales force routinely falls short of its sales targets. When the nursing staff treats patients poorly while they are there, patients are providing negative comments on exit surveys for a city hospital.

8.2 THE NEED FOR PERFORMANCE CONSULTING

Performance consulting is a technique that boosts employee performance within a company to create business results. It focuses on the gaps between business and performance results and is results-oriented. The goal is to

investigate and clarify the "how" and "what" that organization intends to achieve in order to, in the end, improve the performance of the organization as a whole.

The annual performance evaluation is supplemented with performance management. Employees and management are made aware of what to anticipate at the annual appraisal through this. It informs both the manager and the employee on ongoing modifications to the performance management procedure, what each can do to make it more efficient, and how performance might be enhanced generally. Employees perceive managers' value in them as reflected in continual performance management. Workers think that their bosses are concerned about their goals, their work, and any problems that may arise on the workplace. Moreover, they grow more receptive to receiving criticism.

When working with a department that is primarily concerned with the "people side" of the business, performance consultants often encounter three types of work.

1.   Transactional Work

Administrative tasks comprise transactional work. Usually, the requirements of a specific person are addressed in this job. Transactional queries are made when a manager asks for clarification on how to apply a certain organizational regulation or when a worker asks how her tuition reimbursement payment is progressing. Each of these tasks—transactional requests—is required of procurement managers and call center agents. Requests involving suppliers must be processed. His work must be completed quickly and effectively. Although his line of work is significant, it is not strategic.

2.   Tactical Work

Designing and putting into action strategies that enable effective work-group performance is the emphasis of tactical work. Examples include implementing a compliance training programme using an e-learning technique or implementing a more efficient work process. A strategy is designed to be supported by tactics. The issue is that a lot of tactical decisions are made with little to no connection to a strategic objective. In these situations, the solutions are primarily events or programmes.

3.   Strategic Work

The long-term and overarching goals and interests of the organization benefit from strategic work. It calls for precise business objectives that serve as a guide for the performance standards of those who support those objectives. A plan without tactics is merely a fantasy; strategic effort includes tactical labor. Performance consultants want to make sure that the work we conduct to develop and put into action techniques directly supports one or more of the organization's strategic goals.

In order to make wise selections, the performance consulting mental model is useful. The SHOULD-IS-CAUSE logic and the Need Hierarchy make up this mental paradigm.

Need Hierarchy

The Need Hierarchy is the first component of the mental model for performance consulting. Four different sorts of needs are included in his hierarchy and must be assessed and matched:
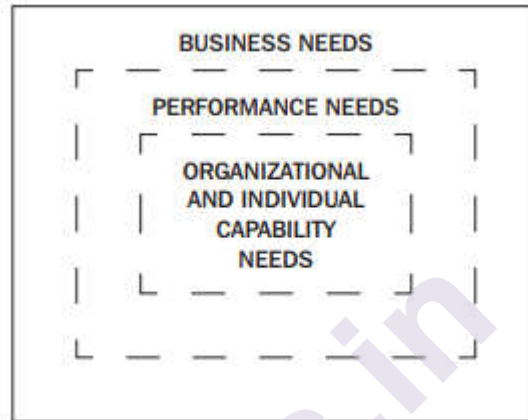
i.   Business Needs : Business needs are frequently mentioned in for-profit enterprises. The phrase is frequently replaced with organization or operational need in a not-for-profit organization. The phrase "agency necessity" may be used by a governmental entity. Whatever it may be named, this need must be met. The organization's survival is threatened if this is not done over time.

ii.   Performance Needs : Performance needs are the on-the-job achievements and behavior expected of people functioning in a certain job and contributing to the realization of organizational goals. Performance needs pinpoint what employees must perform more, better, or otherwise differently in order to meet organizational objectives. Behavioral words are used to describe performance requirements. The people who are achieving outstanding results—the top performers—are the best source for this information.

iii.   Organizational Capability Needs : The infrastructure of the organization, which includes its work procedures, information systems, and incentives, is referred to as having the necessary organizational capability. The goal of this infrastructure is to support and facilitate the work group's required practices for the achievement of business objectives. Both tangible and intangible organizational capability aspects are possible. Intangible variables examples include rules, rewards, clearly defined expectations, and degree of power. Tangible elements that affect organizational capability include the availability of vehicles, computers, and enough space.

iv.   Individual Capability Needs : The skills, knowledge, and qualities that employees must possess in order to perform as required are referred to

as individual capacity needs. Needs that can be developed often include knowledge and skills. The greatest way to acquire attributes, however, is through the selection process because the development process itself may be time-consuming and even ineffective.

SHOULD-IS-CAUSE logic

To examine business and performance circumstances, SHOULD-IS-CAUSE, is the second component of the mental model. A tool was developed to assist performance consultants as they gather data required to solve a specific business problem or opportunity when working with a client on a strategic endeavor. The device is also known as a Gaps Map a performance advisor. You aim to close gaps by understanding where there are disconnects between what SHOULD be happening and what actually is. By using a Gaps Map, you can gather data that focuses on the SHOULD (objective), IS (actual state), and CAUSE (factors that might facilitate or obstruct attaining the specified goals). The goal of Gaps Map is to organize relevant SHOULD-IS-CAUSE information that is already known about the situation, ensure that the business and performance SHOULD, as expressed by the client, are identified in specific terms, and identify what information is relevant but unknowable so that you can determine what information must be obtained to determine workable solutions. The Gaps Map aids you in avoiding deciding on a course of action right away.

8.3 ROLE OF THE PERFORMANCE CONSULTING

There are five main steps in the performance management cycle. To evaluate an employee performance, following actions are essential:

1. Organizing

Setting and discussing goals with staff is part of this step. These objectives should be stated again when the individual is hired, even if they should have been stated in the job description to draw in quality applicants. Based on the performance management procedure used in your firm, you might want to give each of these objectives a percentage in order to assess how well they were achieved.

2. Monitoring

Managers must keep an eye on how well their staff is performing in this phase in relation to the objective. Continuous performance management enters the scene in this situation. With the appropriate performance management software, you can monitor your team's progress in real-time and make necessary adjustments and course corrections.

3. Developing

Using the information gathered during the monitoring phase in this phase can help employees perform better. To boost performance or maintain excellence, it might be necessary to recommend refresher courses, give

them a task that will help them advance their knowledge and performance at work, or change the plan for employee growth.

4. Rating

Periodically and at the time of the performance review, each employee's performance must be evaluated. To assess the level of employee performance and make adjustments as necessary, ratings are crucial. These evaluations can be given for 360-degree feedback from peers and bosses alike.

5. Rewarding

The performance management process and employee engagement both depend on recognizing and rewarding good performance. One can accomplish this through social recognition, or with a comprehensive employee incentives programme that consistently recognizes and honors exceptional performance inside the company.
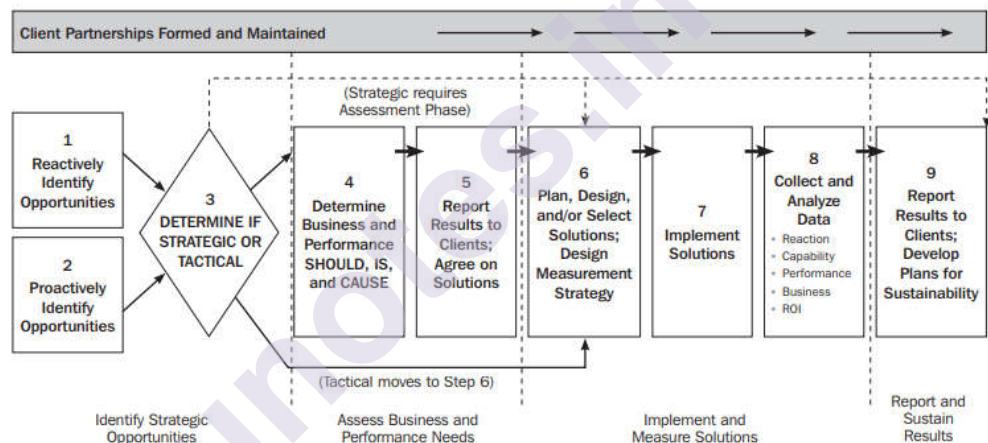
8.4 DESIGNING AND USING PERFORMANCE RELATIONSHIP MAPS

Performance mapping is centered on the characteristics of peak learner performance and the factors that currently exist that are impeding that performance. When performance consultants build training programmes, their main goal is to alter learners' perspectives in a way that leads to successful business outcomes.

