

**UNIT 1**

**PERFORMANCE MANAGEMENT**

## PERFORMANCE MANAGEMENT

### A Definition:

Performance management is the process of ensuring individual and team effort support the organisational objectives and to realise key stakeholder expectations and wealth creation in all the identified value drivers of the organisation.

### Thus:

- Planning is crucial
- Stakeholder expectations are key drivers
- Management and employee buy-in and involvement are paramount
- Link to and alignment with strategy



# The Nature of Performance Management



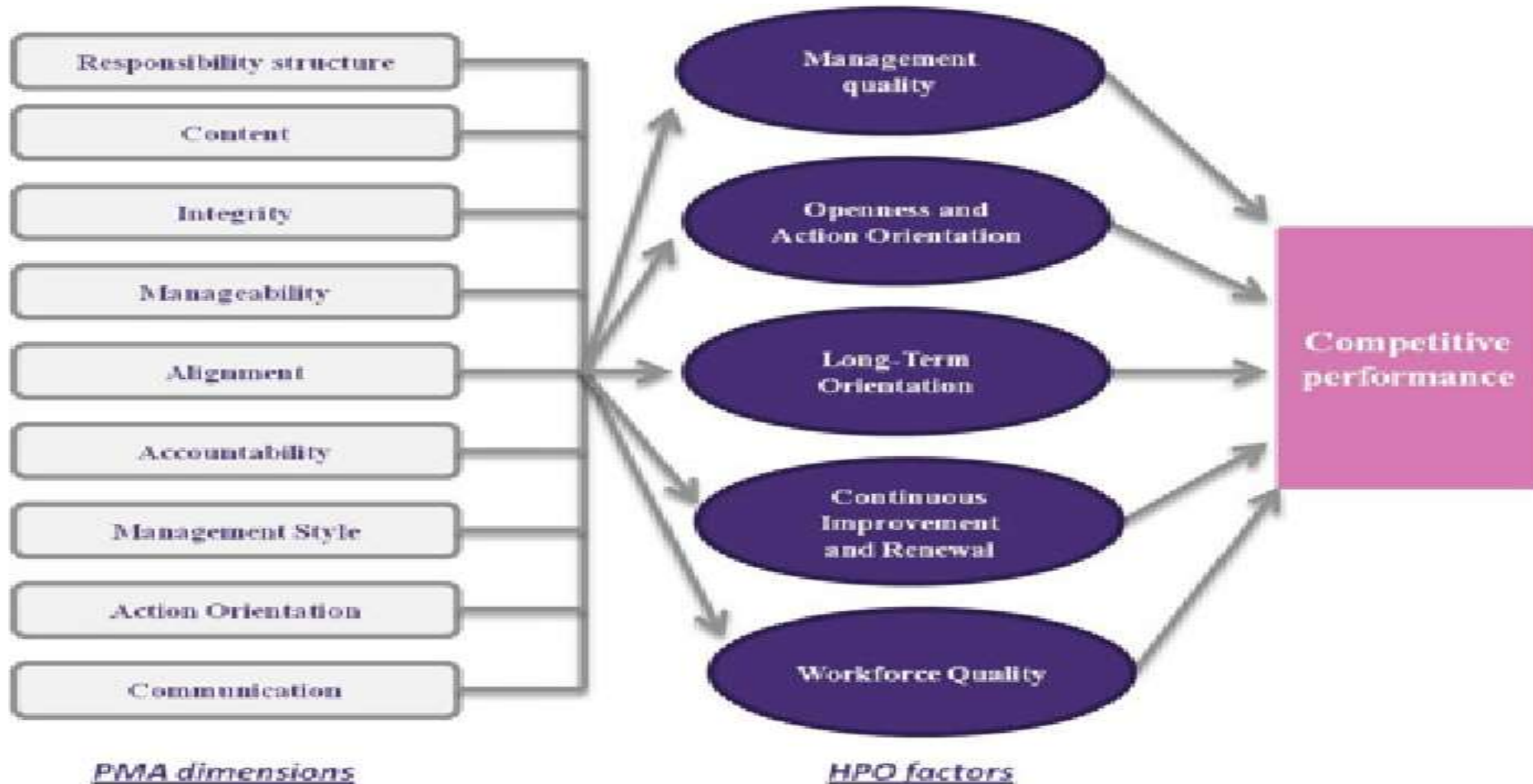
# Importance of performance management

1. Salary administration
2. Performance feedback
3. Identifying individual strengths and weaknesses
4. Documenting personnel decisions
5. Recognizing individual performance
6. Identifying poor performance
7. Assisting in goal identification
8. Making promotional decisions.
9. Retention or termination of personnel
10. Evaluating goal achievement.





# ROLE OF PERFORMANCE IN ORGANIZATION



## **ROLE OF APPRAISAL IN PERFORMANCE MANAGEMENT**

- Supervisor
  - Usually do the actual appraising
  - Must know how to conduct the Appraisal fairly
  - Must be familiar with basic appraisal formatting
- HR Department
  - Serves a policy making and Advisory role
  - Prepare forms and procedures And insist that all Department use them
  - Appraisal based on their skills

## PROCESS OF PERFORMANCE MANAGEMENT





## **Relevance of objective in organization**

The major objectives of performance management that you should consider when establishing, or reformatting, your performance management system:

### **1. Setting and Defining Goals**

- 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.

## **2. Setting Expectations for Managers and Employees**

In order to Set expectations that yield solid results, try to follow this succession of stages for expectation setting:

- Define the expectations in clear terms. Let your 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.

### **3. Setting Performance Standards**

Every role in a company has a certain performance standard that comes along with it, and a failure to accomplish performance standards can mean the following for your business:

- Setting even more unrealistic standards for the job that is failing to reach its existing standards.
- Not having enough resources to complete the new demands.
- A failure of cooperation or collaboration from the team and manager.
- A lack of effort on the employees' part.

## 4. Establishing Effective Communication

In order to build a communication active environment, consider the following tips:

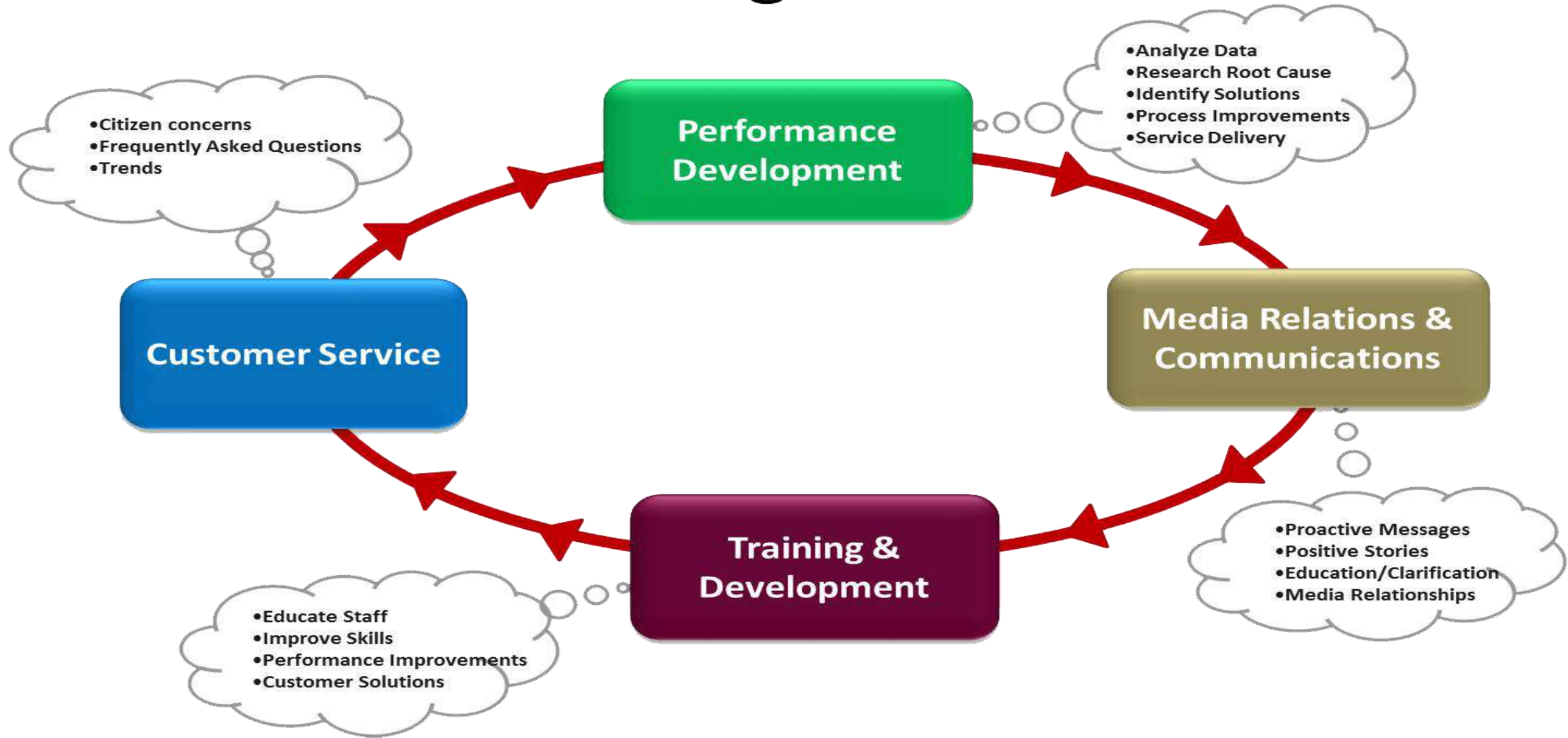
- Team leaders, or managers, should take sufficient time to indulge in one-on-one interactions with their team members; regular touch-points and contact.
- To build a workforce with varied skills, that fosters further career development, continuous feedback and coaching are critical. This can be done through performance reviews, or 360-Feedback resources.
- Set and conduct regular team building activities (there are some great online activities).
- Promote and encourage collaboration and communication among team members, and as an essential part of the workplace culture.
- Use appropriate and helpful business communication tools.

