

Performance Management

MBA Rural Management

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Units: 1-9



Department of Business Administration
Faculty of Social Sciences & Humanities
ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD

PERFORMANCE MANAGEMENT

Level: PGD (Human Resource Management)

Study Guide

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Units 1- 9



**Department of Business Administration
Faculty of Social Sciences & Humanities
Allama Iqbal Open University Islamabad**

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FOREWORD

Prof. Dr. Nasir Mahmood
Vice Chancellor

PREFACE

Performance management is a crucial component in the development and success of both individuals and organizations. This course, titled "Performance Management," is designed to provide a comprehensive understanding of how performance is measured, assessed, and managed in the workplace, as well as its critical integration with reward systems, employee development, and strategic planning.

Unit 1 sets the foundation by exploring the definitions, advantages, and aims of performance management systems and rewards, laying the groundwork for the discussions that follow. We will delve into the ideal characteristics of performance management systems and how these systems seamlessly integrate with broader human resources and development activities.

Moving to Unit 2, we will examine the key stages of the performance management process, from planning and execution to assessment, review, and renewal. Understanding this process is essential for creating a structured and efficient system for measuring employee performance.

Unit 3 takes a strategic turn, focusing on aligning performance management with organizational goals. We will explore the purposes of strategic planning and how performance management can be successfully integrated into the broader organizational strategy to foster long-term success.

In Unit 4, we will discuss how to define performance, the determinants that influence it, and the various approaches used to measure it effectively. This understanding is vital for constructing accurate and meaningful performance metrics.

Unit 5 goes deeper into the mechanics of measuring performance, emphasizing the importance of evaluating both results and behaviours. We will also explore common challenges in performance appraisal, such as rating distortions, and ways to address these issues through effective training.

Unit 6 covers the implementation phase of performance management systems, with a focus on communication strategies, appeal processes, pilot testing, and the importance of ongoing monitoring and evaluation to ensure the system's continued success.

In Unit 7, we shift the focus to employee development, discussing how performance management systems can support personal development plans, the role of

supervisors, and the value of 360-degree feedback systems in enhancing employee growth.

Unit 8 emphasizes the skills needed to effectively manage performance, with a particular focus on coaching. We will explore different coaching styles, and processes, and how performance review meetings can be used to motivate and guide employees toward improvement.

Unit 9 addresses team performance, an increasingly important aspect in modern organizations. We will examine the dynamics of managing team performance, the challenges teams face, and how to incorporate team performance into overall performance management systems, with a focus on rewarding collective success.

Throughout this course, you will gain valuable insights into building and maintaining a performance management system that not only evaluates individual and team performance but also fosters an environment for continuous growth and alignment with organizational objectives. Whether you are an HR professional, manager, or team leader, the knowledge and skills you acquire will be critical to achieving sustained organizational success and maximizing the potential of every employee.

Dr. Muhammad Majid Mahmood Bagram

ACKNOWLEDGEMENT

I, Dr Muhammad Majid Mahmood Bagram, would like to express my heartfelt gratitude to all those who contributed to the successful completion of my study guide, *Performance Management*. This acknowledgement is a reflection of my deep appreciation and recognizes the collective efforts and resources that played a vital role in the development of this scholarly work.

First and foremost, I would like to sincerely thank Dr. Haider Ali from the National University of Modern Languages, Islamabad, for his invaluable guidance and unwavering support throughout the writing and review process. His insightful feedback, thought-provoking discussions, and expert advice were fundamental in shaping the core content and structure of this study guide.

I am also deeply grateful to my family and friends for their constant moral support, encouragement, and understanding during the entire journey of writing and refining this guide. Their patience and belief in me were a source of strength and motivation.

In conclusion, the contributions of everyone mentioned, as well as those who supported me behind the scenes, have been essential to the completion of this work. I extend my sincere thanks to all for their role in making this endeavour a success.

Sincerely,

Dr. Muhammad Majid Mahmood Bagram

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INTRODUCTION TO THE COURSE

Welcome to the Performance Management course! This course is designed to provide you with a comprehensive understanding of performance management concepts, processes, and best practices. Whether you're a manager seeking to improve team performance or an HR professional responsible for implementing performance management systems, this course will equip you with the knowledge and skills needed to effectively manage performance in your organization.

By the end of this course, you will have the knowledge and skills necessary to effectively manage performance in your organization, drive employee engagement, and achieve better business results. We hope you find this course valuable and wish you success in your journey to mastering performance management.

Dr. Muhammad Majid Mahmood Bagram
Course Development Coordinator

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Recommended Books:

- Aguinis, H. (2012). Performance Management. U.P India: Dorling Kindersley.
- Michael, A., & Angela, B. (2005). Performance Management. London: CIPD.
- Dipak, K. B. (2011). Performance Management System and Strategies. U.P India: Dorling Kindersley.

Unit: 1

PERFORMANCE MANAGEMENT AND REWARD SYSTEM

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INTRODUCTION

Performance management is a strategic approach that aims to improve the effectiveness of individuals and teams within an organization. It involves the processes of setting goals, providing feedback, evaluating performance, and developing employees to enhance their skills and abilities. Performance management is not just about assessing past performance; it is about planning and supporting future development to align individual efforts with organizational goals. Performance management is a dynamic and continuous process that plays a crucial role in driving organizational success. By setting clear goals, providing feedback, evaluating performance, and supporting development, organizations can optimize performance, enhance employee engagement, and achieve their strategic objectives.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- a) define performance management
- b) describe the advantages of the performance management system
- c) define reward system
- d) explain the aims and role of performance management systems
- e) describe the characteristics of an ideal performance management system
- f) define integration with human resources and development activities

1. Performance Management and Reward System

Performance Management and Reward Systems are critical components of human resource management aimed at improving organizational efficiency and employee satisfaction. These systems help align individual performance with organizational goals, motivate employees, and ensure fair compensation for their contributions.

1.1 PERFORMANCE MANAGEMENT

Performance Management is a systematic process that involves planning, monitoring, and evaluating employee performance to ensure that organizational goals are met effectively and efficiently. Here are the key components of a performance management system:

1.1.1 Goal Setting:

Establish clear, measurable, and achievable goals aligned with organizational objectives.

Use frameworks like SMART (Specific, Measurable, Achievable, Relevant, Time-bound) goals.

1.1.2 Continuous Feedback:

Provide ongoing feedback rather than limiting it to annual reviews.

Encourage regular one-on-one meetings between employees and supervisors to discuss progress and address issues promptly.

1.1.3 Performance Appraisal:

Conduct formal evaluations periodically (e.g., quarterly, annually).

Use various methods like 360-degree feedback, self-assessments, and peer reviews to get a comprehensive view of performance.

1.1.4 Development Plans:

Identify areas for improvement and create development plans to address skill gaps. Offer training, mentoring, and career development opportunities to support employee growth.

1.1.5 Performance Reviews:

Conduct structured performance review meetings to discuss achievements, areas for improvement, and future goals. Ensure transparency and consistency in the review process.

1.1.6 Recognition and Rewards:

Recognize and reward high performers to motivate and retain talent.

Use both monetary (bonuses, raises) and non-monetary (certificates, public recognition) rewards.

1.1.7 Reward Systems

Reward Systems are designed to attract, motivate, and retain employees by providing appropriate incentives for their performance and contributions. Effective reward systems are aligned with organizational goals and employee expectations. Key elements include:

1.1.8 Monetary Rewards:

Base Salary: Regular fixed pay based on job role and market standards.

1.1.9 Bonuses:

Additional pay is based on individual, team, or organizational performance.

Profit Sharing: Distribution of a portion of the company's profits among employees.

Commission: Pay based on performance, commonly used in sales roles.

1.1.10 Non-Monetary Rewards:

Recognition: Public acknowledgement of achievements through awards, certificates, and praise.

1.1.11 Career Development:

- a) Opportunities for training, promotions, and career advancement.
- b) Work-Life Balance: Flexible working hours, remote work options, and additional leave days.

1.1.12 Benefits:

Health insurance, retirement plans, and other employee benefits.

1.1.13 Incentive Programs:

Performance-Based Incentives: Rewards tied directly to performance metrics and achievements. Employee of the Month/Year: Programs to recognize outstanding performers.

1.1.14 Intrinsic Rewards:

Job Enrichment: Providing challenging and meaningful work to enhance job satisfaction.

Autonomy: Allowing employees more control over how they complete their tasks.

1.1.15 Comprehensive Reward Strategy:

Develop a holistic reward strategy that balances short-term incentives with long-term benefits.

Ensure fairness and equity in the distribution of rewards.

1.1.16 Best Practices:

Alignment with Organizational Goals:

- a) Ensure that performance metrics and rewards are aligned with the strategic objectives of the organization.
- b) Communicate how individual performance contributes to organizational success.
- c) Transparency and Fairness:
- d) Maintain transparency in the performance evaluation and reward distribution processes.
- e) Address any biases and ensure fairness to all employees.

1.1.17 Employee Involvement:

- a) Involve employees in setting performance goals and designing reward programs to increase buy-in and motivation.
- b) Collect regular feedback to improve the systems.