The business effect, a modest, measurable objective that establishes the parameters of a corporate training solution, is defined as the first step in the performance mapping process. Increasing or decreasing anything organizationally is a normal business impact.

Simply said, "directed conduct" or "purposeful work" defines performance (Rudman, 1998, p. 205). In other words, people are hired so that organizations can achieve the particular and defined results (outputs) that jobs exist to achieve. So, in order for firms to succeed, employees must perform. Keep in mind that performance differs from activity. Meetings,

using machinery, and other tasks are examples of job activities. These actions must be viewed in light of what the company expects employees to do and how well they are to do it. Hence, "optimal" performance is defined as concentrated conduct that produces intended results.

A "performance gap" develops when the "actual" performance falls short of the "ideal" performance (optimal - actual = gap). It may be considered "bad" performance: precise, agreed-upon departures from expected behavior if the difference between actual performance and optimal performance starts to have a negative effect (Mitchell & O'Reilly, 1983). Keep in mind that variations must be specified and approved by both the performer and the assessor.

Every organizational system and its internal operations result in an output. People, technology, materials, information, and time are all components of outputs. There are two different affects (results) that performance might have on the output:

Positive Impact: The performance has a "desired impact" on the output when paired with time, material, information, and technology. The output, in turn, alerts the performer to the adjustments that must be made, further improving the result. As a result, both performance and production have an impact on one another.

Negative Impact: Every discrepancy from the ideal performance has an "unwanted influence" on the final product. Lack of education, the surrounding environment, motivators, etc. could all contribute to the discrepancy. The output that miscues the performer as a result of this performance gap has a negative effect (inverse relationship), which in turn exacerbates the issue.

Performance Evaluation

We may define the issue, identify the factors that contribute to it, and choose a performance remedy with the aid of the performance analysis. (1991, p. 33; Rossett & Sheldon).

1. The first step is to measure the gap to ascertain its size and the impact it actually has on the organization (describes the problem). Even while the performer, supervisors, managers, peers, etc. may be aware that there is a performance problem, it usually takes an analysis to fully understand its scope. That is, what specifically is incorrect and what ought to be taking place?

2. The gap's "drivers" (causes) are then identified. Even if it is sometimes simple to spot a problem, finding the source of the issue usually takes some serious investigation. Yet no matter what you do, the issue will persist if the fundamental cause is not found.

3. A system of solutions is then chosen. To measure the gap, identify all the factors, and then choose a partial remedy, the Performance Analysis may need multiple rounds or possibly just one. Hence, after the first

iteration, we must consider the gap to see if the chosen solution will in fact close it. This approach can be performed multiple times until a complete set of solutions is found. The aggregate of the "partial solutions" eventually becomes the Solution System.
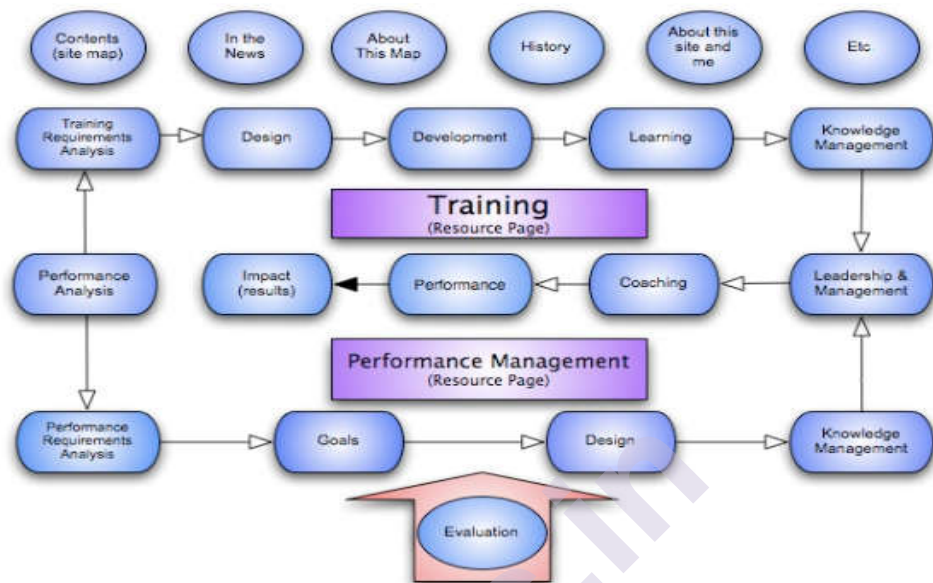
Performance Relationship Map

An examination of the training requirements is carried out if certain information, abilities, and attitudes are necessary. After defining the necessary needs, an effective strategy for creating training that will meet those needs is to do a training requirements analysis (Watkins & Kaufman, 1998). To do this, the learners, job or task, and environment are identified (Molenda, Pershing, Reigeluth, 1996). Moreover, a "cognitive job analysis" is typically required (Clark, R., 2002).

The following three procedures (nodes) are then put into practise for training:

1. Design: The process of design produces a blueprint of the strategies that will support the performance goals listed in the analytical procedures. Learning goals and learner assessments (tests) are created if training is necessary (Tovey, 1997, p. 44). Also, the fundamental "architecture" is established (Clark, R., 2000).

2. Development: According to the majority of instructional design theories, the development process should include at least three steps: Gathering content, adding context (experience that results in performance), and chunking and sequencing the material are the first three steps.

3. Education: This is the Implementation phase according to the ISD paradigm. Experiences that provide us the opportunity to (Wertenbroch & Nabeth, 2000):

● Do the activities

● Interact and socialize

● Reflection (Dewey 1933)

8.5 CONTRACTING FOR PERFORMANCE CONSULTING SERVICES

A business need, its underlying cause(s), and the training plan (if appropriate) that may address that need are all identified during performance consulting. Not all business challenges can or should be resolved with training, so it's critical to determine whether this is a viable option before moving further with performance consulting. E.g. the CTO head meets with the L&D leader due to an increase in risky email habits among staff members from various departments. She asks the L&D leader to arrange for company-wide cyber security training.

Enablers who specialize in improving employees' performance are called performance consultants. They work with enterprises to identify performance issues and provide fixes. They are specialists in business, human performance technology, partnership, and consulting. A performance consultant's primary responsibility is to determine and meet an employee's performance needs, but they are also Change Agents who are responsible for developing and sustaining strong relationships with organization leaders recorders for training and non-training actions, to measure any changes in performance and cost savings. Assessments are used by consultants to research performance gaps and the causes of these gaps.

Five stages of performance consulting have been defined by the training industry as forming a continuous cycle of activity: contracting, analysis, recommendations and agreements, implementation, and results assessment.

Performance-based contracting, sometimes referred to as performance-based logistics or performance-based procurement, is a method of procuring goods and services that aims to produce measurable supplier performance. Developing strategic performance indicators and closely linking contractual payment to success against these criteria are the main goals of a PBC strategy. Availability, dependability, support, maintainability, and total cost of ownership are examples of common metrics.

The most effective way to do this is through long-term, incentive-based contracts with agreed-upon, quantifiable, and specified operational performance standards set by the client. The goal of the incentive-based performance measurements is to encourage the supplier to adopt new procedures that provide better performance and cost efficiency. This contrasts with the traditional transaction-based, or waterfall method, where

payment is contingent upon meeting project deliverable and milestones. With PBC, it is essential to create a clear set of standards for the provider because a portion or the entirety of the payment is dependent on the provider's performance and the purchaser is not involved in the specifics of the process.

The following is a typical procedure for implementing a PBC:

Business Case: A document typically provided to top management to help them make decisions that examines the risks, rewards, and other potential consequences of a PBC.

Outcome: A succinct statement describing the anticipated outcome or ultimate deliverable of the contract is called an "outcome."

Measures: Determine the metrics that will be used to evaluate the performance of the organization in relation to the outcome statement.