## Dimensions of performance management

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# Organizational Performance Management





# Organizational Performance

## What is Organizational Performance?

- *performance* - the end result of an activity
- *organizational performance* - accumulated end results of all the organization's work processes and activities

## Why is Measuring Organizational Performance Important?

- managers need to understand the factors that contribute to high organizational performance
- *Better Asset Management*
  - *asset management* - process of acquiring, managing, renewing, and disposing of assets
    - design business models to take advantage of assets



# Organizational Performance (cont.)

## Why is Measuring Organizational Performance Important? (cont.)

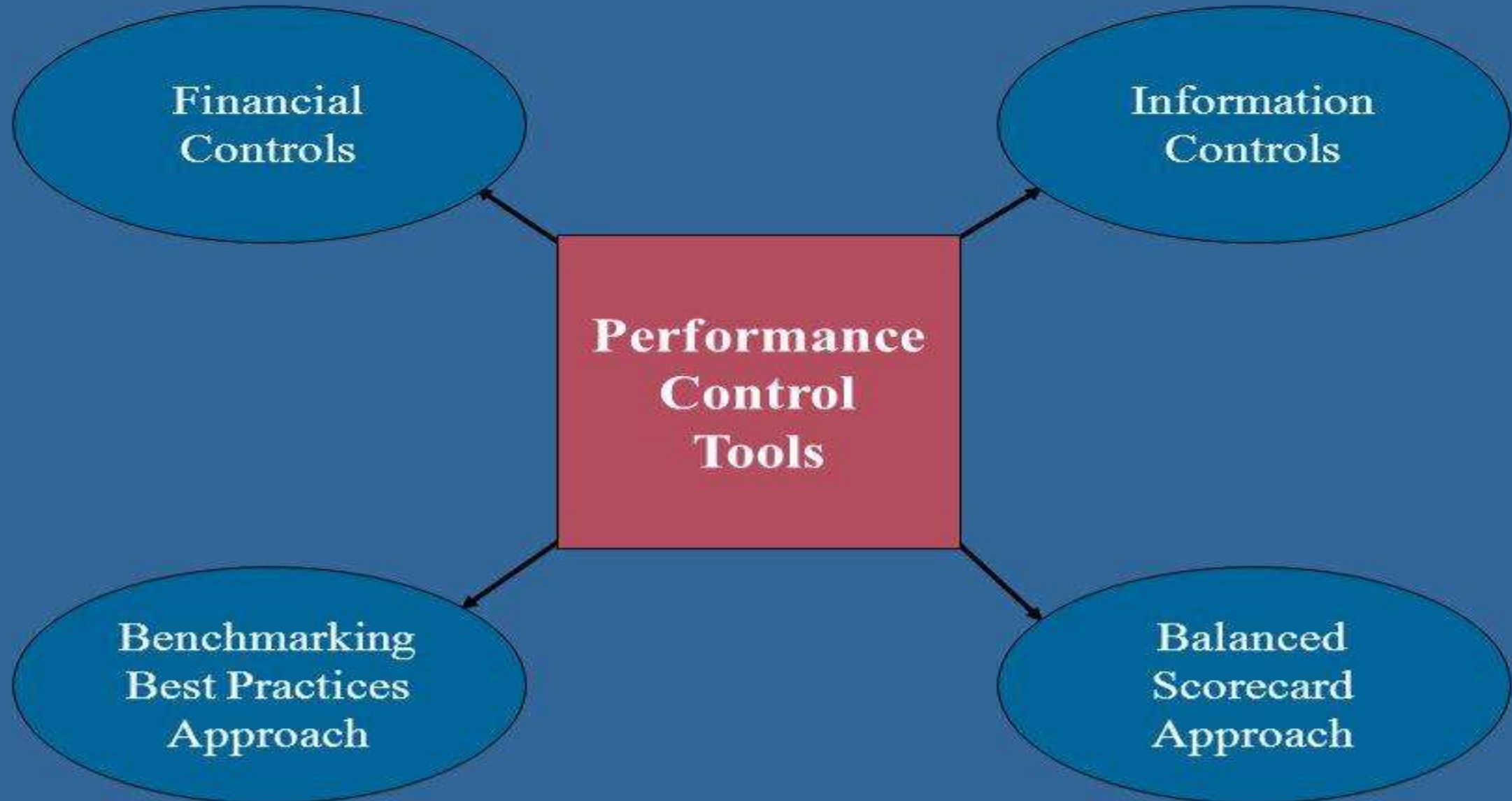
- *Increased Ability to Provide Customer Value* - must monitor value obtained by customers
  - customers will seek other sources of supply if value is not obtained
- *Impact on Organizational Reputation* - strong reputation leads to greater consumer trust and ability to command premium pricing
- *Improved Measures of Organizational Knowledge*
  - *organizational knowledge* - knowledge created by collaborative information sharing and social interaction leading to appropriate action

# Why Is Measuring Organizational Performance Important?



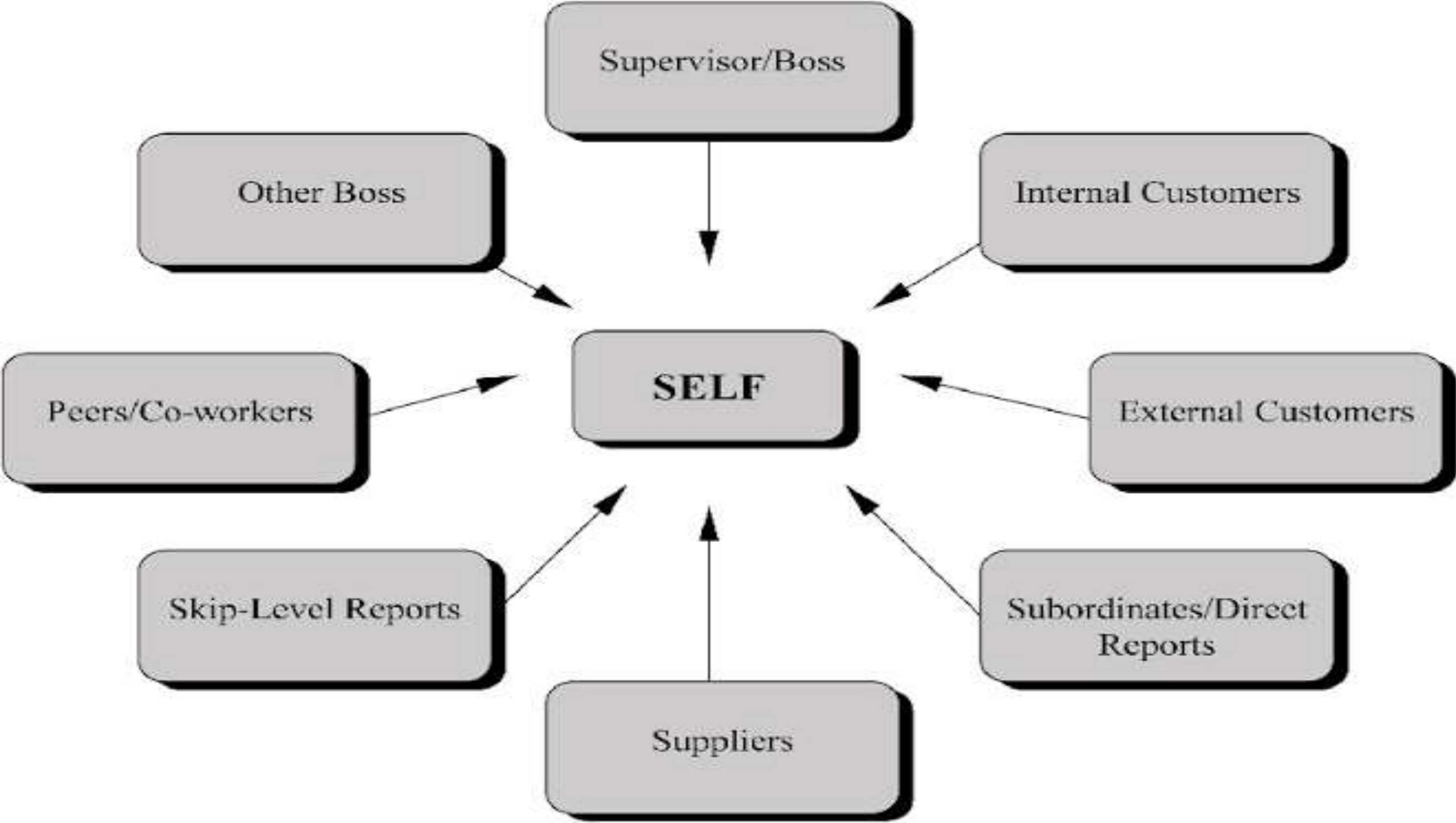


# Types Of Performance Control Tools



## **INDIVIDUAL PERFORMANCE MANAGEMENT**

Individual Performance means the performance objectives specifically attributable to each Participant reflective of his/her functional area and responsibilities, taking into consideration top Executive's evaluation of performance in that regard.





UNIT 2

PERFORMANCE PLANNING AND ANALYSIS

- ▶ Performance plan is to set goals of the organization & then derive goals of group and individuals within the organization.
- ▶ To channel everyone's efforts towards organization objectives.



# Performance planning

Building a development driven system means focusing everyone on what is important.



## Performance Planning Process





# PERFORMANCE ANALYSIS

- **A specialist discipline involving systematic observations to enhance performance and improve decision making, primarily delivered through the provision of objective statistical (**Data Analysis**) and visual feedback (**Video Analysis**)**

# PERFORMANCE ANALYSIS

What is Performance Analysis ?



## Performance Analysis

- "Creating a valid and reliable record of performance by means of systematic observation that can be analyzed with a view to facilitating change"
- **Only 30-50% can be recalled after observing a live performance!**