1.1.18 Regular Review and Adaptation:

- a) Continuously monitor and review the effectiveness of performance management and reward systems.
- b) Adapt to changing organizational needs and employee expectations.

1.1.19 Training for Managers:

- a) Train managers and supervisors on effective performance management techniques and unbiased evaluation methods.
- b) Equip them with skills to provide constructive feedback and support employee development.

Performance management and reward systems are essential for driving organizational success and employee satisfaction. By setting clear goals, providing continuous feedback, and recognizing achievements through fair and motivating reward systems, organizations can foster a high-performance culture. Ensuring alignment with organizational objectives, maintaining transparency, and involving employees in the process is key to the effectiveness of this system

1.2 DEFINITION OF PERFORMANCE MANAGEMENT

Performance Management is a systematic and continuous process by which an organization involves its employees, as individuals and as members of a group, in improving organizational effectiveness in the accomplishment of its mission and goals. It encompasses setting performance expectations, monitoring progress, providing ongoing feedback, evaluating outcomes, and developing employees' skills and abilities to enhance overall performance.

1.2.1 Key Components of Performance Management:

Goal Setting:

Establishing clear, specific, measurable, and achievable goals that align with organizational objectives.

1.2.2 Performance Planning:

Outlining the expectations, responsibilities, and performance standards for employees.

1.2.3 Continuous Feedback and Communication:

Providing regular, constructive feedback to employees regarding their performance and progress toward goals.

1.2.4 Performance Appraisal:

Conducting formal evaluations periodically to assess individual and team performance against predefined criteria.

1.2.5 Employee Development:

Identifying development needs and creating plans to enhance skills, knowledge, and capabilities.

1.2.6 Recognition and Rewards:

Acknowledging and rewarding high performance to motivate and retain employees.

1.2.7 Performance Improvement Plans:

Addressing underperformance through targeted interventions and support.

1.2.8 Objectives of Performance Management:

Aligning Individual Objectives with Organizational Goals:

Ensuring that employees' efforts contribute to the overall success of the organization.

1.2.9 Enhancing Employee Performance:

Helping employees achieve their full potential through regular feedback and development opportunities.

1.2.10 Improving Organizational Efficiency:

Streamlining processes and eliminating inefficiencies to boost productivity.

1.2.11 Fostering a Culture of Continuous Improvement:

Encouraging employees to continuously seek ways to improve their performance and the organization.

1.2.12 Identifying Training and Development Needs:

Recognizing skill gaps and providing appropriate training to address them.

1.2.13 Benefits of Performance Management:**Increased Employee Engagement and Motivation:**

Engaged employees are more likely to be motivated and committed to their work.

1.2.14 Better Communication and Collaboration:

Regular feedback and discussions improve communication and collaboration among employees and managers.

1.2.15 Enhanced Accountability:

Clearly defined goals and expectations ensure that employees are accountable for their performance.

1.2.16 Data-Driven Decision Making:

Performance data helps managers make informed decisions about promotions, compensation, and development opportunities.

Performance Management is a comprehensive approach that integrates goal setting, continuous feedback, and employee development to achieve organizational success. It not only enhances individual and team performance but also fosters a culture of continuous improvement and accountability. By aligning individual objectives with organizational goals and providing ongoing support and recognition, performance management helps organizations maximize their human capital potential.

1.3 ADVANTAGES OF PERFORMANCE MANAGEMENT SYSTEM

A well-implemented performance management system (PMS) offers numerous benefits to both the organization and its employees. Here are some key advantages:

1.3.1 Alignment with Organizational Goals

Strategic Alignment:

- a) Ensures that individual goals are aligned with the strategic objectives of the organization, promoting a unified direction and effort.
- b) **Clear Expectations:** Helps in setting clear expectations for employees, ensuring they understand how their work contributes to the organization's success.

1.3.2 Enhanced Employee Performance

Continuous Improvement: Provides regular feedback and development opportunities, encouraging employees to continuously improve their skills and performance.

Motivation and Engagement: Regular recognition and rewards for good performance boost employee morale and motivation.

1.3.3 Effective Communication

Regular Feedback: Facilitates open communication between employees and managers, ensuring regular discussions about performance and progress.

Two-Way Dialogue: Encourages a two-way dialogue, allowing employees to voice their concerns and suggestions, leading to a more engaged workforce.

1.3.4 Development and Growth

Identifying Skill Gaps: Helps in identifying training and development needs, allowing for targeted learning interventions.

Career Development: Provides a framework for discussing and planning career development, helping employees achieve their professional goals.

1.3.5 Improved Decision Making

Data-Driven Insights: Collects performance data that can be used to make informed decisions about promotions, compensation, and other HR actions.

Identifying High Performers: Helps in identifying high performers who can be groomed for leadership roles or critical projects.

1.3.6 Increased Accountability

Clear Accountability: Establishes clear accountability for performance, ensuring that employees know what is expected of them and how they will be evaluated.

Objective Evaluations: Provides a structured and objective framework for evaluating performance, reducing biases and ensuring fairness.

1.3.7 Employee Satisfaction and Retention

Recognition and Rewards: Acknowledging and rewarding employees for their contributions increases job satisfaction and loyalty.

Career Pathing: Providing clear career paths and development opportunities helps in retaining top talent.

1.3.8 Organizational Efficiency

Performance Metrics: Utilizes performance metrics to identify inefficiencies and areas for improvement within the organization.

Streamlined Processes: Helps in streamlining processes and improving productivity by focusing on key performance indicators.

1.3.9 Fostering a Culture of Continuous Improvement

Ongoing Development: Encourages a culture where continuous improvement is valued and pursued by everyone in the organization.

Adaptive Learning: Promotes adaptive learning and the ability to respond to changing business environments effectively.

1.3.10 Legal and Compliance Benefits

Documented Performance Records: Maintains detailed records of performance evaluations and feedback, which can be crucial in defending against wrongful termination or discrimination claims.

Compliance with Regulations: Ensures compliance with labour laws and regulations by following standardized performance management processes.

Implementing a robust performance management system offers significant advantages that contribute to the overall effectiveness, efficiency, and competitiveness of an organization. By aligning individual performance with organizational goals, fostering continuous improvement, enhancing communication, and ensuring fairness and accountability, a performance management system not only drives better business outcomes but also enhances employee satisfaction and retention.

1.3.11 Definition of Reward System

A Reward System is a structured method by which organizations recognize and compensate their employees for their contributions, performance, and achievements. It encompasses all the financial and non-financial benefits provided to employees in exchange for their work, aimed at motivating, retaining, and enhancing employee performance and satisfaction.

1.3.12 Key Components of a Reward System

Financial Rewards:

Salary and Wages: Regular payments are made to employees based on their job roles, experience, and market standards.

Bonuses: Additional financial incentives given for meeting or exceeding performance targets.

Profit Sharing: Distributing a portion of the organization's profits among employees.

Stock Options: Offering employees the option to buy company shares at a reduced price.

Non-Financial Rewards:

Recognition Programs: Acknowledging employee achievements through awards, certificates, or public recognition.

Career Development Opportunities: Providing opportunities for professional growth and career advancement.

Work-Life Balance Initiatives: Flexible working hours, remote work options, and wellness programs.

Employee Benefits: Health insurance, retirement plans, paid time off, and other benefits.

Intrinsic Rewards:

Job Satisfaction: Ensuring that the job itself is fulfilling and meaningful.

Autonomy: Giving employees control over their work and decision-making processes.

Sense of Achievement: Providing tasks and projects that allow employees to feel a sense of accomplishment.

Objectives of a Reward System

Motivation: Encourage employees to perform at their best by providing incentives that align with their needs and desires.

Retention: Reduce turnover by offering competitive rewards that make employees feel valued and satisfied.

Performance Improvement: Drive higher levels of performance by linking rewards directly to individual and team achievements

Engagement: Increase employee engagement and commitment to the organization.

Attraction of Talent: Attract top talent by offering an attractive and comprehensive reward package.

Benefits of an Effective Reward System

Enhanced Performance: Motivates employees to achieve higher levels of productivity and efficiency.

Increased Loyalty: Builds a sense of loyalty and reduces turnover rates by making employees feel valued.

Better Recruitment: Attracts high-quality candidates who are looking for competitive compensation and recognition.

Improved Morale: Boosts overall employee morale and job satisfaction.

Positive Organizational Culture: Promotes a culture of recognition, appreciation, and continuous improvement.

A reward system is a vital component of human resource management that plays a crucial role in motivating employees, improving performance, and retaining top talent. By carefully designing and implementing a comprehensive reward system that includes financial, non-financial, and intrinsic rewards, organizations can ensure that their employees feel valued, satisfied, and motivated to contribute to the organization's success.

1.4 AIMS AND ROLE OF PERFORMANCE MANAGEMENT SYSTEMS

Aligning Individual and Organizational Goals: Ensuring that employees' objectives are in sync with the organization's mission and strategic goals. This alignment helps everyone work towards common outcomes.

Enhancing Performance and Productivity: Encouraging continuous improvement in employees' performance through regular feedback, goal setting, and performance evaluations. This aim focuses on increasing both individual and organizational productivity.