Levels: Set performance standards for the performance metrics, i.e., what standards the contractor must meet.

Payment: Create a set of payment curves that outline the pay for performance system, i.e., the contractor's compensation based on performance level.

Incentives: Establish a set of rewards that will encourage positive behavior and deter undesirable behavior.

Contract: Draft, evaluate, workshop, and finalize a contract that addresses every facet of the relationship's performance, payment, and terms & conditions.

Review: Evaluate and analyze the results of the PBC while taking into account the various definitions of success from the parties to the contract.

8.6 ORGANIZING PERFORMANCE IMPROVEMENT DEPARTMENT

As a manager or leader, you must traditionally focus on the four areas known as the "4 P's of Performance" if you want your team to perform to its greatest potential.

They are:

- Priorities:

- People

- Processes

- Practices

Performance management is a systematic procedure used by organizations to include both individuals and groups of employees in enhancing organizational effectiveness in the pursuit of their missions and objectives.

Employee performance management entails:

- Scheduling tasks and establishing expectations;

- Continuously assessing performance;

- Building performance capability;

- Periodically summarizing performance ratings; and

- Rewarding excellent performance.

Effective businesses have managers and staff who naturally practice good performance management and effectively carry out each major component procedure. Routinely, objectives are set and work is scheduled. Employees receive feedback as well as measurements of the goals' progress. Although there are high expectations, the abilities required to meet them are carefully developed.

Rewards, both official and informal, are used to acknowledge actions and outcomes that help a task be completed. Performance management is achieved naturally and successfully when the five component processes—planning, monitoring, developing, rating, and rewarding—work together and support one another. It is therefore necessary to have a performance management model to improve the performances in the organization.
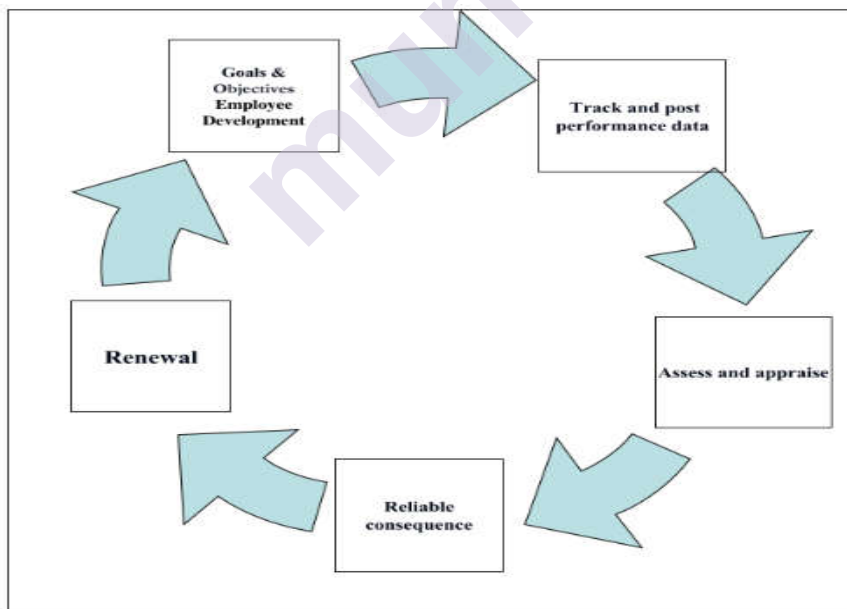
Performance Management Model

Employee Development

From the organization's overall objectives down to the group, unit, or team, and finally to the individual employee, there must be a direct line of sight. While providing transactional work standards to employees is simple, writing standards for occupations that are more challenging to quantify is far more complicated (e.g. management analysts, attorneys, human resource specialists, etc.) For these kinds of assignments, the emphasis must be largely on the caliber and timeliness of the work delivered, with another indicator for internal customer satisfaction comprising goals and objectives (at every level) of the company

Performance Metrics Tracking

Review the group's performance every day, every week, or every month as necessary. The more often the review sessions, the better. Teams of leaders frequently have to switch off on who is in charge of these ongoing evaluations and discussions of group performance. The more this information is published in real time (through your IT system), the better. This puts it in everyone's face, encourages discussion of performance concerns, and makes it possible to respond to issues with performance more rapidly. It is also possible to utilize a central site to measure overall performance and to show where it makes sense to motivate everyone to pay attention to performance all the time.

Assess and Appraise

Utilize data to form opinions about how the organization is doing, and then act accordingly by changing staffing or organizational structure, policy, or processes. You can also decide whether additional training is necessary, or whether a change in management's approach might be necessary. You can also give praise when it is appropriate. One firm discovered they were spending too much time conducting meetings after measuring how much time they were spending on various tasks. They were able to spend more time on direct labor since they reduced the amount of time they spent in meetings. Therefore, the idea of evaluating and assessing also applies to specific personnel. So there are no shocks when it comes time for performance reviews, they should frequently receive feedback on how they are doing. Hence it is recommended to give staff feedback each month, preferably in the form of printed report cards.

Reliable Outcomes

Reliable consequences for all levels of performance and behavior should be a core component of any performance system. In other words, exceptional teams or personnel should be recognized; average performers should receive grade raises but often not incentives; and bad performers should face more scrutiny and potential repercussions if their performance doesn't improve. The premise behind this is that the system should motivate workers to do better, which it will achieve if it is transparent and seen as fair.

On the other hand, if a low performer notices that management consistently takes action against individuals who don't live up to their standards (while initially attempting to help them improve), he will do everything in his power to step it up because he understands that his job may be in danger if he doesn't improve.

Yet, if people think that management just rewards its favourite and punishes those it disapproves of, the culture will erode because people will think that what matters is not what one does but who knows. On the other hand, employees are considerably more likely to be interested and dedicated if they feel they will be treated fairly and honestly.

Renewal

Renewal is based on the idea that you should reflect on the past, learn from your failures, and improve the organization via renewal. The Organization Systems Design (OSD) Model, which was improved by Paul Gustavson, is the finest tool for doing this. It helps to find the links between the systems and assess what worked and what didn't.
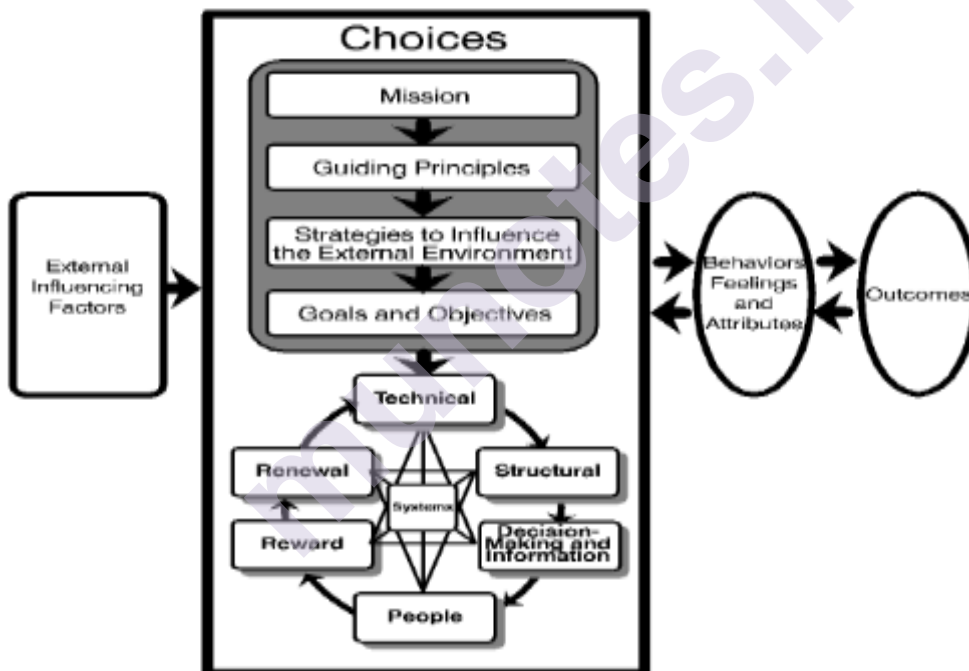
By comparing the past to this model, you can understand how your design decisions have a significant impact on your culture. Also, you may see any discrepancies in your systems and applications that may have confused your staff and distracted you.