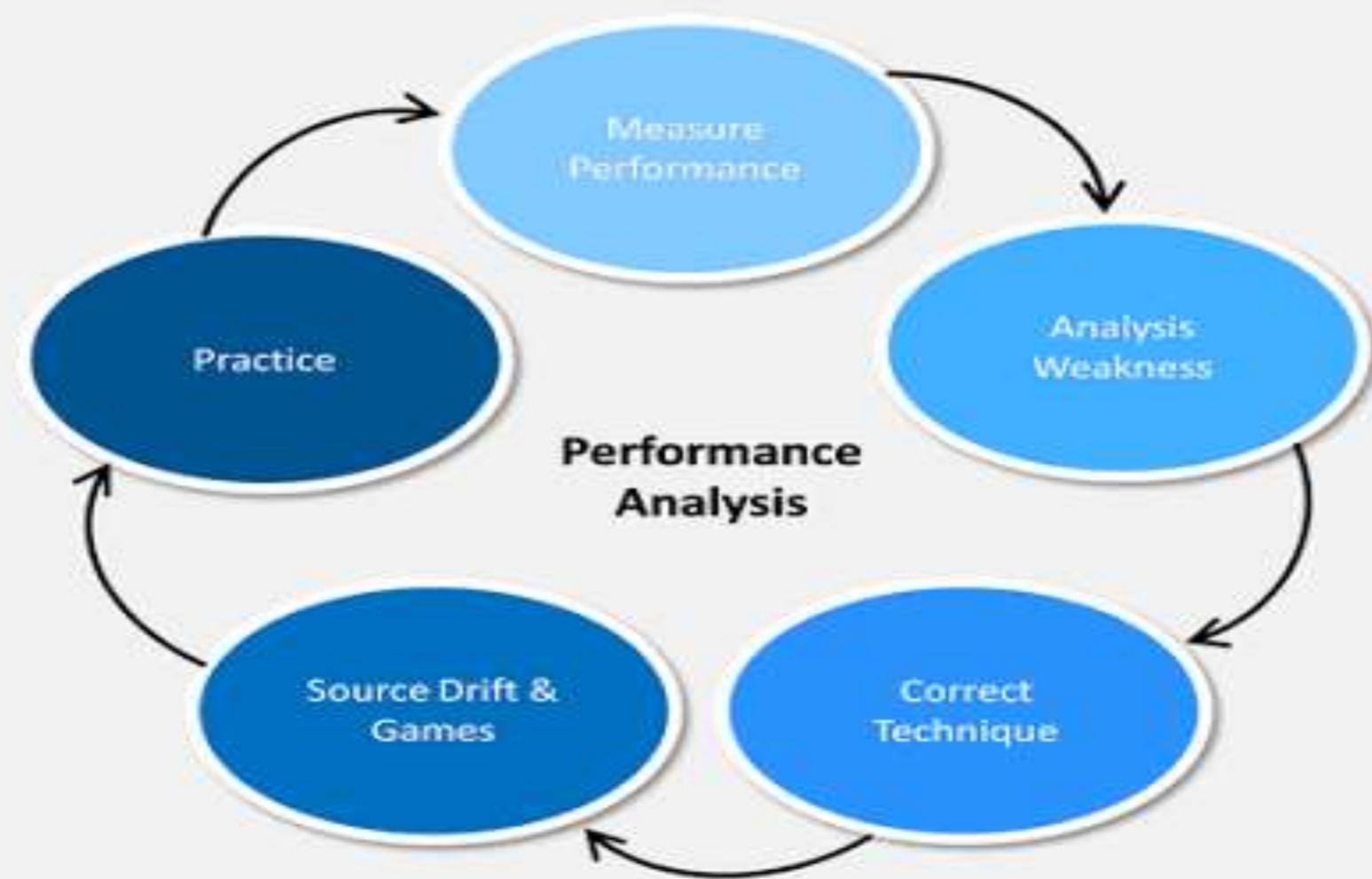
# PERFORMANCE ANALYSIS

## Performance Analysis Concepts



# PERFORMANCE ANALYSIS

## Performance Analysis Process



# Benefits of Performance Analysis

- Reduced development and operating costs
- Manage and optimize current processes thereby resulting in more efficient and effective processes
  - Defined and repeatable process – reduced time to do same volume of work
- Reduces risk and increases safety and reliability
- Better software architecture designs
- More maintainable systems
- Enable NASA to handle more complex systems in the future
- Put the responsibility where it belongs from an organizational perspective - focuses accountability

## Performance Analysis

### The Philosophy Behind Performance Analysis...

- Pick out *Positives*.
- Pick out *Negatives*.
- Find an *Even Balance*.
- Find a *Re-occurring Problem*.
- **Work on the Problem in Training.**
- Remember this is a *Tool for Educating and Coaching!*

# PERFORMANCE ANALYSIS

## Importance Performance Analysis Grid

Performance

Quadrant I –  
“Not as important and in  
adequate Current condition”

Quadrant II –  
“Important and in  
adequate Current  
condition”

Quadrant III –  
“Not as important and in  
unacceptable Current  
condition”

Quadrant IV –  
“Important and in  
unacceptable Current  
condition”

Importance



## Key Performance Area:-

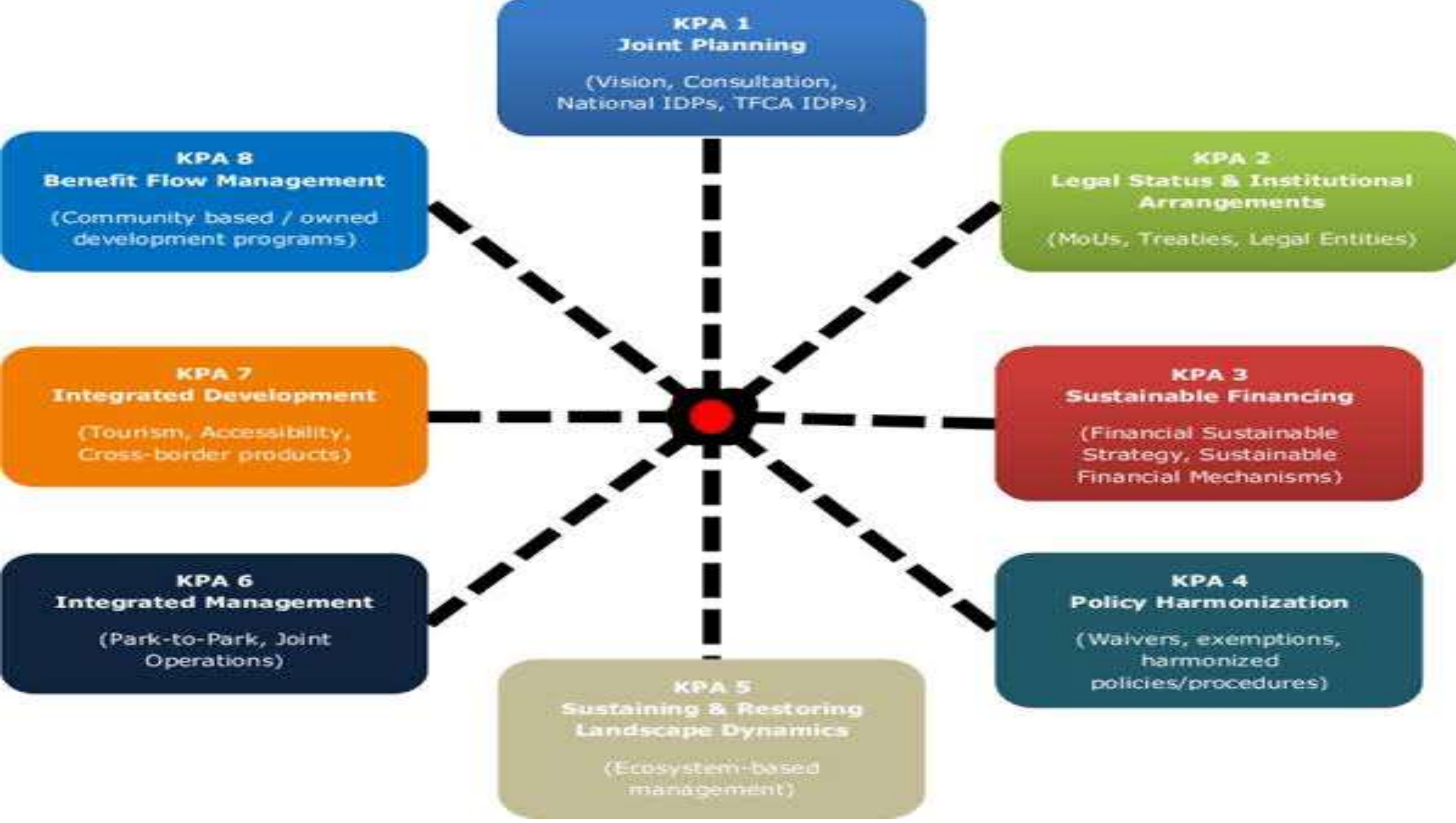
Key = crucial/main

Performance = Achievement/Attainment

Area = space/range/field of operation

## KEY PERFORMANCE AREA :-

Main achievement space



# Performance Planning Components

## 1. Expectations & goal setting

- What is required in order to be successful in your job - understanding performance expectations and contributions for the future period
- What are we trying to achieve and how you can contribute - understanding the department and organization goals

## 2. Leverage and build new capabilities

- utilizing your existing strengths and capabilities to achieve the goals
- What new skills, knowledge and competencies will you need to develop to be successful



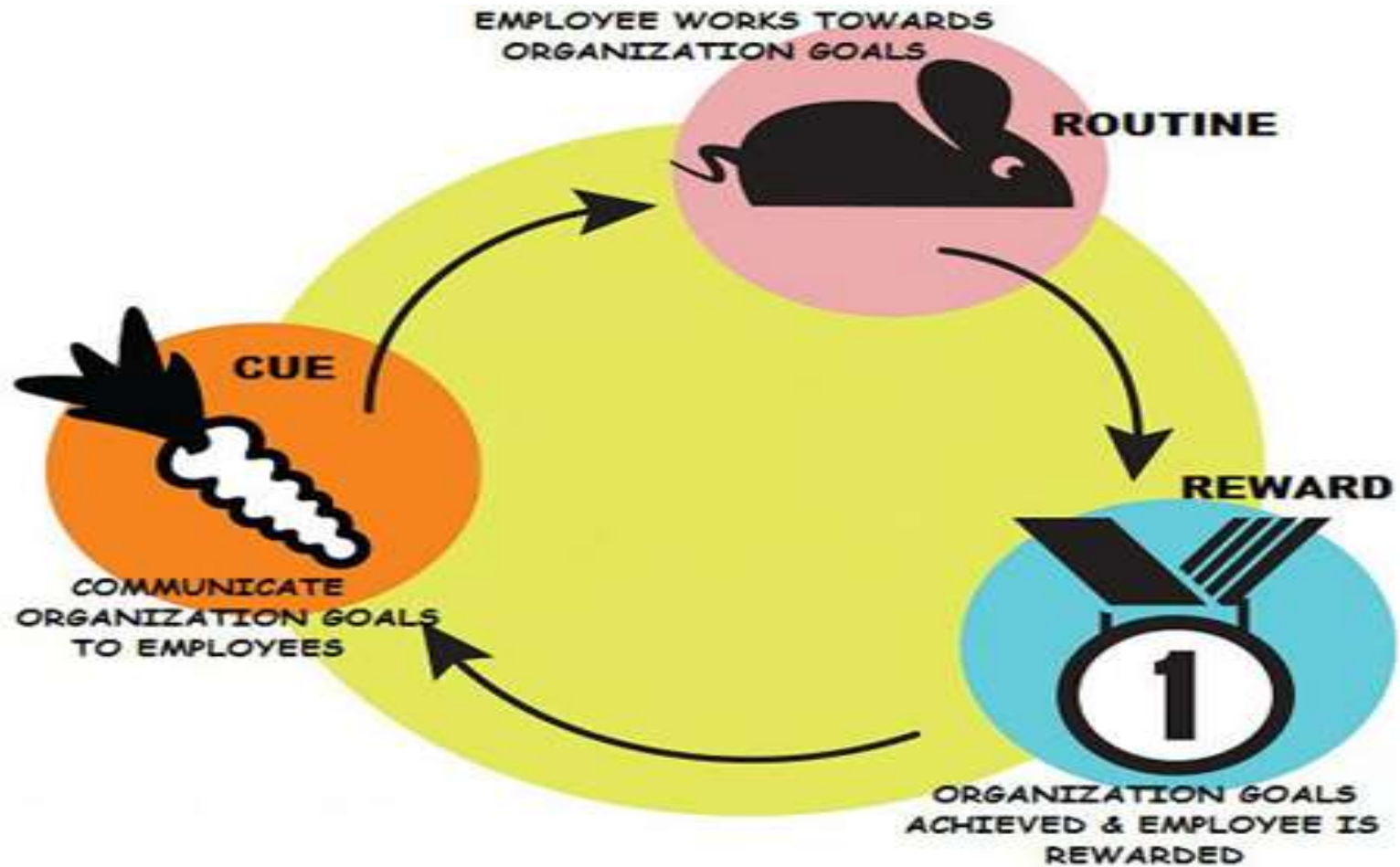
## Performance Planning – setting expectations

|                          |  |
|--------------------------|--|
| <b><i>Specific</i></b>   | What is the desired outcome?   |
| <b><i>Measurable</i></b> | How will you and your staff member know if the desired outcome has been achieved?                        |
| <b><i>Attainable</i></b> | Have you and your staff member discussed and reached consensus on the outcome?                           |
| <b><i>Relevant</i></b>   | Are the assignments relevant for the position? Are they aligned with department or organizational goals? |
| <b><i>Timely</i></b>     | When will the result be achieved?  |