Identifying and Developing Talent: Recognizing high-performing employees and identifying areas for improvement. This helps in career development and succession planning by ensuring that the organization has a pipeline of skilled employees ready for advancement.

Providing Regular Feedback and Coaching: Establishing a culture of open communication where employees receive ongoing feedback about their

performance. This helps in timely addressing issues and coaching employees for better results.

Facilitating Personal and Professional Growth: Supporting employees in their career development through training, skill development programs, and opportunities for advancement. This aim is focused on employee growth and long-term career planning.

Enhancing Employee Engagement and Motivation: Creating a work environment where employees feel valued and motivated. A well-implemented performance management system can increase job satisfaction and employee engagement.

Ensuring Fair and Objective Evaluations: Providing a structured and transparent framework for evaluating employee performance. This helps in minimizing biases and ensuring fairness in performance assessments.

Supporting Decision Making: Offering valuable data and insights that aid management in making informed decisions about promotions, compensation, layoffs, and other HR activities.

Improving Organizational Efficiency: Streamlining processes and identifying inefficiencies through performance data analysis. This helps in optimizing workflows and enhancing overall organizational efficiency.

Role of Performance Management Systems

Goal Setting and Planning:

SMART Goals: Facilitates the setting of Specific, Measurable, Achievable, Relevant, and Time-bound goals.

Alignment: Ensures individual goals are aligned with departmental and organizational objectives.

Monitoring and Feedback:

Continuous Monitoring: Tracks ongoing performance against set goals.

Regular Feedback: Provides constructive feedback to employees on their progress and areas of improvement.

Performance Appraisal:

Evaluation: Conduct periodic evaluations of employee performance using predefined criteria.

Documentation: Maintains records of performance appraisals and feedback for future reference and legal compliance.

Employee Development:

Training Needs Assessment: Identifies skill gaps and training needs based on performance data.

Career Development Plans: Develop personalized career development plans for employees.

Recognition and Rewards:

Incentives: Links performance with rewards such as bonuses, promotions, and other incentives.

Recognition Programs: Implements recognition programs to acknowledge and reward outstanding performance.

Performance Improvement Plans:

Underperformance Management: Creates performance improvement plans for employees who are not meeting expectations.

Support Mechanisms: Provide the necessary support, such as additional training or mentoring, to help employees improve.

Strategic Decision Making:

Data-Driven Insights: Utilizes performance data to inform strategic decisions regarding workforce planning, promotions, and compensation.

Resource Allocation: Helps in the optimal allocation of resources by identifying high performers and critical roles.

Enhanced Communication:

Two-Way Dialogue: Promotes open communication between employees and managers.

Feedback Mechanisms: Establishes formal mechanisms for providing and receiving feedback.

Performance management systems are essential tools for aligning individual performance with organizational goals, enhancing productivity, and fostering employee development. By providing regular feedback, identifying training needs, and recognizing achievements, these systems play a critical role in motivating employees and ensuring organizational success. Through fair and objective

evaluations, performance management systems also help in making informed HR decisions, thereby improving overall organizational efficiency and effectiveness.

1.5 CHARACTERISTICS OF AN IDEAL PERFORMANCE MANAGEMENT SYSTEM

An effective performance management system (PMS) is critical to an organization's success as it ensures employees are aligned with the organizational goals, continuously improving, and motivated. Here are the key characteristics of an ideal performance management system:

1. Alignment with Organizational Goals

Strategic Alignment: The system should ensure that individual and team goals are directly linked to the organization's strategic objectives.

Cascading Goals: Goals should cascade from the top down, ensuring coherence and focus across all levels.

2. Clear Objectives and Expectations

Specific Goals: Objectives should be clearly defined, specific, measurable, achievable, relevant, and time-bound (SMART).

Role Clarity: Employees should have a clear understanding of their roles and responsibilities.

3. Regular and Constructive Feedback

Ongoing Feedback: The system should facilitate continuous feedback rather than limiting it to annual reviews.

Constructive Criticism: Feedback should be actionable, focusing on how employees can improve and develop their skills.

4. Employee Development Focus

Training and Development: The system should identify skill gaps and provide opportunities for learning and development.

Career Pathing: Employees should have a clear understanding of their career progression and opportunities within the organization.

5. Fair and Objective Evaluations

Standardized Criteria: Evaluations should be based on standardized and transparent criteria to ensure fairness.

Minimize Bias: The system should include mechanisms to reduce personal biases and subjectivity in evaluations.

6. Two-Way Communication

Dialogue: Encourages open, honest, and two-way communication between employees and managers.

Feedback Loop: Employees should also be able to provide feedback about the performance management process and their roles.

7. Recognition and Reward

Recognition Programs: Acknowledges and rewards employees for their achievements and contributions.

Diverse Rewards: Includes both monetary (bonuses, raises) and non-monetary rewards (recognition, career development opportunities).

8. Performance Improvement Plans

Action Plans: Provide clear action plans for employees who are not meeting expectations.

Support Systems: Offers the necessary support, such as mentoring or additional training, to help employees improve.

9. Integration with Other HR Processes

Seamless Integration: The performance management system should integrate with other HR processes like recruitment, compensation, and talent management.

Holistic View: Offers a comprehensive view of employee performance and development across the organization.

10. Data-Driven Decision Making

Analytics: Utilizes performance data to inform decision-making processes.

Real-Time Data: Provides real-time performance data to managers and HR professionals.

11. Adaptability and Flexibility

Customizable: The system should be flexible enough to adapt to changing organizational needs and individual roles.

Responsive to Feedback: Continuously improves based on feedback from users and organizational changes.

12. User-Friendly Interface

Ease of Use: The system should be intuitive and easy for all employees to use.

Accessibility: Accessible from various devices and locations, facilitating remote and hybrid work environments.

An ideal performance management system is one that not only aligns individual performance with organizational goals but also promotes continuous improvement,

fair evaluation, and effective communication. It should focus on employee development, provide constructive feedback, and recognize and reward achievements. By integrating seamlessly with other HR processes and utilizing data-driven insights, it can significantly enhance organizational efficiency and employee satisfaction. Adaptability, user-friendliness, and regular updates based on feedback are essential for maintaining an effective performance management system.

1.6 INTEGRATION WITH HUMAN RESOURCES AND DEVELOPMENT ACTIVITIES

Integration of performance management with human resources (HR) and development activities is crucial for fostering a cohesive and efficient organizational environment. This integration ensures that all HR functions work synergistically to support the overall goals and strategies of the organization. Here's how performance management can be effectively integrated with various HR and development activities:

1. Recruitment and Selection

Competency Mapping: Use performance data to identify key competencies and skills required for various roles. This information helps in developing job descriptions and selecting candidates who possess the desired attributes.

Behavioral Interviews: Incorporate performance-based questions and scenarios during interviews to assess candidates' potential to meet performance standards.

2. Onboarding and Orientation

Clear Expectations: Set clear performance expectations from the beginning. Provide new hires with a comprehensive understanding of their roles, responsibilities, and performance criteria.

Mentorship Programs: Assign mentors to new employees to help them understand the performance management system and integrate smoothly into the organization.

3. Training and Development

Skill Gap Analysis: Use performance evaluations to identify skill gaps and areas where employees need development. Tailor training programs to address these gaps.

Personal Development Plans: Create individualized development plans based on performance reviews, focusing on enhancing skills and competencies required for current and future roles.

4. Career Development and Succession Planning

Career Pathing: Use performance data to identify high-potential employees and plan their career progression within the organization.

Succession Planning: Identify and develop potential successors for key positions based on performance assessments and growth potential.

5. Compensation and Rewards

Performance-Based Compensation: Link compensation, bonuses, and incentives directly to performance outcomes to motivate and reward high achievers.

Recognition Programs: Implement recognition programs that celebrate outstanding performance, fostering a culture of appreciation and motivation.

6. Employee Engagement and Retention

Regular Feedback: Foster a culture of continuous feedback and communication. Engaged employees are more likely to stay with the organization.

Employee Surveys: Conduct surveys to gather feedback on the performance management system and overall job satisfaction, using the data to make improvements.

7. Performance Improvement Plans

Targeted Interventions: Develop performance improvement plans for employees who are not meeting expectations. Provide additional training, resources, or mentorship as needed.

Continuous Monitoring: Regularly monitor progress against improvement plans and provide ongoing support to ensure success.

8. HR Analytics and Reporting

Data-Driven Insights: Use performance management data to generate insights on workforce trends, training needs, and overall organizational performance.

Predictive Analytics: Implement predictive analytics to forecast future performance trends and inform strategic HR decisions.

9. Compliance and Legal Considerations

Documentation: Maintain detailed records of performance reviews, feedback sessions, and development activities to ensure compliance with legal and regulatory requirements.

Fairness and Consistency: Ensure that the performance management process is fair, consistent, and transparent to mitigate risks of discrimination and bias.

Steps for Effective Integration

Define Clear Objectives: Establish clear goals for integrating performance management with HR activities. Ensure alignment with organizational objectives.