Having a culture that genuinely rewards performance is the greatest approach to achieve outstanding long-term performance. Although it is difficult, creating such a culture is not impossible either. Such a culture necessitates a workforce that is well-developed and devoted, a management team that is willing to implement the systems in a fair and equitable manner, and the coordination of all of your systems with a clear performance emphasis.

8.7 SUMMARY

Performance Consulting is defined as a strategy process that boosts individual and organizational performance to create business results. Performance consultants carry out analyses, create training interventions, assess the effectiveness of the interventions, and, as necessary, modify the interventions based on the data. The annual performance evaluation is supplemented with performance management. Employees perceive managers' value in them as reflected in continual performance management.

When working with a department that is primarily concerned with the "people side" of the business, performance consultants often encounter three types of work i.e. transactional work, tactical work and strategic work. So, in order to make wise selections, the performance consulting mental model is useful. The SHOULD-IS-CAUSE logic and the Need Hierarchy make up this mental paradigm.

Performance management cycle, states the actions that needs to be taken to evaluate an employee's performance in the organization. Performance mapping is centered on the characteristics of peak learner performance and the factors that currently exist that are impeding that performance. Both performance and production have an impact on one another. Hence it is important to evaluate the performances based on the factors that contribute in aiding the performance analysis. Therefore several performance consulting stages have been defined by the training industry as forming a continuous cycle of activity i.e. contracting, analysis, recommendations and agreements, implementation, and results assessment. Also, building a culture that genuinely rewards performance is the greatest approach to achieve outstanding long-term performance. Such a culture necessitates a workforce that is well-developed and devoted, a management team that is willing to implement the systems in a fair and equitable manner, and the coordination of all of your systems with a clear performance emphasis.

8.8 SELF ASSESSMENT QUESTIONS

1. 'With performance consulting, businesses can improve both the individual and collective performance of their workforce.' Elaborate.

2. Explain the need for performance consulting in an organization.

3. What are the three types of work that are often encountered by the performance consultants while working with any department?

4. How is a mental model useful in making wise selections by performance consultants?

5. Write a short note on : Performance management cycle

6. Explain the importance of performance relationship maps in an organization.

7. How is performance evaluated and practiced in organization?

8. 'Performance-based procurement, is a method of procuring goods and services that aims to produce measurable supplier performance. Comment.

9. What is Performance-based contracting? Describe its procedures in brief.

10. Write a note on organization development.

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REWARD FOR PERFORMANCE

Unit Structure

9.1. REWARD SYSTEM

The term "reward system" refers to all financial, non-financial, and psychological benefits that an organization offers to its staff in exchange for the job they complete.

Extrinsic and intrinsic incentives may both be included in reward programmes. Extrinsic rewards are things an employee gets as part of their job, such as money and favorable working conditions. The satisfaction that comes from doing the work itself, such as a sense of personal fulfillment and of making a positive contribution to society, is referred to as intrinsic reward. Employers can encourage their employees to produce high-quality work by implementing an employee reward system. Since incentives are goal-oriented and include a reward, they vary from this programme. Team members who perform exceptionally well or are a valuable addition to the group receive rewards.

Companies frequently supplement their employees' pay with rewards to provide them with additional motivation. An employee may, for instance, receive a bonus in addition to their basic pay at the end of a pay period. Employees may also receive other tangible or monetary rewards distinct from their paycheck. This can consist of extra paid vacation days, business meals, or gift cards.

The following are some justifications for implementing an incentive system:

1.　　Greater attendance: Using a reward system may result in greater attendance because it can improve employees' motivation to come to work and complete their tasks. Additionally, it might motivate workers to remain with the company longer.

2.　　Better work quality: Because your team members are aiming for goals other than their basic pay, your team's work quality may improve. Everyone wins because the job you receive is of a higher caliber, and team members are rewarded for their growth.

3.　　Greater job satisfaction: Because organizations respect and honor their contributions, employees may experience greater job satisfaction with a reward system. This act of gratitude may encourage your team members to feel more devoted to the business.

4.　　Faster project completion: If your team members are working hard and efficiently to receive a reward of some sort, it can help meet project deadlines early. As a result of meeting project deadlines earlier than anticipated and producing high-quality work, this can enhance your company's reputation.

9.1. COMPONENTS OF REWARD SYSTEM

They make up the reward system of an organization. All of these factors must be properly taken into account when creating an efficient reward and compensation system, as explained below:

1) Financial Reward: Financial reward is direct monetary remuneration that includes paying employees in cash for job completed or increased effort. For instance, pay, bonuses, commission, and other compensation.

2) Non-Financial Reward: Non-financial rewards are indirect financial payments, such as the financial worth of goods and services an organization gives its staff members in lieu of direct payment of spendable cash. For instance, health insurance, life insurance, subsidized transportation, free uniforms, interest-free loans, and so forth.

3) Reward Policies: Reward policies will address the following issues -

i) Compensation Level: The company's stance on compensation levels reveals whether it is a high payer, content to pay median or average rates of pay, or even, incredibly, accepts that it must pay less than the average.

ii) External Competitiveness against Internal Equity: The external competitiveness of an organization's jobs is measured in comparison to the salaries of its rivals. When an employer pays wages that are proportionate to (equal to) the proportional internal worth of each employment, internal

equality exists. This is established according to the employer's opinion of the importance of the task accomplished.

iii) Assimilation Policies: When a new or significantly updated pay structure is introduced, policies on how existing employees should be assimilated, or modified into it, must be devised. These regulations specify where individuals should be put in their new grades and what will happen to them if their new grade and pay range cause their current rate to fall within or exceed the new scale for their position.

iv) Protection Policies: Protection (also termed safeguarding) is the process of dealing with the issue when, following the introduction of a new pay structure, the existing salary of some employees may be above the maximum for their new grade and they are therefore 'red-circled. The usual rule is that no one should lose any of their current wages in these situations.

v) Transparency: Without a clear explanation of the organization's incentive policies and procedures, there is little hope of developing a fruitful psychological contract. Achieving transparency requires participation and communication.

4) Psychological Satisfaction: This type of reward includes chances to do meaningful work, social contacts with coworkers, opportunities for job training and career advancement, recognition, company brand, and a variety of other related elements.

5) Pay Structures: Depending on market rates and the organization's employment structure, businesses may create multiple pay structures. Exempt and non-exempt structures, pay structures based on job families, and pay structures based on location are examples of typical pay structures:

i) Exempt and Non-Exempt Pay Structures: Exempt positions are exempt from the act's provisions requiring overtime compensation. The primary parameters of pay for these positions are typically specified as an annual salary. The act's provision on overtime pay applies to non-exempt jobs. The core pay for these jobs is therefore stated as an hourly pay rate. These pay structures are set up by businesses for administrative cases. Exempt and non-exempt jobs are distinguished by some generally consistent characteristics, According to the Fair Labor Standards Act, exempt employment are typically executive, administrative, or professional positions with a wide range of responsibilities. Non-exempt positions are typically not supervisory in nature, and their responsibilities are frequently clearly outlined.

ii) Compensation Structures Based on Job Family: Several job families include executive, managerial, professional, technical, clerical, and artisan positions. Moreover, pay structures are created based on job families, each of which has a unique market salary pattern.

iii) Pay Structures Based on Geography: Businesses with numerous, geographically dispersed locations, such as sales offices, manufacturing plants, service centers, and corporate offices, may create pay structures based on standard pay rates in various geographic regions because local economic conditions may affect pay levels. Compared to the south and southeast of the country, the northeast of the United States has a significantly higher cost of living.

6) Basic Pay: Base (or basic) pay refers to the amount of compensation (the set wage or salary) that makes up the rate for the position. It might give you a way to decide on additional income based on your performance, talent, or competency. Moreover, it might control life insurance and pension eligibility. Jobs' base pay scales take into account both internal and external relativities. Some type of job assessment that classifies jobs in a hierarchy and measures job evaluations' internal relativities may be used (although the trend now is to play down the notion of hierarchy in the new process-based organizations). By monitoring market rates, external relativities are evaluated.