## OBJECTIVE OF PERFORMANCE ANALYSIS

- Demonstrate an exercise that uncovers how leaders make managerial decisions based upon data
- Identify barriers to effective analysis and reporting of PI data
- Share 2 data analysis/reporting educational tools targeted for staff
- Provide sample PowerPoint slides for staff training re: data analysis and process variability
- Discuss PI information needs of leadership

# BENEFITS OF PERFORMANCE PLANNING



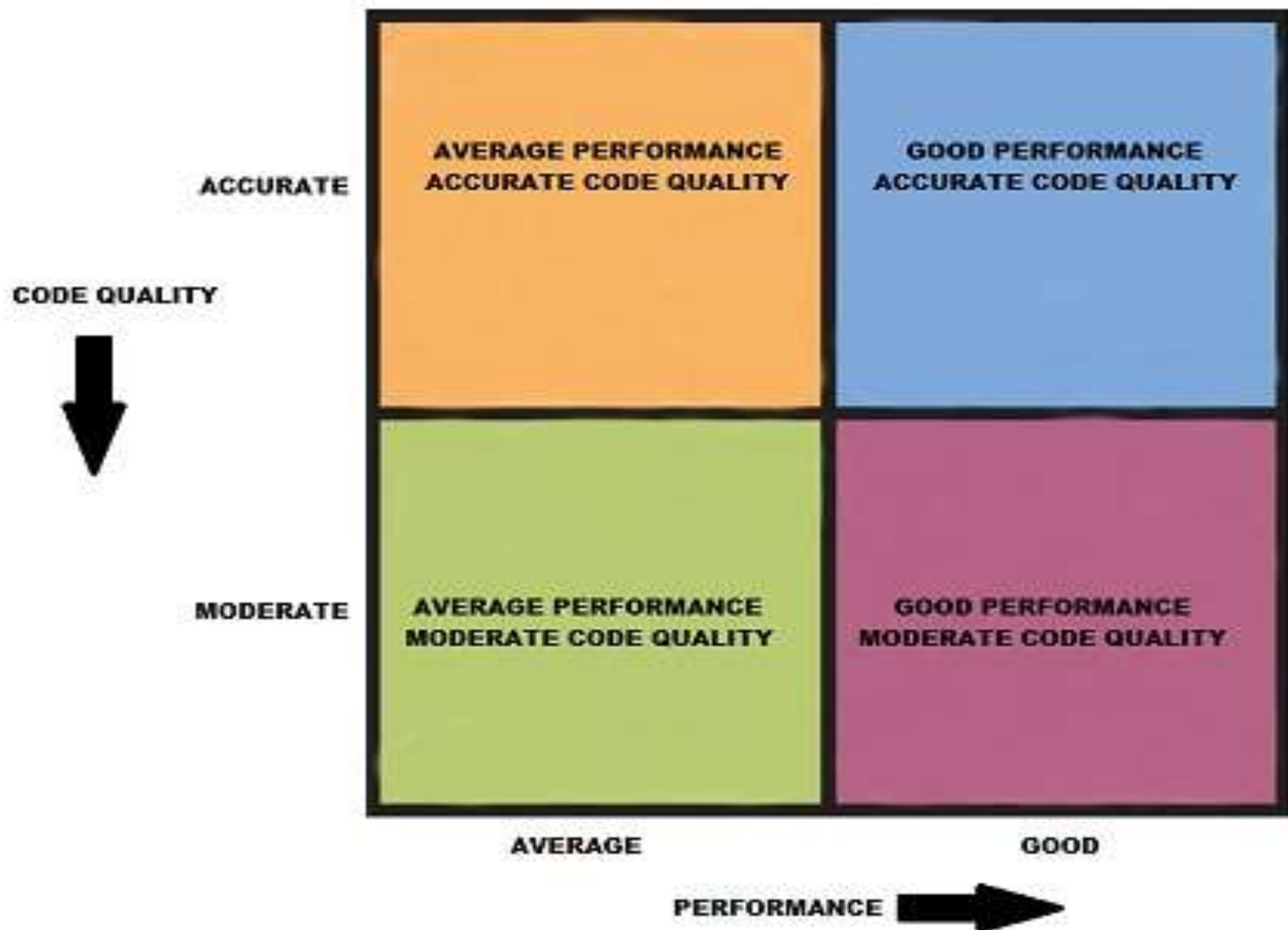
# Strategic Planning Process





- An unwell person gets better (an accomplishment)
- Phase of healing or taking medicine (an activity)
- Transition from ill to well (an achievement)
- Immediately the person is in good health (a state)





UNIT 3

PERFORMANCE REVIEW AND  
DISCUSSION

## What is a Performance Review?

The component featured in essentially all performance management frameworks is the giving of feedback.

This usually presents itself in the form of a performance review.

Other names for the performance review are performance evaluation or performance assessment.

As opposed to informal or casual feedback, [the performance review](#) is a formal appraisal of an employee and their work during an established time period.



# TYPES OF PERFORMANCE REVIEWS



## SIGNIFICANCE OF PERFORMANCE REVIEW

- Performance reviews give both the company and your employees important feedback.
- Acknowledgement and constructive criticism helps motivate people to improve.
- Target training and development
- Encourage engagement
- Spot talent

# Performance Review Process



## *Introduction*

**Performance rating** is a step in the work measurement in which the analyst observes the worker's performance and records a value representing that performance relative to the analyst's concept of standard performance.



# PERFORMANCE RATING!

It is the step in the work measurement in which the analyst observes the worker's performance and records a value representing that performance relative to the analyst's concept of standard performance.

It helps people do their jobs better, identifies training and education needs, assigns people to work they can excel in, and maintains fairness in salaries, benefits, promotion, hiring, and firing. Most workers want to know how they are doing on the job. Workers need performance feedback to work effectively. Accessing an employee timely, accurate, constructive feedback is key to effective performance.



# PERFORMANCE APPRAISAL

## **Definition**

Performance Appraisal Definition is given by **Edwin B Flippo** – “Performance Appraisal is a systematic, periodic and so far as humanly possible, an impartial rating of an employee’s excellence in matters pertaining to his present job and to his potentialities for a better job.”

## **Meaning**

- Performance Appraisal is a way to evaluate the performance of an employee and it is also edited as a complete process document.
- Performance Appraisal is done on a regular basis, there is a regular review of employee performance in an organization in Performance Appraisal.
- Performance Appraisal is also known as a performance review, employee evaluation.
- Generally, its performance is evaluated by the staff’s manager.

# APPRAISAL FACTORS

- JOB KNOWLEDGE (knowledge of duties and responsibilities)
- QUALITY (correctness, completeness, and accuracy of work duties performed)
- QUANTITY OF WORK (amount of work done during workday)
- RESPONSIBILITY AND DEPENDABILITY (willingness to take on assignments and be held accountable)
- INITIATIVE (origination and development of vital job procedures)
- EFFECTIVE USE OF TIME (ability to organize, prioritize and schedule)
- INTERPERSONAL RELATIONS (communication and cooperation with fellow employees)
- ATTENDANCE AND PUNCTUALITY (conformity to work hours; timely attendance at meetings)
- INTERNAL CONTROL (performance as related to individual's internal control responsibilities)

# Factors affecting Performance Appraisal

Dominant Work Orientation

Superior Officer's Value System

Inter-Personal Relations

Loyalty

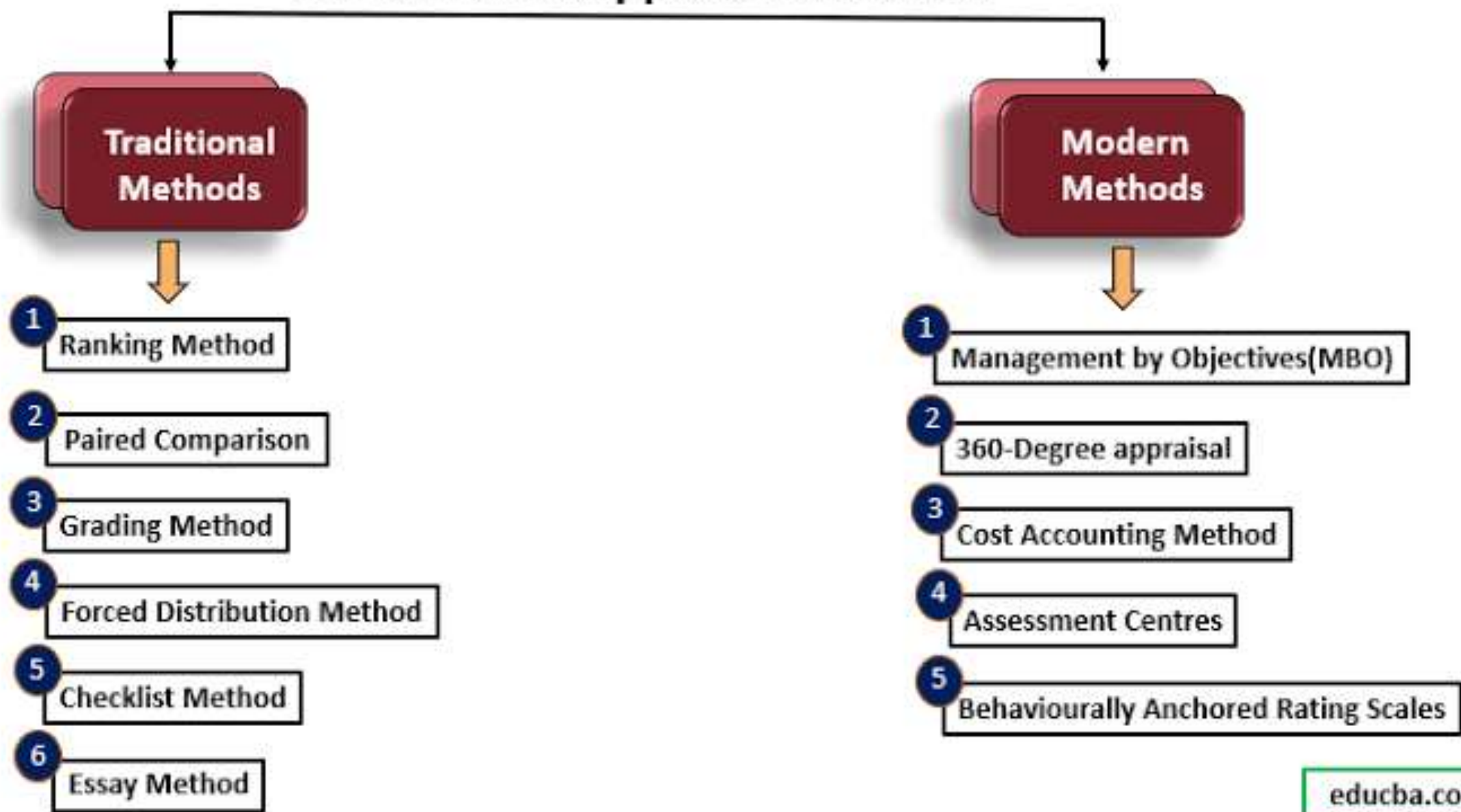
Level of Achievement

Factors hinderin objective assessment

# Sources of Error in Performance Appraisal

- **Validity**
- **Reliability**
- **Management Attitude**
- **Rater errors**
- **Halo Effect**
- **Central Tendency**
- **Leniency/Strictness Bias**
- **Prejudice**
- **Recency Effect**
- **Relationship effect**
- **Subjective performance criteria**

# Performance Appraisal Methods





## **What is Rater's bias?**

Rater biases are conscious or unconscious tendencies that affect how supervisors rate their employees. Ideally, ratings are based on actual performance and the ratings themselves are accurate reflections of that performance.