Develop Standardized Processes: Create standardized processes for performance evaluations, feedback, and development activities. Ensure consistency across the organization.

Implement Technology Solutions: Use HR software to streamline performance management processes and integrate them with other HR functions. This can include tools for tracking performance data, managing development plans, and generating reports.

Provide Training and Support: Train managers and HR professionals on the integrated performance management system. Provide ongoing support to ensure effective implementation.

Monitor and Evaluate: Regularly monitor the integration process and evaluate its effectiveness. Use feedback to make continuous improvements.

Integrating performance management with HR and development activities is essential for creating a cohesive and efficient organizational environment. This integration ensures that all HR functions work together to support the overall goals and strategies of the organization. By aligning performance management with recruitment, onboarding, training, career development, compensation, and engagement initiatives, organizations can foster a culture of continuous improvement, motivation, and high performance. Using data-driven insights and technology solutions further enhances the effectiveness of this integration, ensuring that the organization remains agile and responsive to changing needs and challenges.

SELF-ASSESSMENT QUESTIONS

1. What is performance management, and why is it important in organizations?
2. What are the key components of a performance management system?
3. How does performance management contribute to organizational success?
4. What are the challenges organizations face in implementing effective performance management systems?

Unit: 2

**PERFORMANCE MANAGEMENT
PROCESS**

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INTRODUCTION

Performance management is a systematic process designed to improve individual and organizational performance through goal setting, continuous feedback, evaluation, and development planning. It aims to align individual goals with organizational objectives and create a culture of accountability, transparency, and continuous improvement.

The performance management process is a critical tool for driving organizational success and employee engagement. By setting clear goals, providing regular feedback, evaluating performance, and supporting development, organizations can optimize performance, enhance employee satisfaction, and achieve their strategic objectives. It is a continuous and iterative process that requires ongoing commitment and effort from both managers and employees.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- a) Define performance planning and execution
- b) Describe the performance assessment
- c) Conduct performance review
- d) Understand performance renewal and re-contracting

UNIT 2 PERFORMANCE MANAGEMENT PROCESS

The performance management process is a systematic approach used by organizations to ensure that employee's activities and outputs align with the organization's goals. This process involves setting clear expectations, monitoring progress, providing feedback, and evaluating performance. Here's an overview of the key steps in the performance management process:

1. Planning

Goal Setting: Establish specific, measurable, achievable, relevant, and time-bound (SMART) goals for employees. These goals should align with the overall objectives of the organization.

Expectations: Clearly define job responsibilities and performance expectations.

Development Plans: Create individual development plans that outline the skills and competencies employees need to develop to achieve their goals.

2. Monitoring

Regular Check-Ins: Schedule regular meetings between managers and employees to discuss progress towards goals.

Performance Tracking: Use tools and metrics to track performance and progress. This can include project management software, performance dashboards, and key performance indicators (KPIs).

Feedback: Provide ongoing, real-time feedback to employees on their performance. This helps in making immediate improvements and adjustments.

3. Developing

Training Programs: Offer training and development opportunities to help employees acquire the skills needed to meet their performance goals.

Coaching and Mentoring: Provide coaching and mentoring to support employees' professional growth and development.

Resources and Support: Ensure employees have access to the necessary resources and support to perform their jobs effectively.

4. Evaluating

Performance Reviews: Conduct formal performance reviews at regular intervals (e.g., annually, semi-annually). These reviews should be comprehensive and based on the employee's performance over the review period.

Self-Assessment: Encourage employees to conduct self-assessments to reflect on their performance and identify areas for improvement.

360-Degree Feedback: Collect feedback from various sources, including peers, subordinates, and supervisors, to get a well-rounded view of the employee's performance.

5. Reviewing

Appraisal Meetings: Hold performance appraisal meetings to discuss the employee's performance review. This should be a two-way conversation where both the manager and employee can share their perspectives.

Recognition and Rewards: Recognize and reward employees for their achievements and contributions. This can include bonuses, promotions, public recognition, and other incentives.

Performance Improvement Plans: For employees who are not meeting expectations, develop performance improvement plans (PIPs) that outline specific actions and timelines for improvement.

6. Adjusting

Goal Realignment: Based on performance evaluations, adjust goals and expectations as needed. This ensures that employees remain aligned with the changing objectives of the organization.

Continuous Improvement: Foster a culture of continuous improvement where employees are encouraged to seek out new ways to enhance their performance and productivity.

Feedback Loop: Implement a feedback loop where insights from the performance management process are used to improve future goal-setting, monitoring, and evaluation practices.

Key Considerations for an Effective Performance Management Process

Communication: Ensure clear and open communication throughout the process. Employees should understand their goals, receive regular feedback, and know how their performance is being evaluated.

Consistency: Apply the performance management process consistently across the organization to ensure fairness and transparency.

Documentation: Keep detailed records of all performance-related activities, including goal-setting meetings, feedback sessions, training, and performance reviews. This documentation is crucial for legal compliance and for tracking progress over time.

Technology: Utilize performance management software to streamline the process, track performance metrics, and facilitate communication and feedback.

Employee Involvement: Involve employees in the process by encouraging self-assessment and seeking their input on goal setting and development plans. This increases engagement and ownership of their performance.

An effective performance management process is essential for driving organizational success and employee development. By systematically planning, monitoring, developing, evaluating, reviewing, and adjusting performance, organizations can ensure that employees are aligned with their goals and continuously improving. Clear communication, consistency, documentation, and

the use of technology are key to making the performance management process effective and impactful.

2.1 PERFORMANCE PLANNING

Performance planning is a critical phase in the performance management process where managers and employees work together to set clear, achievable goals and establish expectations for the upcoming performance period. This phase lays the foundation for continuous performance monitoring, feedback, and evaluation. Effective performance planning ensures that employees understand their roles and how their work contributes to the organization's success.

Key Components of Performance Planning

Goal Setting

SMART Goals: Set goals that are Specific, Measurable, Achievable, Relevant, and Time-bound. SMART goals provide clarity and focus, making it easier to track progress and measure success.

Alignment with Organizational Objectives: Ensure that individual goals are aligned with the broader objectives of the organization. This alignment helps employees see the impact of their work on the company's success.

Defining Expectations

Job Responsibilities: Clearly outline the primary responsibilities and tasks associated with the employee's role. This helps in setting clear expectations regarding job performance.

Behavioural Expectations: Define expected behaviours and competencies, such as teamwork, communication, and problem-solving skills. Behavioural expectations are crucial for maintaining a positive work environment.

Developing Action Plans

Task Breakdown: Break down larger goals into smaller, manageable tasks. This makes it easier for employees to understand what needs to be done and to make steady progress.

Timeline and Milestones: Establish a timeline with specific milestones to track progress. Regular milestones help in maintaining momentum and provide opportunities for timely feedback.

Identifying Resources and Support

Training and Development: Determine any training or development needs that the employee may have to achieve their goals. This can include formal training programs, workshops, or on-the-job training.

Tools and Equipment: Ensure that employees have access to the necessary tools, equipment, and resources to perform their tasks effectively.

Setting Performance Metrics

Key Performance Indicators (KPIs): Define KPIs that will be used to measure progress towards goals. KPIs should be quantifiable and directly related to the objectives.

Qualitative and Quantitative Metrics: Use a combination of qualitative (e.g., customer feedback, peer reviews) and quantitative (e.g., sales numbers, project completion rates) metrics to evaluate performance.

Establishing Review and Feedback Mechanisms

Regular Check-Ins: Schedule regular check-in meetings to discuss progress, address any challenges, and provide feedback. These meetings help in making necessary adjustments and keeping the employee on track.

Continuous Feedback: Foster a culture of continuous feedback where employees receive timely and constructive feedback on their performance.

Steps in the Performance Planning Process

Initial Meeting

Hold a meeting between the manager and employee to discuss the upcoming performance period. This meeting sets the stage for goal setting and expectations.

Setting Goals and Expectations

Collaboratively set goals and define expectations. Ensure that the goals are challenging yet achievable and that expectations are communicated.

Developing Action Plans

Create detailed action plans that outline the steps needed to achieve the goals. Discuss any potential obstacles and strategies to overcome them.

Identifying Resources

Determine the resources and support needed for the employee to succeed. This includes training, tools, and access to information.

Establishing Metrics and Timelines

Define the performance metrics and set timelines for achieving the goals. Discuss how progress will be measured and evaluated.

Documenting the Plan

Document the performance plan, including goals, expectations, action plans, and metrics. Both the manager and employee should have access to this document for reference.

Ongoing Monitoring and Feedback

Continuously monitor progress and provide feedback. Adjust the plan as needed based on changing circumstances or new information.

Importance of Performance Planning

Clarity and Focus: Provides employees with a clear understanding of what is expected, reducing ambiguity and increasing focus on key priorities.

Motivation: Well-defined goals and regular feedback can motivate employees by providing a sense of direction and achievement.

Alignment: Ensures that individual efforts are aligned with organizational objectives, contributing to overall success.

Development: Identifies training and development needs, helping employees grow their skills and advance their careers.