7) Job evaluation is a methodical procedure for determining the relative value or size of a work within an organization. It establishes internal relativities and serves as the foundation for creating a fair grade structure, grading tasks within the structure, and managing relativities. It does not have a direct impact on pay scale. The creation of job descriptions or role profiles is based on the examination of jobs or roles.

8) Contingent Pay: Extra monetary rewards that are contingent upon performance, competence, contribution, skill, and/or experience may be given. Contingent pay is the term used to describe this. Such payments can be referred to as variable pay if they are not included to basic pay. Pay at risk is another term for variable pay. For instance, commission-only sales agents' compensation is completely vulnerable. The most common forms of contingent remuneration are:

i) Individual Performance-Related Pay: This type of compensation determines base pay increases or cash incentives based on performance evaluations and ratings (also known as merit pay).

ii) Bonuses: Cash payments made in lump sums in accordance with the accomplishments made by individuals, teams, or the company as compensation for successful performance.

iii) Incentives: Payments associated with achieving previously established goals; these payments are intended to inspire individuals to work at a higher level. Often, the goals are specified in terms of production or sales.

iv) Commission: This unique type of incentive pays sales people based on a proportion of the sales value they produce.

v) Service-Related Pay: This type of pay rises in fixed increments according to a scale or pay spine and may occasionally be adjustable in accordance with performance.

vi) Competence-Related Pay: The amount of pay that is tied to competence varies depending on the individual's level of competence.

vii) Contribution-Related Pay: This system links compensation to inputs as well as results (performance) (competence).

viii) Skill-Based Pay (also known as Knowledge-Based Pay): This type of compensation is based on the amount of skill a person reaches.

ix) Career Development Pay: It rewards individuals for accepting more responsibility as their career progresses laterally within a broad grade (a broad-banded pay structure).

9) Allowances: Allowances are components of pay that come in the form of a distinct sum of money for things like overtime, shift work, call-outs, and residing in big cities like London. London or large-city allowances were occasionally combined; businesses that were streamlining their pay structures may "buy out the allowance" and raise base pay as a result.

10) Total Earnings: Base pay plus any additional payments are typically added together to determine total earnings.

11) Total Remuneration: The sum of all cash payments (total earnings) and benefits that employees receive is their total remuneration.

9.3 OBJECTIVE OF REWARD SYSTEM

What do businesses want a rewards programme to accomplish? The following are among the most essential objectives:

● to support organizational objectives by coordinating employee goals with these.

● to make certain that the company can find and keep an adequate number of qualified employees.

● to inspire workers.

● to match the organization's risk preferences with those of managers and workers.

● to abide by regulatory requirements.

● to act morally.

● to be inexpensive and simple to use.

9.4 LINKAGE OF PERFORMANCE MANAGEMENT TO REWARD AND COMPENSATION SYSTEM

To improve employee retention and dedication to work, which eventually improves the employee's contribution factor, a connection between incentive and performance should be developed. Pay for Performance is a strategy created for this purpose. Workers should perform effectively to be

paid. variable compensation depending on their great performance should be stated in addition to the base pay, based on the job description. Although a pay increase can help employees feel more motivated, what they really want is for their work to be valued and recognised by society. This is where employee recognition programmes come in. Many workers lose interest in their jobs.

Advantages of Performance-Based Rewarding

1. Using Performance-based an organization's and employees' benefits from a rewarding approach might be numerous.

2. Reduced attrition rates encourage long-term commitment and personnel retention. The organization's financial stability is aided by lower recruitment costs as a result of higher staff retention and a lower attrition rate.

3. Encourage workers to perform at a higher level in accordance with the objectives of the company. Workers are given a clear understanding of what has to be done to achieve the goals.

4. Increased employee involvement (Participation Management) leads to improved autonomy, increased productivity, and increased satisfaction. Workers are more confident and innovative at work because they feel like they are a part of a great success.

9.5 PERFORMANCE MANAGEMENT PITFALLS AND REMEDIES

Conventional employee performance evaluation's drawbacks:

1. Competencies/Skills Gaps: Organizations turn a blind eye to the lack of certain skills in the people, positions, or groups they are in charge of. Because of this ignorance, managers frequently fail to recognise the abilities that both the company and its people require.

2. Irregular performance activities: There aren't enough formal management and performance evaluation processes in place. As a result, until the next planned performance review, organizations are ignorant of performance concerns that are brewing or entrenched within the workforce.

3. Lack of Objective Evaluation: All too frequently, a manager's judgements about an employee's performance are used. Thus, if a manager provides less than positive feedback, their neutrality may be called into question—even if they are the most successful manager.

4. In most organizations, the job description serves as the main yardstick by which performance is assessed and controlled. Employees are left wondering what their performance expectations are due to irrelevant or ambiguous job descriptions, and managers find it difficult to manage such ambiguous expectations.

5. Insufficient feedback: Telling employees merely how well or poorly they perform is insufficient as a performance management measure. Feedback must provide specific steps for performance improvement in addition to reviewing and highlighting performance gaps.

6. Formal evaluation systems are insufficient: One problem with performance management systems is that they are sometimes too formal. These methods are ineffective because they are frequently done using a template- or cookie-cutter-based approach and are frequently planned as yearly or biannual processes. When it comes to timely and in-the-flow-of-work performance management, an excessive dependence on formal assessment methods is frequently insufficient.

7. Lack of a "strategy" for dealing with below-par performance: Identifying performance gaps is useless if no plan is in place to fix them. A missed opportunity for performance management results from the absence of a performance improvement strategy.

Improved Performance Management: The Way Forward

Here are a few remedies to the issues with performance management outlined above:

1. Gaps in competencies and skills must be identified for improvement and improved performance management, and they must then be promptly filled. To remedy these gaps, appraisers may recommend further training, improved supervision, or even the assignment of coaches and mentors.

2. Regular assessments, check-ins, and other forms of feedback are crucial components of a strong performance management process. Don't merely use yearly or biannual cycles to get performance improvement input. Better performance may be achieved at all levels using real-time feedback (in-the-flow-of-work) management (observe, instruct, encourage, coach, and assess).

3. Lack of Objective Assessment: Implementing methods like 360-degree appraisal, on-the-job assessment, management by objectives, peer reviews, and trait/behavior-based appraisals are suggested ways to improve objectivity in assessments.

4. Job descriptions that aren't relevant: Clearly describe a worker's position within a team and the overall organization, talk about performance goals, and make sure it's clear how performance will be evaluated. Establish SMART (smart, measurable, attainable, realistic) performance goals as part of the job definition. Connect a person's performance against their job description and the company's goals.

5. Insufficient feedback is frequently the result of either giving feedback that is either superficial ("Needs improvement" or "Work on communicating better") or giving criticism that is given after a possible "teachable moment" has already gone. Providing feedback that is brief but

clear and covers a wide range of performance measures is a fantastic method to deal with this problem.

6. Lack of a "plan" in case of subpar performance Implement a strong performance support system as part of a performance management strategy. Consultations and counseling, suggestions for extra training, recommending refresher courses, ongoing skill improvement, or the assignment of mentors are all parts of the plan.

7. A high-performing staff is necessary for an organization to perform well in all areas, including profitability, competitiveness, brand loyalty, reputation, pricing power, and market share growth. And improving performance management is necessary to get workers to perform at their best. Organizations risk losing skilled and seasoned personnel to the competition if supervisors don't do a good job of performance management or if underlying issues with performance management systems are persistently disregarded.

9.6 RECOGNIZING THE PROBLEMS AND PITFALLS LIMITATIONS, SHORTCOMING OR EFFICIENCIES OF PERFORMANCE APPRAISAL

1. Don't evaluate actual performance; instead, have managers characterize "the person," including their personal "traits" (such as dedication), expertise (such as technical understanding), or behaviors (i.e. attendance). These elements could influence performance, but they don't represent real output. "Person appraisal" is the term to use if you wish to evaluate the individual. Performance is measured by production volume, quality, cost, and reactivity.

2. Infrequent feedback - it makes no sense to do the procedure once a year if the main objective is to find and fix performance problems. Everywhere else in the company, a quality assessment/control software would run in real time. Quarterly formal input, similar to the GE procedure, should be the absolute minimum.