### **Control of Rater Bias and Error**

- Two approaches have been developed to control and eliminate rater bias and error. One approach is to design better performance appraisal forms that will be resistant to these problems.
- The other is to train raters to avoid rating errors.

### **Rater Training to Reduce Errors**

- The objective of Rater Error Training is to familiarize raters with rater errors and to teach them to avoid these rating patterns.
- In other words, the raters might reduce the number of halo and leniency patterns in their ratings, but those ratings are less accurate in reflecting the true levels of performance.

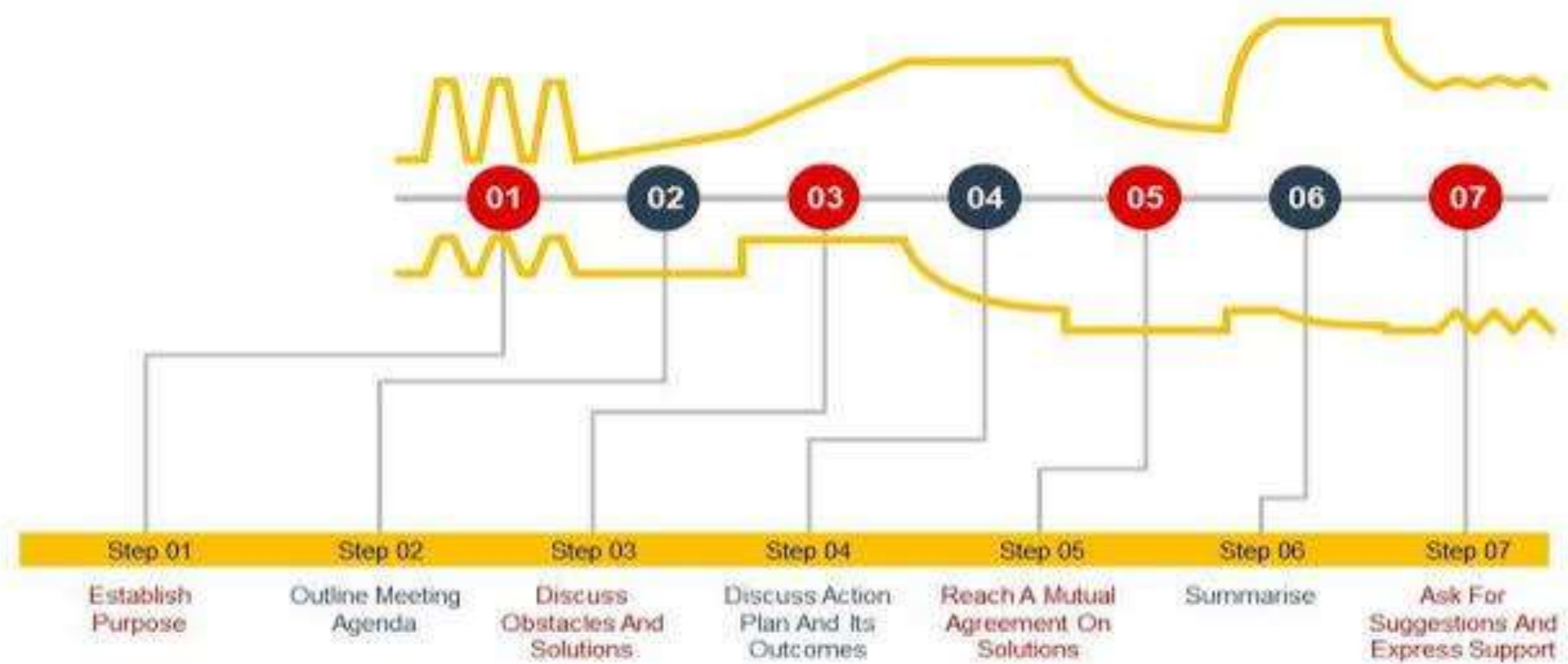
# Performance Review Discussion

- Mutually review the employee's responsibilities.
- Mutually examine the employee's performance
- Mutually explore what each can do to ensure performance improvement.
- Mutually review the employee's short-term and long-term goals.

## OBJECTIVE OF PERFORMANCE REVIEW DISCUSSION

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. To provide a feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

# Performance Review Discussion Process



# ROLE OF MENTORING

- A mentor may share with a mentee (or protege) information about his or her own career path, as well as provide guidance, motivation, emotional support, and role modeling. A mentor may help with exploring careers, setting goals, developing contacts, and identifying resources.
- Career mentor can play only three types of roles for you
  - Confidante
  - supporter and
  - guide.

## Mentoring Functions

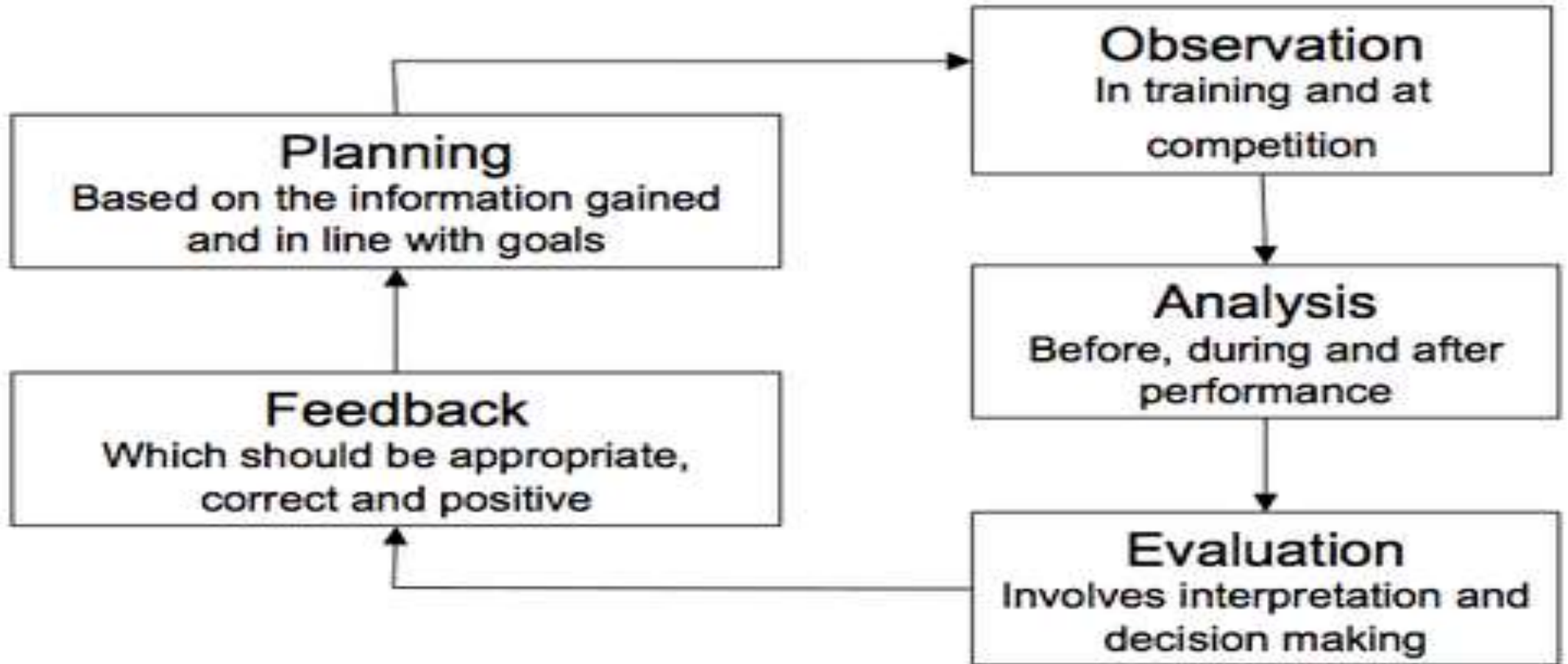
- ▶ Career Functions: Help the mentee learn the ropes and prepare for career advancement.
  - Coaching
  - Challenging assignments
  - Exposure and visibility
  - Protection



## DEFINITION OF COACHING

Coaching is a relationship of rapport and trust in which the coach uses their ability to listen, to ask questions and to play back what the client has communicated in order to help the client to clarify what matters to them and to work out what to do to achieve their aspirations.

# Process of coaching



# Mentoring vs Coaching

**Mentoring systems are designed to promote professional development by linking an employee with a mentor who will focus on the overall development of that mentoree.**

*Mentoring is transformational and involves much more than simply acquiring a specific skill or knowledge. Mentoring is about a relationship and involves both the professional and the personal. In many ways, mentoring is like counseling.*

**Coaching systems are designed to provide an employee with a content expert who works with that individual in assuring that employee learns a particular skill or piece of knowledge.**

*Coaching is about skills and knowledge acquisition.*

**UNIT 4**  
**IMPLEMENTING PERFORMANCE**  
**MANAGEMENT SYSTEM**

# PERFORMANCE MANAGEMENT SYSTEM

**“Performance Management System is the key driving force to employee’s productivity, development, rewards and awards”**





# Meaning Of Performance Management

**Performance Management**- *A systematic process for improving organizational performance by developing the performance of individuals & teams.*

**Performance Management System** – *A roadmap for creating a High Performance organization through the integration of organization's vision, values, systems and people"*

PERFORMANCE STANDARDS

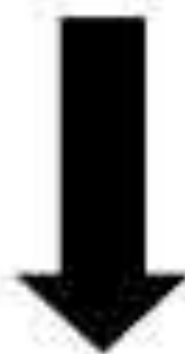
PERFORMANCE MEASUREMENT



PERFORMANCE  
MANAGEMENT  
SYSTEM

REPORTING OF PROGRESS

QUALITY IMPROVEMENT PROCESS



## Objective of PMS

- Drive individual and hence organisational performance;
- Develop organisational culture and individual capabilities;
- Measure performance in a more objective and systematic manner; and
- Facilitate effective HR and operational decisions in line with organisational strategy.