Accountability: Establishes accountability by setting specific goals and metrics, making it easier to track and evaluate performance.

Performance planning is a vital component of the performance management process that sets the stage for successful employee performance. By setting clear goals, defining expectations, developing action plans, identifying resources, and establishing metrics, organizations can ensure that employees are well-equipped to meet their objectives. Continuous monitoring and feedback further enhance the effectiveness of performance planning, leading to improved individual and organizational performance.

2.2 PERFORMANCE EXECUTION

Performance execution is the phase in the performance management process where employees carry out the tasks and responsibilities outlined in their performance plans. This phase focuses on the actual implementation of work activities, continuous monitoring, providing feedback, and making necessary adjustments to ensure that performance goals are met. Effective performance execution is crucial for achieving the desired outcomes and organizational objectives.

Key Components of Performance Execution**Carrying Out Tasks**

Task Implementation: Employees work on the tasks and responsibilities assigned to them in the performance planning phase. This involves applying their skills and knowledge to achieve the set goals.

Adherence to Plans: Ensuring that employees follow the action plans and timelines established during the performance planning phase.

Continuous Monitoring

Progress Tracking: Regularly track the progress of tasks and projects using performance metrics and key performance indicators (KPIs). This helps in identifying any deviations from the plan early on.

Performance Data Collection: Collect data on various performance aspects to provide a basis for feedback and evaluation. This data can include quantitative metrics (e.g., sales numbers, project completion rates) and qualitative metrics (e.g., customer feedback).

Providing Feedback

Ongoing Feedback: Provide continuous, real-time feedback to employees. This feedback should be constructive, specific, and focused on helping employees improve their performance.

Formal Feedback Sessions: In addition to ongoing feedback, schedule regular formal feedback sessions (e.g., weekly, monthly) to discuss progress and address any issues.

Making Adjustments

Identify Barriers: Recognize any barriers or obstacles that may hinder performance. This could include resource constraints, skill gaps, or external factors.

Adjust Plans: Make necessary adjustments to the action plans, resources, or timelines based on the feedback and performance data. Flexibility in plans ensures that employees can adapt to changing circumstances.

Employee Development

Training and Development: Provide ongoing training and development opportunities to help employees acquire new skills and improve their performance.

Coaching and Mentoring: Offer coaching and mentoring to support employees in their professional growth and address specific performance challenges.

Recognition and Reward

Acknowledge Achievements: Recognize and reward employees for their accomplishments and contributions. This can include formal recognition programs, bonuses, promotions, or informal acknowledgements.

Motivation: Use recognition and rewards to motivate employees and reinforce positive behaviours and high performance.

Steps in the Performance Execution Process

Implementation

Employees begin executing the tasks and responsibilities outlined in their performance plans.

Managers provide the necessary resources and support to facilitate task completion.

Monitoring and Tracking

Managers and employees regularly track the progress of tasks using established performance metrics.

Monitoring tools and software can be used to streamline the tracking process and provide real-time insights.

Feedback and Communication

Continuous feedback is provided to employees, highlighting strengths and areas for improvement.

Regular formal feedback sessions are conducted to review progress and discuss any issues or adjustments needed.

Adjustments and Support

Identify any barriers to performance and make necessary adjustments to action plans, resources, or timelines.

Provide additional support, training, or resources as needed to help employees overcome challenges.

Development and Growth

Offer ongoing training and development opportunities to enhance employees' skills and competencies.

Provide coaching and mentoring to support professional growth and address specific performance issues.

Recognition and Motivation

Recognize and reward employees for their achievements and contributions.

Use recognition and rewards to motivate employees and encourage continued high performance.

Importance of Performance Execution

Achieving Goals: Effective performance execution ensures that employees carry out their tasks and responsibilities, leading to the achievement of individual and organizational goals.

Continuous Improvement: Ongoing monitoring and feedback help in identifying areas for improvement and making necessary adjustments to enhance performance.

Employee Engagement: Providing continuous feedback, support, and recognition keeps employees engaged and motivated, fostering a positive work environment.

Adaptability: The ability to make adjustments to plans and resources ensures that employees can adapt to changing circumstances and remain on track to achieve their goals.

Skill Development: Ongoing training, coaching, and development opportunities help employees acquire new skills and improve their performance, contributing to their professional growth.

Performance execution is a critical phase in the performance management process that focuses on the implementation of tasks and responsibilities. Through continuous monitoring, feedback, adjustments, and support, organizations can ensure that employees remain on track to achieve their goals. Recognizing and rewarding achievements further motivate employees and reinforce high performance. Effective performance execution leads to the successful accomplishment of individual and organizational objectives and fosters a culture of continuous improvement and professional growth.

2.3 PERFORMANCE ASSESSMENT

Performance assessment is a systematic process used to evaluate an employee's work performance against predefined standards and objectives. It involves collecting, analyzing, and providing feedback on various performance metrics to understand an employee's strengths, weaknesses, and areas for improvement. This process is critical for making informed decisions about promotions, compensation, training needs, and career development.

Key Components of Performance Assessment

Setting Performance Standards and Goals

Clear Expectations: Establish clear, measurable, and achievable performance standards and goals aligned with organizational objectives.

SMART Goals: Use the SMART criteria (Specific, Measurable, Achievable, Relevant, Time-bound) to define performance goals.

Data Collection

Quantitative Data: Gather objective data such as sales numbers, productivity metrics, project completion rates, and other key performance indicators (KPIs).

Qualitative Data: Collect subjective data through observations, customer feedback, peer reviews, and self-assessments.

Evaluation Methods

Self-Assessment: Employees evaluate their performance, providing insight into their self-perception and awareness of their work.

Manager Assessment: Supervisors or managers assess employee performance based on observations, data, and overall contributions.

360-Degree Feedback: Collect feedback from a full circle of sources, including peers, subordinates, and external stakeholders, to get a comprehensive view of performance.

Performance Review Meetings

Scheduled Reviews: Conduct regular performance review meetings to discuss performance, provide feedback, and set new goals.

Constructive Feedback: Offer specific, actionable, and balanced feedback highlighting both strengths and areas for improvement.

Documentation

Performance Records: Maintain detailed records of performance assessments, including notes from review meetings, performance data, and feedback.

Performance Improvement Plans (PIPs): Develop PIPs for employees who need to improve specific areas, outlining steps and timelines for improvement.

Steps in the Performance Assessment Process

Preparation

Define performance standards and goals for each role.

Communicate expectations to employees at the beginning of the assessment period.

Data Collection

Collect relevant performance data throughout the assessment period.

Use tools like performance tracking software, feedback forms, and surveys.

Evaluation

Analyze collected data to evaluate performance against established standards.

Consider both quantitative and qualitative aspects of performance.

Feedback and Review

Schedule performance review meetings with employees.

Provide constructive feedback, discuss achievements, and identify areas for improvement.

Development Planning

Collaborate with employees to create development plans, including training, mentoring, and other professional development opportunities.

Set new performance goals and outline steps to achieve them.

Follow-Up

Monitor progress on performance improvement plans and development goals.

Provide ongoing support and feedback to ensure continuous improvement.

Types of Performance Assessment Methods

Rating Scales: Use numerical or descriptive scales to rate various performance dimensions.

Behavioural Checklists: List specific behaviors that are indicators of effective or ineffective performance.

Critical Incidents: Document specific instances of exemplary or subpar performance.

Management by Objectives (MBO): Set specific objectives collaboratively between managers and employees, then assess performance based on the achievement of these objectives.

Competency-Based Assessments: Evaluate performance based on predefined competencies required for the role.

Importance of Performance Assessment

Alignment with Goals: Ensures that employee performance aligns with organizational goals and objectives.

Employee Development: Identifies training and development needs, helping employees grow and improve their skills.

Motivation and Engagement: Provides feedback and recognition, boosting employee motivation and engagement.

Informed Decision-Making: Facilitates data-driven decisions regarding promotions, compensation, and other HR actions.

Performance Improvement: Helps identify and address performance issues, leading to overall improvement in organizational performance.

Performance assessment is a critical process that enables organizations to evaluate and enhance employee performance effectively. By setting clear standards, collecting comprehensive data, providing constructive feedback, and developing improvement plans, organizations can ensure continuous development and alignment with their goals. An effective performance assessment process not only identifies and rewards high performance but also addresses areas needing improvement, fostering a culture of continuous improvement and professional growth.

2.4 PERFORMANCE REVIEW

A performance review, also known as a performance appraisal or evaluation, is a formal assessment process where an employee's job performance is evaluated and discussed by their supervisor or manager. It serves as an opportunity to provide feedback, recognize achievements, identify areas for improvement, and set goals for future performance.

Objectives of a Performance Review

Assess Performance: Evaluate the employee's job performance against predefined standards and objectives.

Provide Feedback: Offer constructive feedback on strengths and areas needing improvement.

Set Goals: Establish new performance goals and objectives for the upcoming review period.

Identify Development Needs: Highlight any training or development needs to enhance the employee's skills.

Motivate Employees: Recognize achievements and motivate employees to maintain or improve their performance.