3. Non-data-based assessment – Most procedures rely solely on the recollection of individuals doing the assessment since it would be too difficult to pre-populate the forms with data to guide conclusions (cynicism). Moreover, the majority of evaluation criteria are ambiguous and subjective.

4. Absence of effectiveness metrics – Many people agree that the process's objectives are to acknowledge results, offer feedback to rectify deficiencies, identify underperformers, and determine what training is necessary. Sadly, process owners almost ever assess how their processes are helping to achieve any of these objectives. The percentage of completed evaluations is the more typical metric in relation to performance reviews.

5. There is a lack of accountability; supervisors are not held to standards or required to give honest feedback. Although employees could be

reprimanded for finishing them late, there is no punishment for doing a shoddy job or making mistakes, both of which are quite prevalent. One corporation seeking to terminate a difficult employee found that the management had ranked the individual the highest within the department and awarded them employee of the year.

6. Corporate culture difficulties – firms may be unable to modify their cultures due to subjective assessments. Performance reviews can be impacted by cultural norms and beliefs in some workplaces. For instance, regardless of their actual performance, new recruits at one business were automatically assigned an average rating for their first year. One of my top performers who was given this cultural gift unexpectedly left her job.

9.7 EFFICIENCIES OF PERFORMANCE APPRAISAL

1. Quickly developing firms must explicitly explain the role of each employee in attaining the vision and objectives to provide transparency across all levels. Employees perform better when they are aware of the what, how, and why of their jobs.

2. Leaders must instruct team members on how to reach their destination while also helping them think and come up with ideas for the best course of action.

3. Create excellent Objectives and Key Results that outline the main goals and crucial outcomes they are connected to in order to harmonize expectations.

4. The KPIs must be tailored and modified in accordance with the unique work cultures of fast-growing organizations in order to meet certain business requirements.

9.8 GUIDELINE FOR PERFORMANCE APPRAISAL AND GOOD PRACTICES

The willingness and commitment to focus on daily performance improvement at the level of the individual or team are required for the performance evaluation. An ongoing performance assessment system acts as a compass, giving instantaneous, real-time information about the deviation from one's intended direction. In order to implement a strong performance assessment system, managers must deliver timely performance feedback while continually keeping everyone's attention on the main goal of outperforming the competition in the market.

One of the best tools for improving individuals is a well-written performance assessment. The efficacy and perceived worth of your team inside your business would be greatly increased by using the following recommendations for performance assessments.

1. Raise the amount of comfort that workers have with performance reviews. Explain the assessment procedure, grading system, and appraisal form at the start of each review period. Decide on performance goals and benchmarks for the next evaluation period.

2. See team assessments as a chance to improve the effectiveness and efficiency of the team. Assess performance using mutually agreed-upon standards that are relevant to the work, then discover and recommend measures to enhance outcomes.

3. Encourage staff to retain continuing records in addition to the organization's records.

To offer a true, comprehensive review of the results of the employees, use examples, facts, and accomplishments taken from these continuing records. Precise language helps employees stay on task, supports ratings, and provides them with a tangible tool to enhance or sustain performance.

Employ objective (factual) language to focus on observable behaviors rather than on personality qualities when writing performance evaluations that are believable and promote desirable behaviors.

4. Encourage and recognise employees to reach their greatest potential. Cite successes and make improvements using enlightened language. So be cautious to take into account how remarks using harsh language may affect staff members.

5. Benefits from the language may be used to inspire workers and encourage desirable behavior. Inform staff members and the management above them of the importance and value of their activities.

6. Use performance reviews to analyze and discuss the year's performance. The impact of feedback to an employee is greatest soon following a particular activity. Have an immediate or short-term focus when drafting action plans for development requirements, relate the plan and any recommended training to the team's business objectives, and avoid making insignificant remarks that devalue the whole evaluation. Focus the performance review on important areas for improvement and noteworthy successes.

9.9 SUMMARY

Companies frequently supplement their employees' pay with rewards to provide them with additional motivation. An employee may, for instance, receive a bonus in addition to their basic pay at the end of a pay period. Employees may also receive other tangible or monetary rewards distinct from their paycheck. Reward policies will address issues such as Compensation Level, External Competitiveness against Internal Equity, Assimilation and Protection Policies as well as Transparency, Psychological Satisfaction and Pay Structures.

To improve employee retention and dedication to work, which eventually improves the employee's contribution factor, a connection between incentive and performance should be developed. Pay for Performance is a strategy created for this purpose. Workers should perform effectively to be paid.

There are several performance evaluation drawbacks such as Competencies/Skills Gaps, Irregular performance activities, Lack of Objective Evaluation, Insufficient feedback, Formal evaluation systems are insufficient, Lack of a "strategy" for dealing with below-par performance: Identifying performance gaps is useless if no plan is in place to fix them.

It also comprises few remedies to the issues which appraisers may recommend further training, improved supervision, or even the assignment of coaches and mentors to fill gaps in competencies and skills.Regular assessments, check-ins, and other forms of feedback are crucial components of a strong performance management process. Implementing methods like 360-degree appraisal, on-the-job assessment, management by objectives, peer reviews, and trait/behavior-based appraisals are suggested ways to improve objectivity in assessments. Establish SMART (smart, measurable, attainable, realistic) performance goals as part of the job definition. Connect a person's performance against their job description and the company's goals.

Consultations and counseling, suggestions for extra training, recommending refresher courses, ongoing skill improvement, or the assignment of mentors are all parts of the plan.

Person appraisal is the term to use if you wish to evaluate the individual. Performance is measured by production volume, quality, cost, and reactivity. There is a lack of accountability; supervisors are not held to standards or required to give honest feedback. Performance reviews can be impacted by cultural norms and beliefs in some workplaces.

There are several efficiencies of performance appraisal such as quickly developing firms must explicitly explain the role of each employee in attaining the vision and objectives to provide transparency across all levels by providing excellent KPIs and Objectives and Key Results that outline the main goals and crucial outcomes they are connected to in order to harmonize expectations.

For such efficiencies a proper Guideline for performance appraisal and good practices must be followed with tools such as performance assessment for improving individuals.

1. Explain what is meant by reward system and state the advantages and purposes of a reward scheme

2. State the objectives of the reward system.

3. What are the various components of the reward system?

4. 'Pay structures are an essential component of reward systems.' Justify.

5. What are the various shortcomings of the performance assessment and how to resolve them?

6. Do we need guidelines for performance appraisal? Why?

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ETHICS IN PERFORMANCE MANAGEMENT

Unit Structure

An organization's ethical behavior is crucial for conducting business in the cutthroat market of today. An ethics professor named Brenner (1992) made the following observation: "A corporate ethics programme is made up of beliefs, rules, and activities which effect the propriety of organization behavior." This kind of behavior is crucial to the success of the corporation as a whole.

Six components are included in the organizations' definition of a robust ethics and compliance programme.

1. Written guidelines for moral behavior at work

2. A way for staff members to anonymously report ethics infractions

3. Orientation or instruction on upstanding behavior at work

4. A dedicated location, phone number, email address, or website where staff members can seek guidance on matters of ethics

5. Assessment of moral behavior as part of routine performance reviews

6. Employees who violate company ethics may be disciplined.

10.1 ETHICAL PERFORMANCE MANAGEMENT

The process of rationally determining "What values to hold and when to hold them" is known as ethics. A moral principle or set of moral values that a person or group of people upholds

According to the rules of professional conduct, ethical means having or being based on a set of moral standards regarding what is good and wrong. Standards and moral judgment used by managers in their work are known as managerial ethics.

Ethical Conduct

1.   Greater loyalty among employees

2.   Encouragement of selflessness

3.   Adherence to organizational rules

4.   Decrease in turnover

5.   Customer satisfaction

Unethical Conduct

1. Manufacturing: Using materials of low quality

2. Marketing: Misleading customers about the differences between a product's characteristics or services.

3. Distribution: Adjusting booked orders' priorities without notifying consumers.

4. Customer service: Breaking promises made about guarantees.

In order for a business organization to specifically safeguard their interests, organizational stakeholders, which include individuals, groups, and organizations of various forms, engage into a relationship with the firm. As a result, there is a shared expectation that business organizations and stakeholders would operate morally and in each other's best interests. Relationships may be strained and the organization's reputation may be harmed by a stakeholder's or the organization's choice to act unethically. Organizations are frequently motivated to promote and support ethical conduct as well as to avoid and report unethical activity by the heightened risk of reputational damages and harm from bad headlines.