# Operationalizing change

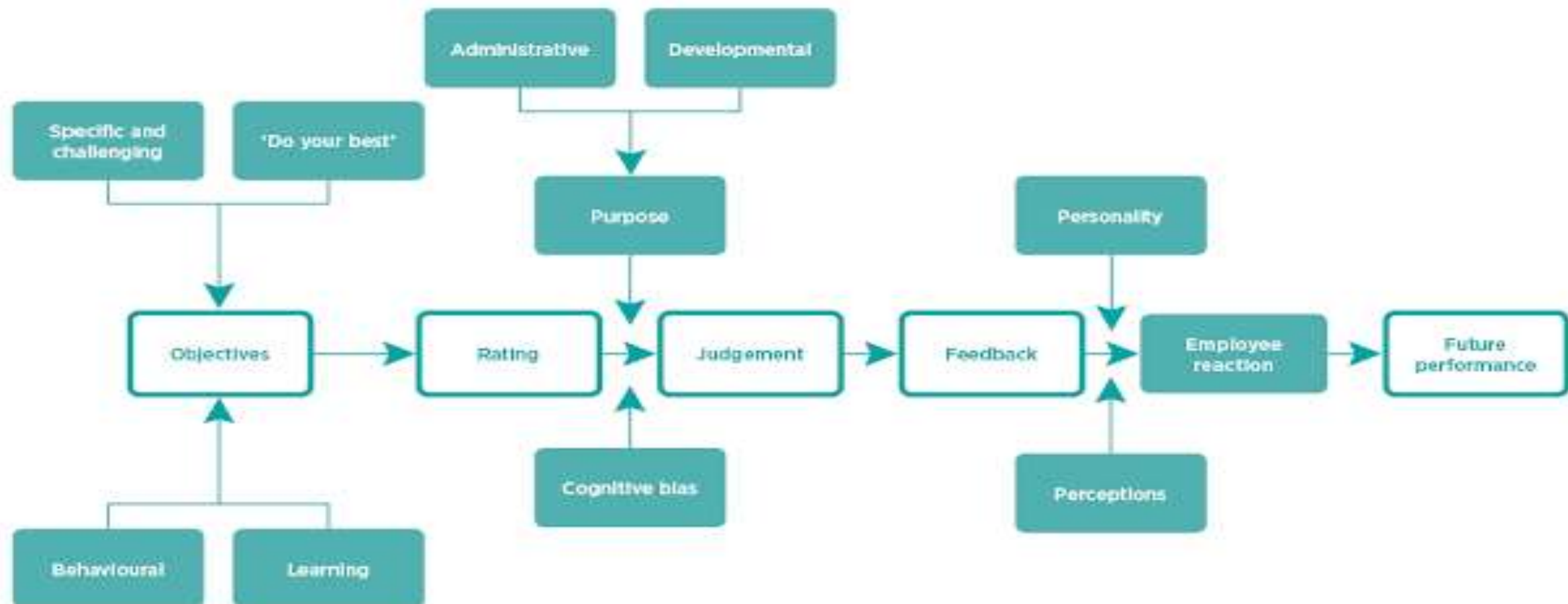
- An operational change is a change in the structure of your company. That could be a reorganization, layoffs, or just a team change due to a strategic or mission statement change.
- Operational changes are some of the roughest for your employees because they never quite know what to expect. At least with a change in technology they aren't likely to find themselves without a job.

# IMPLEMENTING PERFORMANCE MANAGEMENT PROCESS



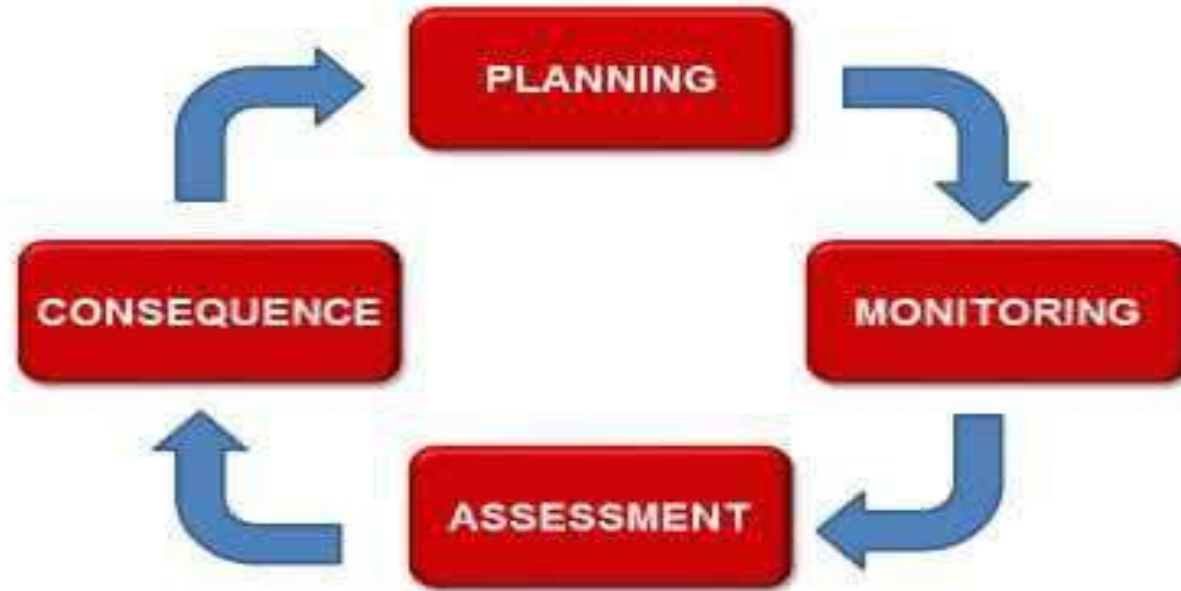


## Factors affecting the performance management cycle



# PITFALLS OF PERFORMANCE MANAGEMENT

## TYPICAL PMS CYCLE



# PITFALLS/LIMITATIONS OF PERFORMANCE MANAGEMENT

- Performance appraisal is a perplexing activity
- Performance expectations are unclear or misunderstood
- Putting process over purpose
- Communication gap
- Considered only as a management directive

# Contributions of performance management systems

- Motivation to perform is increased.
- Self-esteem is increased.
- Managers gain insight about subordinates.
- The definitions of job and criteria are clarified.
- Self-insight and development are enhanced.
- Administrative actions are more fair and appropriate.
- Organizational goals are made clearer.
- Employees become more competent.
- There is better protection from lawsuits.
- There is better and more timely differentiation between good and poor performers.
- Supervisors' views of performance are communicated more clearly.
- Motivation, commitment, and intentions to stay in the org are enhanced.

# Benefits of Performance Management System





## Disadvantages of Performance Management System

- **Risk of Internal Competition:** Competition starts cropping up within a team when employees are compared with each other within the same parameters. This leads to internal politics pulling down the overall performance of the team.
- **Favoritism:** Managers are also human beings who at times fall into the prey of doing favoritism with their subordinates which lead to internal cold war within the team
- **Time Consuming:** The entire appraisal process needs an eye for detail in understanding every employee current performance, reason behind their drawbacks, career aspirations which delays the process.
- **Expensive:** Implementation of technology for driving the PMS results into high expense of an organisation.

# Disadvantages of Performance Management System

- **Manager's Dilemma:** Sometimes the manager's get into dilemma in taking decision between two best performers in a team which may lead to serious dis-engagement and politics starts arising.
- **Job Dissatisfaction:** When the employee does not get the desired hike in salary after the appraisal process, it leads to dissatisfaction in their job. This happens primarily because of the manager's inability to convince and justify the ratings given to an employee.
- **Unjustified Demands of managers and employees:** At times, unjustified, impractical demands or expectations are made not only from the manager but also from the employees during administering the appraisal process due to which unfair standards and ratings are given which have an adverse effect on the performance
- **Damaged relationship:** If the appraisal interviews are not conducted properly justifying the pros and cons of an employee, it leads to an argument thereby damaging the relationship of a manager and an associate.
- **Increased Turnover:** Increasing internal competition, manager's favoritism and not fulfilling the expectation of the employee's leads to dis-engagement resulting into increase in staff turnover.

# Market Trends of Performance Management Software

No More Annual Performance Review

1

2

Data-driven Employee Performance Management

3

Artificial Intelligence

Cloud-based Performance Management Software

4

Self-service Portal for Employees

5

6

Employees Experience



# Performance Management Trends 2020



## MARKET SHIFT & GROWTH

Ongoing feedback will replace the annual review once and for all, leading to drastic changes in performance management practices. The market is projected to grow at a 13% CAGR.



## THE HUMAN EXPERIENCE

The employee experience, a long-standing HR trend, has evolved into the human experience. The human experience emphasizes giving meaning to employees' work or personalizing their work.



## DATA-DRIVEN PERFORMANCE MANAGEMENT

Data-driven performance management relies on data to make decisions about handling employee performance. It's aimed to create an objective process that prevents unconscious bias from seeping in and impacting the process.



## INCREASE IN CLOUD USAGE

According to the Sierra-Cider 2019 HR Systems Survey, performance management is experiencing an uptick in cloud usage. Cloud technology allows organizations to create a self-service experience for employees.



## MENTAL HEALTH & WELLNESS

The World Health Organization reported that depression and anxiety have led to \$1 trillion per year in lost productivity. In response, employers are incorporating mental health support into their performance management practices.



## TRADITIONAL VERSUS NEXT PRACTICE

### Emphasis on the past

Reviews look at people's performance over the past year.

### Emphasis on the future

Employees are invited to focus on desired future performance.

### Annual performance review

Focuses on appraisal and accountability. Decisions about pay, advancement, promotions and layoffs.

### Regular check-ins

The focus here is on development. These conversations do not involve filling in forms (talent cannot be developed by ticking boxes).

### Static system

The cycle is equal to a fiscal year.

### Fluid system

The cycle is based on workflow, business rhythm or assignments.

### Manager in the lead

The manager-employee relationship here reflects a parent-child relationship. This leads to dependency and diminishes initiative.

### Employees take ownership

The relationship here reflects an adult-adult relationship between parties. Which leads to ownership and involvement.

### Focus on weaknesses

Traditional approaches tend to diagnose what went wrong.

### Focus on building strengths

PM next practice is focused on identifying talent and strengths.