Key Components of a Performance Review

Preparation

Performance Data Collection: Gather data on the employee's performance throughout the review period, including metrics, feedback from peers, self-assessments, and achievements.

Review Previous Goals: Assess the employee's progress against the goals set during the last performance review.

Performance Evaluation

Review Performance Criteria: Evaluate the employee's performance based on predefined criteria relevant to their role.

Identify Achievements and Challenges: Acknowledge accomplishments and pinpoint any performance challenges or issues.

Feedback Delivery

Constructive Feedback: Provide balanced feedback that highlights both positive performance aspects and areas needing improvement.

Specific Examples: Use specific examples to illustrate points, making feedback clear and actionable.

Goal Setting

Set SMART Goals: Establish Specific, Measurable, Achievable, Relevant, and Time-bound goals for the next review period.

Development Plans: Create development plans to address any skill gaps or areas for growth.

Employee Input

Self-Assessment: Encourage the employee to reflect on their performance and provide their assessment.

Discussion and Collaboration: Engage in a two-way discussion where the employee can share their perspective, ask questions, and collaborate on goal setting.

Documentation

Record Review Details: Document the performance review, including feedback, goals, and any agreed-upon action plans.

Follow-Up Plans: Outline follow-up steps to monitor progress and provide ongoing support.

Steps in Conducting a Performance Review

Preparation

Schedule the review meeting in advance and inform the employee.

Collect all necessary performance data and review previous performance reviews.

Conducting the Review Meeting

Start Positively: Begin with positive feedback to set a constructive tone.

Discuss Performance: Review the employee's performance in detail, covering strengths and areas for improvement.

Encourage Participation: Allow the employee to share their views, ask questions, and participate actively in the discussion.

Setting Goals and Development Plans

Work with the employee to set new performance goals and identify development opportunities.

Discuss any support or resources needed to achieve these goals.

Closing the Review

Summarize the key points discussed, including feedback, goals, and action plans.

Reiterate support and express confidence in the employee's ability to achieve the set goals.

Documentation and Follow-Up

Document the review and provide a copy to the employee.

Schedule follow-up meetings to monitor progress and provide ongoing feedback.

Importance of Performance Reviews

Enhances Communication: Fosters open communication between employees and supervisors.

Aligns Objectives: Ensures that employee goals are aligned with organizational objectives.

Improves Performance: Identifies areas for improvement and provides a plan to enhance performance.

Recognizes Achievement: Acknowledges and rewards employee contributions and successes.

Supports Development: Helps identify training and development needs, promoting continuous learning.

Performance reviews are a crucial part of performance management, providing an opportunity to evaluate, motivate, and develop employees. By setting clear expectations, providing constructive feedback, and collaborating on goals, performance reviews can drive employee engagement and productivity, ultimately contributing to the organization's success.

2.5 PERFORMANCE RENEWAL AND RE-CONTRACTING

Performance renewal and re-contracting is an integral part of the performance management process. It involves reviewing and renewing performance expectations and goals at the end of a performance cycle and establishing a new performance contract for the upcoming period. This process ensures that performance objectives remain aligned with the organization's evolving goals and provides an opportunity to reset expectations and motivate employees for future success.

Objectives of Performance Renewal and Re-contracting

Review and Reflect: Evaluate the performance outcomes of the past cycle and reflect on achievements and areas for improvement.

Realign Objectives: Adjust performance goals to align with any changes in organizational strategy or objectives.

Set New Goals: Establish new performance goals and expectations for the next cycle.

Motivate Employees: Reinforce commitment and motivation by involving employees in the goal-setting process.

Continuous Improvement: Foster a culture of continuous improvement by setting clear, achievable, and progressively challenging goals.

Key Components of Performance Renewal and Re-contracting

Performance Review

Assessment of Past Performance: Conduct a thorough review of the employee's performance over the past cycle, including accomplishments, challenges, and areas for improvement.

Feedback and Reflection: Provide constructive feedback and encourage the employee to reflect on their performance.

Goal Realignment

Revisiting Organizational Goals: Review the organization's current goals and strategic direction.

Aligning Individual Goals: Ensure that individual performance goals are aligned with organizational priorities.

Setting New Goals

SMART Goals: Establish Specific, Measurable, Achievable, Relevant, and Time-bound goals for the new performance cycle.

Employee Involvement: Engage employees in the goal-setting process to enhance buy-in and motivation.

Development Plans

Identifying Development Needs: Determine any new skills or knowledge the employee needs to achieve the new goals.

Creating Development Plans: Develop actionable plans for training, mentoring, or other development activities.

Performance Contracting

Documenting Agreements: Formally document the agreed-upon goals, expectations, and development plans in a performance contract.

Clear Expectations: Ensure that both the manager and the employee have a clear understanding of the expectations and responsibilities.

Follow-Up and Support

Regular Check-ins: Schedule regular meetings to review progress, provide support, and make any necessary adjustments to the goals or plans.

Feedback Mechanisms: Establish mechanisms for ongoing feedback and support throughout the performance cycle.

Steps in Performance Renewal and Re-contracting

Preparation

Review the employee's performance data and previous goals.

Understand the current organizational objectives and strategic priorities.

Performance Review Meeting

Conduct a performance review meeting to discuss past performance.

Provide feedback and encourage the employee to share their perspective.

Goal Setting and Re-contracting

Collaboratively set new performance goals aligned with organizational priorities.

Develop a performance contract that outlines the new goals, expectations, and development plans.

Documentation and Communication

Document the new performance contract and ensure both the manager and the employee have copies.

Communicate the new goals and expectations to the employee.

Ongoing Monitoring and Support

Schedule regular follow-up meetings to monitor progress and provide support.

Adjust goals and plans as needed based on ongoing performance and organizational changes.

Importance of Performance Renewal and Re-contracting

Alignment with Organizational Goals: Ensures that individual performance remains aligned with the organization's strategic direction.

Employee Motivation: Engages employees in the goal-setting process, enhancing their commitment and motivation.

Continuous Improvement: Promotes a culture of continuous improvement and professional growth.

Clear Expectations: Set clear, updated expectations for performance, reducing misunderstandings and enhancing accountability.

Feedback and Development: Provides an opportunity for feedback and development planning, helping employees improve their skills and performance.

Performance renewal and re-contracting is a crucial process in performance management, ensuring that employees' goals and expectations remain aligned with organizational priorities. By reviewing past performance, setting new goals, and creating a clear performance contract, organizations can drive continuous improvement, motivate employees, and achieve strategic objectives. Regular follow-up and support are essential to maintain momentum and ensure successful performance outcomes.

SELF-ASSESSMENT QUESTIONS

1. Discuss the role of technology in modern performance management systems.
2. Discuss the importance of aligning individual goals with organizational objectives.
3. Explain the concept of 360-degree feedback.
4. Analyze the challenges associated with implementing a performance management system.

Unit: 3

PERFORMANCE MANAGEMENT AND STRATEGIC PLANNING

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INTRODUCTION

Performance management and strategic planning are two essential processes that organizations use to achieve their goals, enhance productivity, and drive success. While performance management focuses on improving individual and team performance, strategic planning involves setting long-term goals and developing strategies to achieve them. When effectively integrated, these processes create a powerful framework for aligning organizational objectives with individual performance and driving overall organizational success.

Performance management and strategic planning are complementary processes that work together to drive organisational success. By effectively aligning individual and team performance with organisational goals and strategies, organisations can optimize performance, enhance employee engagement, and achieve their long-term objectives. Leaders need to recognise the interconnectedness of these processes and leverage them strategically to create a high-performing and sustainable organisation.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- a) Define strategic planning
- b) Describe the process of linking performance management to the strategic plan
- c) Understand how to build support for performance management

UNIT 3 PERFORMANCE MANAGEMENT AND STRATEGIC PLANNING

Performance Management and Strategic Planning are interconnected processes that drive an organisation towards achieving its long-term goals. Integrating these two systems ensures that individual and team performance aligns with the overall strategic objectives of the organisation.

Performance Management

Performance Management is a continuous process that involves planning, monitoring, and reviewing an employee's work objectives and overall contribution to the organisation. The main components of performance management include:

Performance Planning: Setting clear and achievable goals.

Performance Execution: Working towards achieving the set goals.

Performance Assessment: Regularly measuring and evaluating performance.

Performance Review: Discussing performance outcomes and areas for improvement.

Performance Renewal and Re-contracting: Setting new goals and plans based on performance reviews.

Strategic Planning

Strategic Planning is the process of defining an organisation's direction and making decisions on allocating resources to pursue this direction. It involves setting long-term goals and determining the best strategies to achieve them. The main components of strategic planning include:

Vision and Mission Statements: Defining the purpose and primary objectives.

Environmental Scanning: Analyzing internal and external environments.

Strategy Formulation: Developing strategies to achieve organisational goals.

Strategy Implementation: Executing the developed strategies.

Strategy Evaluation and Control: Monitoring progress and making necessary adjustments.

Integration of Performance Management and Strategic Planning

Integrating performance management with strategic planning ensures that every employee's efforts contribute to the organisation's long-term goals. This integration involves aligning individual performance goals with the strategic objectives of the organization.