Furthermore, in a world where many people use mobile technology to access social media, the risk that unethical behavior will harm an organization's reputation is arguably much higher than it was in the past because it is simpler to record behavior on video, capture it in photos, share it online, and turn it into headlines than it was in the past. Beyond protecting one's reputation, ethical behavior in the workplace has other advantages. Employee perceptions of an organization's ethical behavior can lead to favorable consequences and greater financial results. Employee performance, work happiness, organizational commitment, trust, and organizational citizenship behaviors can all be improved by perceived ethical conduct. Altruism, conscientiousness, civic virtue, sportsmanship, and civility are examples of organizational citizenship behaviors.

10.1.1. Objectives of Ethics in performance Management

Providing an honest assessment of performance and together developing a strategy to increase the individual's effectiveness are the two main goals of performance appraisal. Making individuals aware of where they stand in terms of performance success is a prerequisite for the same. Structured performance objectives are established to guarantee adherence to the performance principles, keeping the following factors in mind:

1. Adequate explanations of the organization's goals and purpose.

2. Priority issues, such as upholding principles or accomplishing performance objectives.

3. The way in which employees help the business achieve its goals.

4. The organization's main goal is to achieve performance.

5. Retaining and cultivating talent of the organization.

6. Strengthening the overall performance and culture of the organization.

7. Ensuring that the legal compliances are met and followed strictly for the wellbeing and the hygiene of the organization.

8. Generating a better reporting policies and framework to motivate the employees to perform fairly in the organization.

10.1.2 Significance of Ethics in Performance Management

Putting in place procedures to guarantee that there are ethical working conditions and views of organizational support. Reactive systems are used by many firms to flag unethical activity. But, implementing a proactive employee voice system and using voice of the employee technologies to proactively provide employees the ability to be heard is the single most significant thing firms can do differently to encourage ethical conduct. Systems that encourage reporting unethical activity and effectively support ethical behavior satisfy five essential criteria:

1. Be simple to comprehend, relevant to the entire business and all employees, and capable of accurately diagnosing problems

2. Be simple to use, extensively publicized, and available to all workers

3. Be proper in giving and incorporate complaint follow-up

4. Being responsive means being on time, being accommodating to management, and delivering outcomes.

5. Managers and workers must be safeguarded from retaliation and must remain anonymous.

10.2. ETHICAL ISSUES AND REMEDIES IN PERFORMANCE MANAGEMENT

"An ethical problem is not a decision between right and evil, but a choice between two rights." remarked Rushworth Kidder in 1995.

While many managers in businesses talk about ethics, they seldom notice or take action on ethical concerns in the course of their daily administrative tasks. Most ethical difficulties in organizational settings come from interpersonal connections. Performance management is fundamentally an organization's commitment-based framework. This aims to coordinate employee behavior and activity with the intended organizational goals. Employees are the center of the organization, and as a result, their beliefs, values, behaviors, and actions profoundly affect the outcomes of the organization. Most organizations are aware that employees are more likely to engage in behavior that is acknowledged and rewarded than avoid behavior that is sanctioned.

For instance, there is a performance-based incentive system in a reputed company, where one of the employees has performed really well over the entire year and merits considerable acknowledgment. However, the employee is already getting the highest pay grade for his position. Because there are too many employees in the grade above him in the company, the firm is unable to promote him.

Similarly, there are many such ethical problems and conundrums:

1. Performance Evaluation

While evaluation of a person's performance is dependent on observations and judgment, and HR managers are required to watch the performance in order to assess its efficacy, performance appraisal lends itself to ethical difficulties. The managers often give the highest ratings to the workers they view as their loyalists, inflate their performance evaluations, and reward them for output they have never demonstrated or probably could never provide. These forms of unethical managerial behavior and behaviors in such circumstances have a negative impact on the rest of the staff, especially performers.

2. Discord in Values

Every organization has its own set of fundamental principles, and these principles are expected to be upheld and lived by all members of the organization. On the other hand, if we take into account the employees, they too have their own set of values and objectives and choose to adhere to them above the ideals of the company.

3. Occupational Politics

Today's top issue is workplace politics, and a poll found that managing disputes between employees takes up around 18% of an administrator's

time. This kind of circumstance also indicates that such purposeful behavior is used to gain control or to further one's own interests.

4. Workplace Engagement Giving Out Extra Credit

It has been observed that many bright employees demonstrate a lack of enthusiasm in their work and make an effort to perform at the bare minimum to keep their employment. It has been noted that they largely wasted their valuable time on other pointless pursuits. As an illustration, consider employees that log on to the company's internet during working hours and lose productivity as a result.

5. Unlawful and Unethical Behavior

Being loyal is a moral virtue, and many people feel compelled to further the interests of close friends or special organizations. Yet, the main devotion is to the moral code and the common good, and these duties might turn out to be immoral when they include ensuring that a particular group or person gains at the expense of other groups.

6. Giving Biased Recognitions

Many managers give their staff members' work the appearance of being their own and claim unwarranted credit for their efforts. Some supervisors misappropriate their subordinates' excellent work as their own because they are either inept or disliking their jobs, which has a negative effect on staff performance.

7. Multiple allegiances

As an ethical principle, loyalty makes many people feel compelled to further the goals of close friends or special organizations. The greatest allegiance, however, is to the moral code and the common good, and these commitments can turn immoral when they go so far as to ensure that a particular group or person gains at the expense of other groups.

The issue is that while many businesses deploy voice of the employee systems with the best of intentions, the voice of the employee tools actually employed are ineffective. It is important to use voice-of-the-employee techniques, such as interviews and surveys, to proactively identify and curtail unethical behavior:

1. Utilizing an Open-Ended Question to make sure all potential problems are found, the voice of the employee initiatives should concentrate on posing an open-ended query concerning knowledge of compliance-related problems. Closed-ended inquiries don't give you the chance to find every potential problem or all the information you need to comprehend a problem.

2. Externally, to ensure accuracy, the study should be carried out by a neutral third party in order to eliminate biases and obstacles that prevent employees from feeling free to voice their genuine opinions about unethical behavior in the workplace. Internally, it's possible that

employees aren't being completely honest with the company, therefore actual perceptions aren't shared. Workers could be hesitant to let their management down or risk disappointing them. When carried out outside, data is methodically gathered and fully reported.

3.   It is essential to use a mixed methods research instrument that asks "why?" in an open-ended, qualitative way in order to avoid restricting the range of what can be learned from each individual employee in order to obtain detailed reasons for perceptions of unethical behavior. Third-party researchers can provide high-quality online and telephone interviews that systematically record in-depth qualitative replies. You may get in-depth information and uncover the roots of perceptions by asking fewer open-ended questions and particularly following up to inquire why the participant views unethical conduct.

4.   Data should be systematically collected for use in further data gathering and analysis in order to track trends and development. In order to enable future reporting and analysis, external research employs a standardized question set, data collecting equipment, and a trustworthy technique to gather responses. Next, using this data, issues that could be present in particular employee groups, departments, job categories, or even supervisors, can be found.

The stakeholders' conflict over right and wrong also effects a perceived ethical or immoral reputation of the organizations. Hence, it is crucial to aggressively encourage ethical behavior inside your company before you risk being completely demolished by tomorrow's news.