**Figure 2. Performance management: Old rules vs. new rules**

| <b>Old rules</b>   | <b>New rules</b>  |
|--|---|
| Performance appraisals and goal-setting conducted once per year                          | Check-ins conducted quarterly or more frequently; regular goal-setting occurs in an open, collaborative process         |
| Feedback collected by manager at end of year   | Feedback collected continuously and easily reviewed at end of year (often through apps and mobile tools)                |
| Goals kept confidential with focus on individual achievement                             | Goals made public and transparent with increased focus on team achievement  |
| Employees evaluated by their manager   | Managers also evaluated by their employees  |
| Employees force-ranked on a quantitative scale   | Employees rated on a qualitative scale; rankings considered, not forced   |
| Compensation kept confidential and focused on equity; bands based on performance ratings | Compensation levels more transparent, more frequently discussed, and focused more on pay for performance than on equity |
| Managers focused on evaluating performance   | Managers focused on coaching and developing people  |
| One leader evaluates each individual in a qualitative, opinion-based process             | Many contribute to an individual's performance evaluation; evaluation draws heavily on data                             |
| Process considered to be a burden and waste of time                                      | Process is agile, faster, continuous, and lighter   |

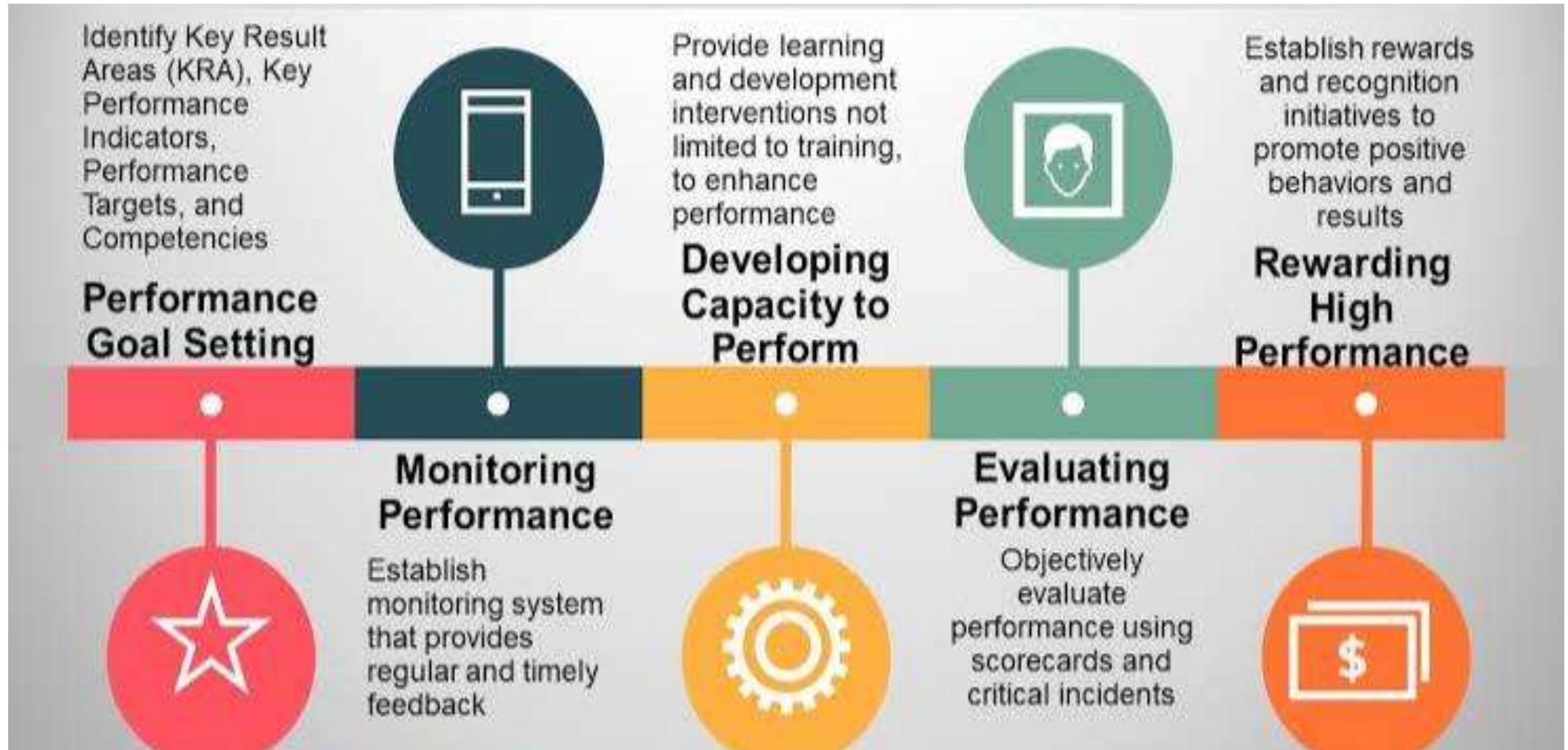
| <b>Categories</b>        | <b>Traditional Method</b>            | <b>Modern Method</b>            |
|--------------------------|--------------------------------------|---------------------------------|
| <b>Guiding Principle</b> | <b>Individualistic</b>               | <b>Organization oriented</b>    |
| <b>Appraisal Styles</b>  | <b>Directional, Evaluative</b>       | <b>Facilitative, Coaching</b>   |
| <b>Frequency</b>         | <b>Annually</b>                      | <b>Frequently</b>               |
| <b>Criteria</b>          | <b>Objective Measurable Criteria</b> | <b>Vague Criteria</b>           |
| <b>Assessment</b>        | <b>Supervisor Assessment</b>         | <b>Self and Peer Assessment</b> |



# MODERN PERFORMANCE MANAGEMENT REQUIREMENTS



# PMS Framework





# **UNIT 5**

# **APPRAISAL AND REWARD SYSTEMS**

## Introduction

- Performance appraisal helps the employee & the management to assess the level of employee's performance compared to the standard / pre-determined levels.
- Performance appraisal is a very essential element in any organization to understand & improve the employee's performance.
- Performance appraisal used as a basis to decide promotions, increments, transfer etc.
- Performance appraisal is used as the basis for employee development.

## Meaning & Definition

- Performance appraisal is a method of evaluating the behavior & performance of employees in the workplace.
- It includes both the qualitative & quantitative aspects of performance.
- It indicates how well the employee is fulfilling the demands of the job.
- Performance should not be confused with effort. Performance is always measured in terms of results.
- Performance appraisal is the systematic description

## Meaning & Definition

- The basic purpose is to find out how well the employee is performing the job and establish a plan of improvement.
- Appraisals are arranged periodically according to a definite plan
- Performance appraisal is not job evaluation. It refers to how well someone is doing the assigned job. Job evaluation determines how much a job is worth to the organization and , therefore, what range of pay should be assigned to the job
- Performance appraisal is a continuous process in large scale organizations.

# Contents of Performance Appraisal

- Regularity of attendance
- Ability to work with others
- Leadership style & abilities
- Initiative
- Technical skill
- Ability to grasp new things
- Reasoning ability
- Originality & resourcefulness
- Integrity
- capability to assume responsibility
- Knowledge of systems & procedures
- Quality of suggestions offered for improvement



# Characteristics of Performance Appraisal

- A step by step process
- Examines the employee strengths, weaknesses and potentials
- Scientific and objective study
- An ongoing and continuous process
- Secures information for making correct decisions on employees
- Examines the HRs potentiality in the organization in micro, meso and macro levels

# Purpose of Performance Appraisal

- To create and maintain a satisfactory level of performance.
- To help the superiors to have a proper understanding about their subordinates.
- To contribute to the employee growth and development through training, self and management development programmes.
- To facilitate fair and equitable compensation based on performance.

## Purposes

- ❖ Determine job competence
- ❖ Enhance staff development
- ❖ Discover employee's aspirations
- ❖ Recognize accomplishments
- ❖ Improve communications
- ❖ Aid in manager's coaching and counseling
- ❖ Determine training and developmental needs
- ❖ Make inventories of talents
- ❖ Select for advancement of salary
- ❖ Identify unsatisfactory employees

## Advantages of performance appraisal

- Performance improvement.
- Development of employees.
- Career planning.
- Corrective actions.
- Promotions.
- Motivation.
- Opportunity for an employee.



# Advantages of Performance Appraisal

## **Facilitation of communication:**

Communication in organizations is considered an essential function of worker motivation. It has been proposed that feedback from PAs aid in minimizing employees' perceptions of uncertainty. Fundamentally, feedback and management-employee communication can serve as a guide in job performance.

## **Enhancement of employee focus through promoting trust:**

Behaviors, thoughts, and/or issues may distract employees from their work, and trust issues may be among these distracting factors. Such factors that consume psychological energy can lower job performance and cause workers to lose sight of organizational goals. Properly constructed and utilized PAs have the ability to lower distracting factors and encourage trust within the organization.

## **Goal setting and desired performance reinforcement:**

Organizations find it efficient to match individual worker's goals and performance with organizational goals. PAs provide room for discussion in the collaboration of these individual and organizational goals. Collaboration can also be advantageous by resulting in employee acceptance and satisfaction of appraisal results.

## **Performance improvement:**

Well constructed PAs can be valuable tools for communication with employees as pertaining to how their job performance stands with organizational expectations. "At the organizational level, numerous studies have reported positive relationships between human resource management (HRM) practices" and performance improvement at both the individual and organizational levels.

## **Determination of training needs:**

"Employee training and development are crucial components in helping an organization achieve strategic initiatives". It has been argued that for PAs to truly be effective, post-appraisal opportunities for training and development in problem areas, as determined by the appraisal, must be offered. PAs can especially be instrumental for identifying training needs of new employees. Finally, PAs can help in the establishment and supervision of employees' career goals.



# Disadvantage of Performance Appraisal

- If not done appropriately, can be a negative experience.
- Very time consuming, Especially for a manager.
- Subject to rater errors and biases.
- If not done right can be a complete waste of time.
- Can be stressful for all involved.