Alignment of Goals

Strategic Objectives: Break down the organisation's strategic goals into departmental and individual objectives.

Cascading Goals: Ensure that each employee's performance goals are directly linked to the strategic objectives.

Performance Metrics

Key Performance Indicators (KPIs): Develop KPIs that align with strategic goals to measure individual and organisational performance.

Balanced Scorecard: Use a balanced scorecard approach to evaluate performance across multiple dimensions, such as financial, customer, internal processes, and learning and growth.

Communication and Engagement

Transparent Communication: Communicate strategic goals and how individual performance contributes to achieving them.

Employee Involvement: Engage employees in the goal-setting process to ensure buy-in and motivation.

Monitoring and Feedback

Regular Monitoring: Track progress towards strategic goals through regular performance assessments.

Constructive Feedback: Provide timely feedback to employees on their performance and its alignment with strategic objectives.

Training and Development

Skills Alignment: Identify skills and competencies needed to achieve strategic goals and provide appropriate training and development opportunities.

Continuous Learning: Encourage continuous learning and development to adapt to changing strategic requirements.

Reward and Recognition

Performance-Based Rewards: Develop a reward system that recognises and rewards employees for their contributions towards strategic goals.

Recognition Programs: Implement recognition programs to celebrate achievements and motivate employees.

Benefits of Integrating Performance Management with Strategic Planning

Enhanced Organizational Alignment: Ensures that all employees work towards common strategic goals, creating a unified direction for the organisation.

Improved Performance: Aligning individual performance with strategic objectives drives higher performance levels and organisational success.

Better Decision-Making: Performance data linked to strategic goals provides valuable insights for decision-making and strategy adjustments.

Increased Employee Engagement: Employees understand their role in achieving strategic goals, leading to higher engagement and motivation.

Greater Accountability: Clear alignment of goals and performance metrics fosters accountability at all organizational levels.

Continuous Improvement: Regular performance reviews and feedback promote a culture of continuous improvement and adaptation.

Implementation Steps

Develop Strategic Goals: Start with clear, measurable, and achievable strategic goals for the organization.

Align Departmental Goals: Break down strategic goals into specific objectives for each department.

Set Individual Goals: Cascade departmental goals into individual performance goals for employees.

Define KPIs: Establish key performance indicators that align with strategic objectives.

Communicate and Engage: Ensure transparent communication and engage employees in the goal-setting process.

Monitor and Evaluate: Regularly monitor progress, provide feedback, and adjust strategies as needed.

Recognize and Reward: Implement a reward system to recognize contributions towards strategic goals.

Review and Renew: Conduct regular reviews to evaluate performance and set new goals for continuous alignment with strategic objectives.

The integration of performance management with strategic planning is crucial for achieving long-term organizational success. By aligning individual performance with strategic objectives, organizations can ensure that every employee contributes to the overall direction and goals of the company. This alignment fosters a culture of accountability, continuous improvement, and high performance, driving the organization towards its vision and mission.

3.1 DEFINITION AND PURPOSES OF STRATEGIC PLANNING

Strategic Planning is the process by which an organization defines its strategy or direction and makes decisions on allocating its resources to pursue this strategy. It is a comprehensive and systematic management tool designed to help organizations identify what they want to achieve and how they plan to achieve it.

Definition of Strategic Planning

Strategic planning is the process of setting long-term goals and determining the best strategies to achieve them. This involves:

Vision and Mission: Establishing what the organization wants to become and what its purpose is.

Goals and Objectives: Defining specific, measurable, attainable, relevant, and time-bound (SMART) objectives that align with the vision and mission.

Environmental Scanning: Analyzing internal and external environments to understand strengths, weaknesses, opportunities, and threats (SWOT analysis).

Strategy Formulation: Developing broad strategies and detailed plans to reach the objectives.

Implementation: Executing the strategic plan by allocating resources and ensuring the plan is followed.

Evaluation and Control: Monitoring progress, evaluating performance, and making necessary adjustments.

Purposes of Strategic Planning

Establishing a Clear Direction:

Vision and Mission: Provides a clear sense of purpose and direction for the organization.

Long-Term Goals: Sets a roadmap for where the organization wants to go in the future.

Aligning Resources and Efforts:

Resource Allocation: Ensures resources are used effectively and efficiently to achieve strategic goals.

Coordination: Aligns activities across various departments and units to work towards common goals.

Improving Decision-Making:

Framework for Decisions: Offers a structured approach to making strategic decisions.

Prioritization: Helps prioritize initiatives and allocate resources based on strategic importance.

Enhancing Organizational Performance:

Performance Metrics: Establishes key performance indicators (KPIs) to track progress.

Continuous Improvement: Promotes a culture of continuous evaluation and improvement.

Adapting to Change:

Environmental Scanning: Helps organizations anticipate and respond to changes in the external environment.

Flexibility and Responsiveness: Allows the organization to be proactive and adaptive to market dynamics and other external factors.

Engaging Stakeholders:

Stakeholder Involvement: Involves stakeholders in the planning process to ensure their needs and expectations are considered.

Communication: Ensures clear communication of strategic priorities to all stakeholders.

Risk Management:

Identifying Risks: Recognizes potential risks and uncertainties that could impact strategic goals.

Mitigation Strategies: Develop plans to manage and mitigate identified risks.

Driving Innovation and Growth:

Innovation: Encourages the pursuit of innovative ideas and approaches.

Market Opportunities: Identifies new opportunities for growth and expansion.

Key Components of Strategic Planning

Vision Statement: Articulates a clear, inspiring, and forward-looking vision of what the organization wants to achieve.

Mission Statement: Defines the organization's core purpose, values, and primary objectives.

SWOT Analysis: Assesses the internal strengths and weaknesses, and external opportunities and threats.

Strategic Goals: Long-term, overarching goals that guide the organization's direction.

Action Plans: Specific, actionable steps needed to achieve the strategic goals.

Performance Metrics: Quantifiable measures used to track progress and success.

Review and Adjustments: Regularly scheduled reviews to assess progress and make necessary adjustments to the plan.

Strategic planning is essential for organizations seeking to achieve long-term success and sustainability. It provides a structured approach to setting and achieving goals, aligning resources, improving decision-making, and enhancing performance. By being proactive and adaptable, strategic planning helps organizations navigate challenges, seize opportunities, and stay competitive in an ever-changing environment. It fosters a culture of continuous improvement, innovation, and stakeholder engagement, ensuring that the organization remains focused and resilient.

3.2 PROCESS OF LINKING PERFORMANCE MANAGEMENT TO STRATEGIC PLAN

Linking performance management to a strategic plan involves ensuring that individual and team performance is aligned with the organization's overall strategic goals. This integration helps in achieving organizational objectives efficiently and effectively. Here's a step-by-step process for linking performance management to a strategic plan:

1. Define Organizational Vision and Mission

Vision and Mission Statements:

Clearly articulate the long-term vision and mission of the organization.
Ensure that these statements provide a sense of purpose and direction.

2. Set Strategic Goals and Objectives

Strategic Goals:

Develop specific, measurable, attainable, relevant, and time-bound (SMART) goals that align with the vision and mission.

Break down these goals into actionable objectives.

3. Conduct a SWOT Analysis

Environmental Scanning:

Analyze the internal strengths and weaknesses, and external opportunities and threats.

Use this analysis to inform strategic planning and performance management.

4. Develop Strategic Initiatives

Action Plans:

Identify key initiatives and projects required to achieve the strategic goals.

Allocate resources and assign responsibilities for each initiative.

5. Cascade Goals Down the Organization

Goal Alignment:

Break down organizational goals into departmental and individual goals.

Ensure each employee understands how their role contributes to the overall strategy.

6. Implement Performance Management System

Performance Planning:

Set individual performance goals that align with strategic objectives.

Use performance appraisals, development plans, and regular feedback to guide employees.

Performance Execution:

Ensure employees have the necessary resources, training, and support to meet their goals.

Foster a culture of accountability and continuous improvement.

7. Monitor and Measure Performance

Key Performance Indicators (KPIs):

Define KPIs that align with strategic objectives.

Use these indicators to track progress and measure success.

Regular Reviews:

Conduct regular performance reviews to assess progress.
Provide constructive feedback and make necessary adjustments.

8. Evaluate and Adjust the Strategic Plan

Performance Evaluation:

Analyze performance data to evaluate the effectiveness of the strategic plan.

Identify areas of success and areas needing improvement.

Continuous Improvement:

Use insights from performance evaluations to refine strategies and goals.

Adjust resource allocation and initiatives as needed.

9. Reward and Recognize Performance

Incentive Programs:

Develop incentive and recognition programs to reward high performance.

Ensure that rewards are aligned with strategic objectives.

10. Communicate and Engage

Communication:

Maintain open communication channels to keep employees informed about strategic goals and performance expectations.

Foster engagement by involving employees in the planning and review processes.

11. Training and Development

Skill Development:

Provide training and development opportunities to enhance employee skills and capabilities.

Align training programs with strategic goals to ensure employees can contribute effectively.