Voice of the Employee Lifecycle Research
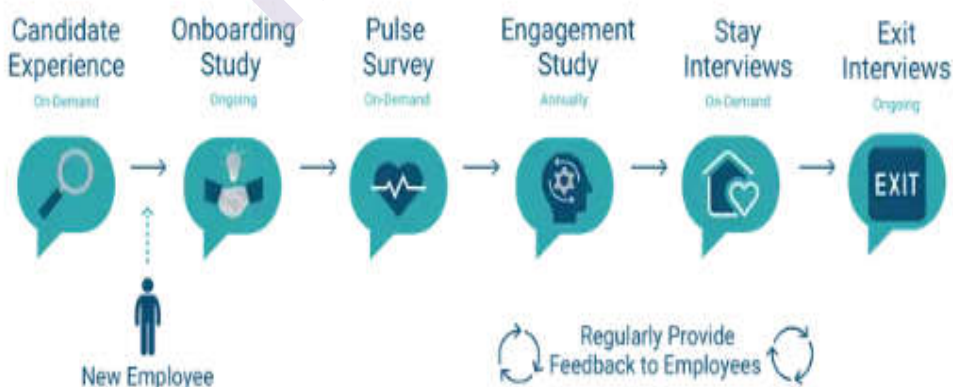
10.2 ETHICAL STRATEGIES IN PERFORMANCE MANAGEMENT

The following list of essential rules will help the company sustain a moral performance management system:

1. Creating Standards is the responsibility of HR

● The development of HR functions is the responsibility of the HR professionals in a business to offer value. They are also in charge of preserving the organization's balance between ethical behavior and performance progress. When it comes to dealing with morality, integrity, and honesty concerns with other stakeholders, notably customers, suppliers, and society at large, HR professionals must function as ethical stewards and teach and develop human resources.

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● Professionals in human resources must work to uphold the highest standards of knowledge and morality. The goal is to consistently and continuously stay informed on corporate strategy, mission, and objectives. They must spearhead widespread ethical training for senior management and staff. The importance of ethics in achieving high performance standards must be made clear to them. With the performance management system, HR professionals must communicate ethics to staff members, supervisors, and external stakeholders.

2. Fairness and justice in ethical leadership

● Human resource professionals need to demonstrate individual leadership if they want performance management to be a really business-aligned, transparent, and credible management activity. To help their organizations, they ought to serve as ethics communicators.

● There should be fairness and justice in regards to incentives and recognitions for employee job successes and their contribution to enhancing organizational competence and performance.

● Human resource professionals have a moral obligation to advance justice and fairness inside the company, and they must foster a climate where moral conduct and action are important performance indicators.

3. Conflict Resolution Information Transfer

● To prevent conflict between managers and workers, employers and employees, and employees and the organization over specific matters

linked to incentives and recognition, etc. They must protect the interests of all parties.

● The human resource specialists should guarantee communication is genuine. It must pertain to performance evaluations and counseling, assisting senior management in making wise personnel decisions.

10.3. PERFORMANCE MANAGEMENT IN MULTINATIONAL CORPORATIONS

The evaluation of a person who temporarily works for a foreign company in order to impart knowledge or cultivate global leadership abilities is known as international performance management. International performance management should, at its best, contribute to the overall business objectives. The management of expatriate performance is fraught with difficulties as each firm may have different requirements. To the best of one's ability, try to identify the difficulties that a business is likely to face and make plans to address them in the expatriate performance management plan.

Environmental Changes

Systems for performance management rarely function the same way domestically and abroad. International performance evaluations typically need to be tailored to each expatriate because of environmental variances, including differing growth rates, the local surroundings, and changes in performance.

Distance and time

Technology advancements have made this less of a problem than it formerly was, but local infrastructure and time zones will affect performance and evaluations. This is especially true for expats who work in developing nations.

Cultural adaptation

Performance is likely to be impacted by the employee's capacity to adapt to both the general culture in their new nation and the organizational culture within the subsidiary. The development of a quantifiable international performance management system will be facilitated by the HR team, the management team, and the employee having a thorough awareness of the local organizational culture.

Implementation irregularity

Like any performance improvement, it will only be effective if it is used consistently throughout all corporate divisions. When it comes to most Human Resource functions, oversight of this might be difficult.

For a global human resources manager, creating a system that will function well across markets is a huge task. An expatriate performance management system's ultimate objective is to identify, enable, and promote performance in the person and the teams they work with. The international performance management system of an organization should make it possible for managers of foreign workers to establish quantifiable, precise targets that support the company's overarching goals. Setting goals alone, however, is insufficient for success; the programme also has to include a way to evaluate achievement over the course of a year, many times.

Employees must be able to remove obstacles to performance, such as old hardware or software, inadequate processes, and micromanagement, in order to meet the goals that have been set. Yet, depending on where they are situated, overseas employees could experience additional challenges with regard to governmental obligations or personal safety. In this aspect, flexibility must be considered while creating an expat performance management system.

Lastly, it has been demonstrated that promising performance is still another indicator of a successful overseas assignment. The techniques used to reward performance may differ from one nation to the next. While more pay may be effective at the corporate level, other nations may place a higher importance on time off or other perks. Surveying foreign staff is the quickest and most straightforward approach to learn what could perform best.

A well-thought-out training strategy for all stakeholders is crucial to the success of global performance management. After the process is finished, managers must be held responsible for rolling it out to all of their own staff members. Ideally, upper management and/or human resources will do this through their own performance reviews.

The new expatriates must be provided with the resources they need to succeed as a global HR manager to avoid costly expat failure. The variations in how performance feedback should be given across cultures must be taken into consideration while developing a cross-cultural performance improvement strategy. For instance, criticism should be straightforward and actionable in some European cultures, yet in some Asian cultures, the same criticism can result in an intolerable loss of face for the employee. In order to create standards for how feedback should be given, it is crucial to understand the local culture.

10.4 SUMMARY

An organization's ethical behavior is crucial for conducting business in the cut throat market of today. Six components are included in the organizations' definition of a robust ethics and compliance programme include written guidelines, staff members confidentiality to report ethics infractions, orientation on upstanding behavior at work, maintain norms and provide feedback.

The process of rationally determining "What values to hold and when to hold them" is known as ethics. The ethical conduct of the employees must always be upheld and safeguarded. In order for a business organization to specifically safeguard their interests, organizational stakeholders, which include individuals, groups, and organizations of various forms, engage into a relationship with the firm. As a result, there is a shared expectation that business organizations and stakeholders would operate morally and in each other's best interests. Relationships may be strained and the organization's reputation may be harmed by a stakeholder's or the organization's choice to act unethically. Employee perceptions of an organization's ethical behavior can lead to favorable consequences and greater financial results.

Providing an honest assessment of performance and together developing a strategy to increase the individual's effectiveness are the two main goals of performance appraisal. Making individuals aware of where they stand in terms of performance success is a prerequisite for the same. Reactive systems are used by many firms to flag unethical activity. But, implementing a proactive employee voice system and using voice of the employee technologies to proactively provide employees the ability to be heard is the single most significant thing firms can do differently to encourage ethical conduct.

Most ethical difficulties in organizational settings come from interpersonal connections. It is important to use voice-of-the-employee techniques, such as interviews and surveys, to proactively identify and curtail unethical behavior. Several ethical strategies in performance management that help the company sustain a moral performance management system are creating standards, development of HR functions, uphold the highest standards of knowledge and morality ,fairness and justice in ethical leadership and provide conflict resolution information transfer.

The evaluation of a person who temporarily works for a foreign company in order to impart knowledge or cultivate global leadership abilities is known as international performance management. International performance management should, at its best, contribute to the overall business objectives. The management of expatriate performance is fraught with difficulties such as environmental changes, distance and time, cultural adaptation, implementation irregularity as each firm may have different requirements.

An expatriate performance management system's ultimate objective is to identify, enable, and promote performance in the person and the teams they work with. The international performance management system should make it possible for managers of foreign workers to establish quantifiable, precise targets that support the company's overarching goals. Since promising performance is still an indicator of a successful overseas assignment. Also provide new expatriates with the resources that they need to succeed as a global HR manager to avoid costly expat failure. In

order to create standards for how feedback should be given, it is crucial to understand the local culture.

10.5 SELF ASSESSMENT QUESTIONS

1. What do mean by retaining ethics in performance management? State the various components to be included while maintaining ethics.

2. What according to you are the unethical and ethical practices that one must follow?

3. 'Relationships may be strained and the organization's reputation may be harmed by a stakeholder's or the organization's choice to act unethically.' Explain

4. State the various objectives and significance of ethics in performance management.

5. "An ethical problem is not a decision between right and evil, but a choice between two rights." Comment.

6. What are the various issues faced while deploying voice of the employee systems in the organization?

7. State the various ethical strategies that one must follow in performance management.

8. Explain how performance management is evaluated in multinational companies.

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