## Advantages

True Potential Of The Employee

Promotes Employee Development

Acts as a Motivator

Employee Training & Development

Promotion and Transfers

## Disadvantages

Consuming Process

Personal Bias or Incorrect ratings

Horn & Halo Effect

Spillover Effect

# Methods of Performance Appraisal

```
graph LR; A[Methods of Performance Appraisal] --- B[Spontaneous and unrestricted appraisal method]; A --- C[Traditional Methods]; A --- D[Modern Methods]; C --- E[Ranking Method]; C --- F[Paired Analogy Method]; C --- G[Human to Human Correlation Method]; C --- H[Grading Method]; C --- I[Enforced-Dispersion Method]; D --- J[Management by Objectives Method]; D --- K[Multi-Source Assessment]; D --- L[Corporal Appraisal]
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Spontaneous and unrestricted appraisal method

Traditional Methods

Modern Methods

Ranking Method

Paired Analogy Method

Human to Human Correlation Method

Grading Method

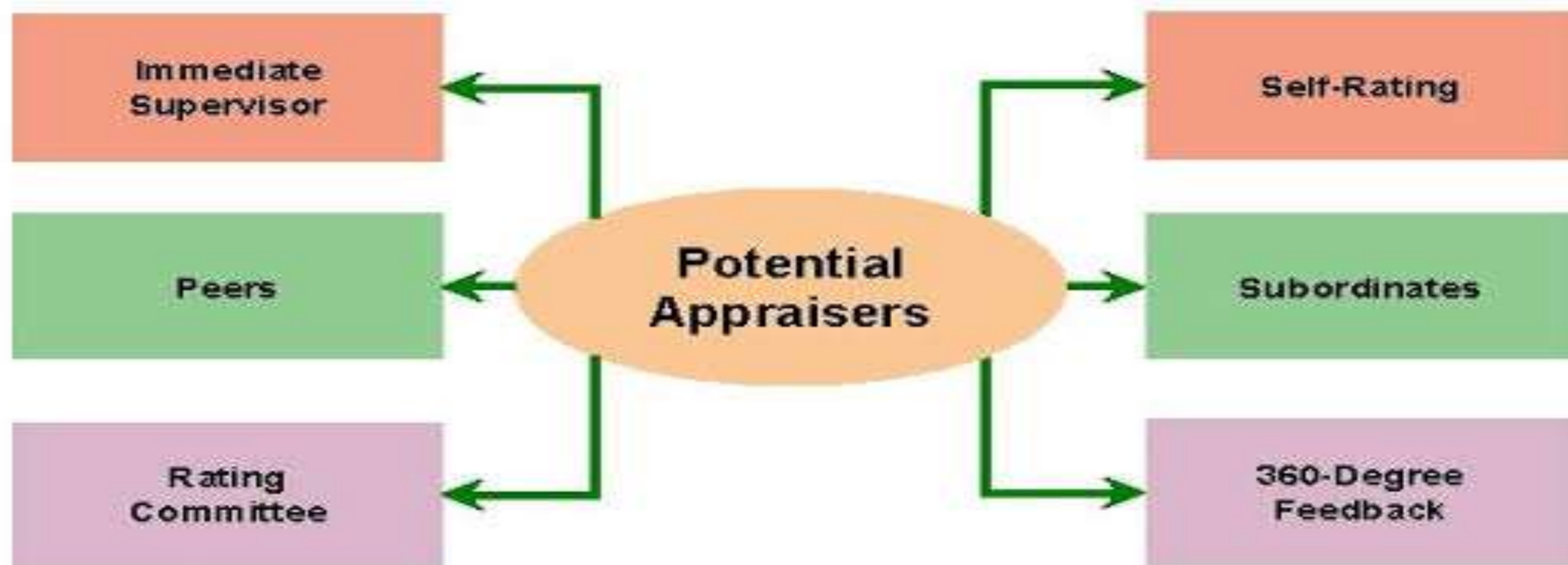
Enforced-Dispersion Method

Management by Objectives Method

Multi-Source Assessment

Corporal Appraisal

## Who Should Do the Appraising?





# WHO SHOULD DO THE APPRAISING?

1. **The Immediate Supervisor** – is usually in the best position to observe and evaluate the subordinate's performance, and is responsible for that person's performance.
2. **Peer Appraisals** – becoming more popular with firms using self-managing teams.
3. **Rating Committees** – consist of multiple raters, typically the employee's immediate supervisor and three or four other supervisors.
4. **Self-Ratings** – tend to be higher than supervisor or peer ratings.
5. **Appraisal by Subordinates** – or upward feedback, is where subordinates anonymously rate their supervisor's performance.
6. **360-Degree Feedback** – where ratings are collected from the employee's supervisors, subordinates, peers, and internal or external customers.

# Appraisals and HR Decisions

- The first and the foremost responsibility of HR team is to design the entire appraisal process.
- The criterion of performance appraisal needs to be very clear and transparent.
- The HR team also needs to sit with the reviewing authorities to ensure appraisals are done on time and only the deserving employees get the benefits.
- It is the human resource team's responsibility to ensure a smooth implementation of the appraisal process.

## Reward System

- ✓ An organization designs and implements a reward system to focus worker attention on the specific behaviors the organization considers necessary to achieve its desired objectives and goals.
- ✓ If rewards are to be useful in stimulating desired behaviors, they must meet the demands of the employees whose behaviors they are intended to influence.
- ✓ Because of the almost endless variety of human qualities, workplace requirements, and situational demands, the task of designing and managing a reward system so that it will benefit the organization is a difficult and complex undertaking.



## Rewards of Work

### Compensation

- Base salary
- Bonus

### Affiliation

- Organizational support
- Work environment
- Organizational citizenship

### Work Content

- Variety
- Challenge
- Empowerment
- Meaningfulness

### Benefits

- Insurance
- Retirement Plans
- Paid Time Off

### Career

- Advancement
- Personal Growth
- Training
- Professional Development

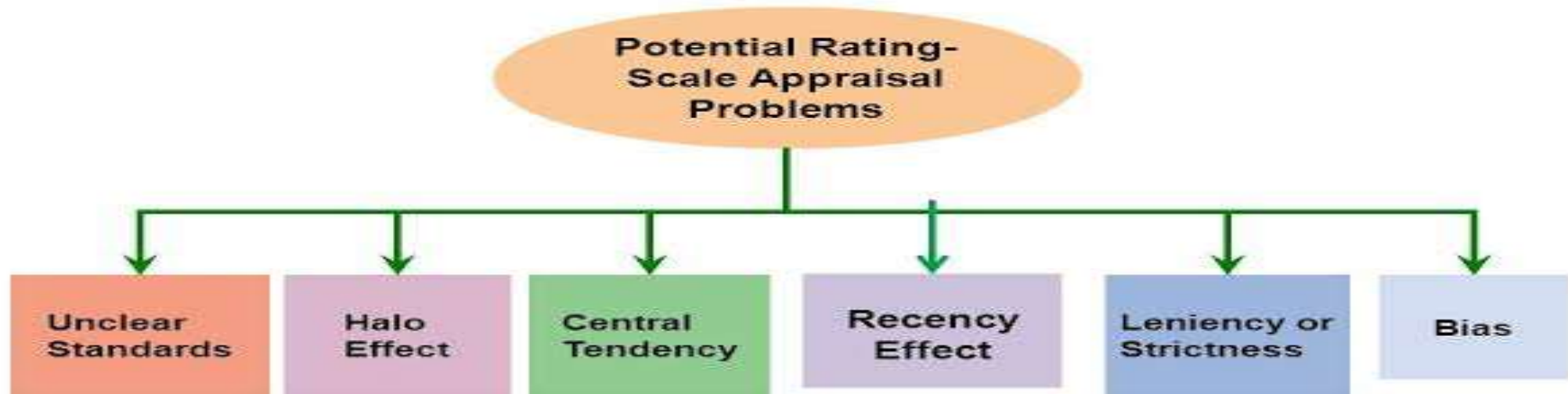


# Legal Aspect of Performance Appraisals

- **1. Keep Comprehensive Records:** Document every performance appraisal, both good and bad. It takes time, but can protect supervisors in case of litigation. Keep notes on interactions, meetings, and correspondence on a calendar.
- **2. Focus on Performance not Personality:** Keep all comments on a professional level.
- **3. Be Positive, Constructive, and Specific:** Remember the purpose of a performance appraisal is to improve performance.
- **4. Be Honest and Treat All Employees the Same:** Supervisors who are honest, straightforward, and equitable are on solid grounds legally.
- **5. Apply Objective Standards:** List actual dates and factual examples to list shortcomings.

# Issues in performance appraisals

## Appraising Performance: Problems and Solutions



# Team performance management

Team performance management is a set of interventions on individual, team and organizational level to improve the way team members work together towards a mutually agreed-upon goal.



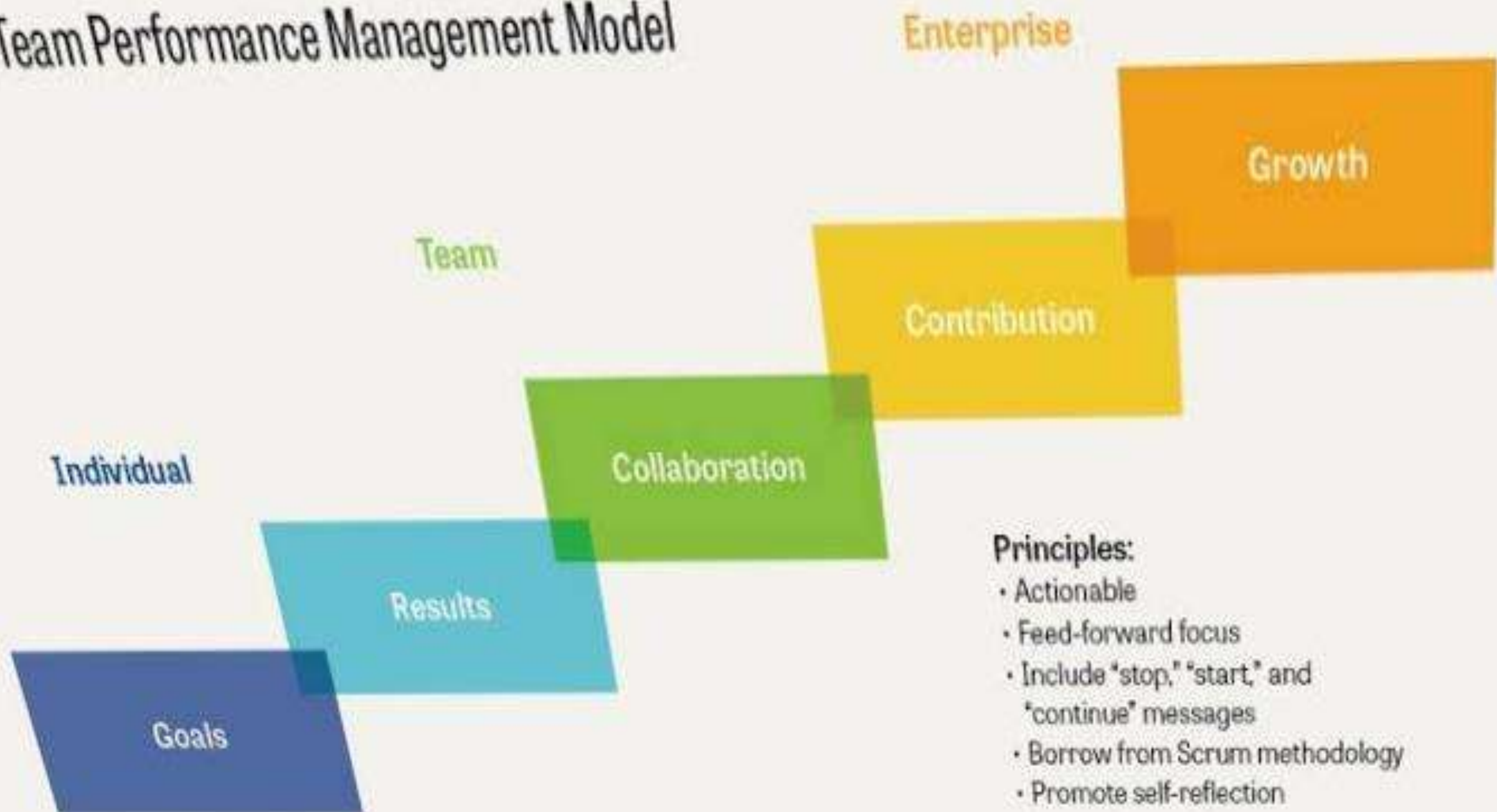
# TEAM PERFORMANCE MANAGEMENT

How to Effectively Lead Teams Through Performance Management?





# Team Performance Management Model



## Principles:

- Actionable
- Feed-forward focus
- Include "stop," "start," and "continue" messages
- Borrow from Scrum methodology
- Promote self-reflection