Example Scenario

SWOT Analysis:

Strengths: Strong R&D department, established market presence.

Weaknesses: Limited international exposure.

Opportunities: Growing demand for renewable energy.

Threats: Regulatory changes.

Strategic Initiatives:

Invest in international marketing campaigns.

Enhance R&D capabilities to accelerate product development.

Cascading Goals:

Marketing Department Goal: Increase brand awareness in key international markets by 30%.

R&D Department Goal: Develop and launch three new products.

Performance Management System:

- Set individual goals for marketing and R&D team members.
- Provide regular feedback and performance appraisals.

Monitor and Measure:

- Track KPIs such as market share growth, product development milestones, and customer satisfaction.

Evaluate and Adjust:

- Review performance data quarterly to assess progress.
- Adjust strategies based on market feedback and performance outcomes.

Reward and Recognize:

- Implement a bonus program for teams that meet or exceed their goals.
- Recognize top performers in company communications.

Communicate and Engage:

- Regularly update employees on strategic goals and progress.
- Involve employees in strategy review sessions to gather feedback and insights.

Training and Development:

- Offer training programs on international marketing and advanced R&D techniques.
- Align development plans with the skills needed to achieve strategic goals.

By following these steps, organizations can effectively link performance management to their strategic plan, ensuring that all efforts are aligned and contributing to the achievement of long-term objectives.

3.3 Building Support

Building support for performance management within an organization is crucial for its successful implementation and effectiveness. Here are some strategies to garner support for performance management:

1. Leadership Commitment:

Ensure that senior leadership actively champions and supports the performance management process.

Leaders should communicate the importance of performance management and lead by example in setting performance goals and providing feedback.

2. Employee Involvement:

Involve employees in the design and implementation of the performance management system.

Solicit feedback from employees on their preferences for goal setting, feedback mechanisms, and performance evaluation criteria.

3. Clear Communication:

Communicate the purpose, goals, and benefits of the performance management system to all stakeholders.

Address any concerns or misconceptions about the process through open dialogue and transparent communication.

4. Training and Development:

Provide training and development opportunities for managers and employees on how to effectively participate in the performance management process.

Offer workshops or coaching sessions on goal setting, feedback delivery, and performance appraisal techniques.

5. Alignment with Organizational Goals:

Ensure that the performance management process is aligned with the organization's strategic objectives and values.

Demonstrate how individual performance goals contribute to the achievement of broader organizational goals.

6. Consistency and Fairness:

Establish clear and consistent performance standards and evaluation criteria for all employees.

Ensure that performance assessments are fair, unbiased, and based on objective criteria rather than personal biases.

7. Recognition and Reward:

Recognize and reward employees who demonstrate high performance and contribute significantly to the organization's success.

Link performance management outcomes to other HR processes such as compensation, promotions, and career development opportunities.

8. Continuous Improvement:

Encourage ongoing feedback and dialogue between managers and employees to identify areas for improvement.

Regularly review and evaluate the effectiveness of the performance management system and make necessary adjustments based on feedback and lessons learned.

9. Demonstrate Value:

Provide evidence of the positive impact of performance management on individual and organizational performance.

Share success stories and case studies that highlight the benefits of effective performance management practices.

10. Supportive Culture:

Foster a supportive and collaborative organizational culture that values performance excellence and continuous improvement. Encourage teamwork, knowledge sharing, and mutual support among employees.

By implementing these strategies, organizations can build strong support for performance management, leading to improved employee performance, engagement, and overall organizational success.

SELF-ASSESSMENT QUESTIONS

1. Discuss how strategic planning influences performance management in organizations.
2. Evaluate the role of goal setting in aligning employee performance with organizational strategy.
3. Assess the impact of performance management on strategic outcomes.
4. Explain the importance of communication in the performance management and strategic planning process.

Unit: 4

**DEFINING PERFORMANCE AND
CHOOSING A MEASUREMENT
APPROACH**

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INTRODUCTION

Performance measurement is a critical aspect of organizational management, providing insights into how effectively individuals, teams, and organizations are achieving their goals and objectives. Before implementing a performance measurement system, it is essential to define what performance means in the context of the organization and choose an appropriate measurement approach. This introductory guide explores the process of defining performance and selecting a measurement approach that aligns with organizational goals and objectives.

Performance can be broadly defined as the degree to which an individual, team, or organization achieves its goals and objectives. However, the definition of performance may vary depending on the specific context and objectives of the organization.

Performance is often measured against predetermined goals and objectives. Therefore, it is essential to ensure that goals are clear, specific, and aligned with the organization's mission and strategic priorities.

Quality vs. Quantity: Performance can encompass various dimensions, including quality, quantity, timeliness, efficiency, and effectiveness. Organizations must determine which aspects of performance are most relevant to their objectives and stakeholders.

Multiple Perspectives: Performance can be assessed from multiple perspectives, including individual, team, departmental, and organizational levels. Each perspective may require different metrics and measurement approaches to capture the full picture of performance.

Choosing a Measurement Approach:

Once performance is defined, organizations must select an appropriate measurement approach to assess and monitor performance effectively. Several measurement approaches may be used, depending on the nature of the organization, its goals, and the availability of data. Some common measurement approaches include:

Objective Metrics: Objective metrics involve quantifiable measures of performance, such as sales revenue, production output, customer satisfaction scores, and employee productivity. These metrics provide concrete data that can be easily tracked and compared over time.

Subjective Assessments: Subjective assessments involve qualitative evaluations of performance based on subjective judgments or observations. This approach may

include performance appraisals, peer reviews, and self-assessments. While subjective assessments can provide valuable insights into performance, they may be prone to biases and inconsistencies.

Balanced Scorecard: The balanced scorecard is a strategic performance management framework that integrates multiple perspectives, including financial, customer, internal processes, and learning and growth. It provides a holistic view of performance and helps organizations align their activities with their strategic objectives.

Key Performance Indicators (KPIs): KPIs are specific, measurable metrics that reflect critical success factors for achieving organizational objectives. They serve as benchmarks for evaluating performance and guiding decision-making. KPIs should be aligned with organizational goals and regularly reviewed to ensure relevance and effectiveness.

Defining performance and selecting an appropriate measurement approach are essential steps in developing an effective performance measurement system. By clearly defining performance criteria and selecting relevant metrics and measurement methods, organizations can assess performance accurately, identify areas for improvement, and make informed decisions to drive success. It is important for organizations to continuously evaluate and refine their performance measurement approaches to ensure they remain aligned with evolving organizational goals and objectives.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- a) Define performance
- b) Understand the determinants of performance
- c) Understand performance dimensions
- d) Describe approaches to measuring performance

4.1 DEFINING PERFORMANCE

Performance management systems typically measure actions (what an employee does) and their outcomes (the results of their actions). Performance is defined as actions taken by an employee and not as the outcomes of those actions. Employee actions, rather than the products or results of their labour, are the focus of performance evaluations.

The actions we refer to as "performance" also have two other qualities. They are evaluative in the first place. Accordingly, the effectiveness of such actions can be assessed as either negative, neutral, or positive in terms of the individual and organizational levels. Put differently, these behaviours have different values depending on how much they help achieve unit, corporate, and personal goals. Performance has multiple dimensions; second. This implies that a wide range of activities can help or impede the achievement of corporate objectives.

Take into consideration, for example, a collection of actions that fall under the broad heading of "contribution to other members of the work unit's effectiveness." The following is a definition of this group of behaviours:

- Builds consensus.
- Provides resources and information.
- Cultivates productive working relationships.
- Resolves disputes in a positive way when interacting with people both inside and outside the unit.

One way to evaluate someone's support to the efficacy of the other people in an assigned unit is to use a scale with anchors that show different levels of competency. The terms "excellent," "significantly exceeds expectations," "completely meets expectations," "does not fully meet expectations," and "not acceptable," for instance, could be used as anchors. This demonstrates the evaluative aspect of performance since the actions in question are classified as either positive, neutral, or negative. Additionally, the fact that several actions interact to influence a worker's perceived participation in the efficiency of employees in the workplace unit further highlights the multidimensional character of performance in this example. Put another way, if we solely took into account behaviours like "exchanges resources and information" and ignored the other behaviours mentioned previously, we would be overlooking crucial information.

Results or repercussions that directly affect employees' behaviours are commonly included in performance management systems since not all behaviours can be seen or measured. Consider a salesperson whose job it is to visit customers and provide them with new goods or services. The supervisor of the salesperson is absent to witness the salesperson's actions directly since they are back in the home office.

Sales volume could serve as a stand-in for a behavioural metric. That is, the manager presumes the salesperson is likely performing appropriately if she consistently achieves high sales numbers.

4.2 DETERMINANTS OF PERFORMANCE

What makes some people perform better than others? Three things work together to provide certain people the ability to achieve at a greater level than others: Three types of knowledge: (1) declarative, (2) procedural, and (3) motivational. Truths, objects, and the names, principles, and objectives of a particular work are all part of declarative knowledge. Cognitive, physical, perceptual, motor, and interpersonal abilities are all part of procedural knowledge, which entails knowing what to do and how to accomplish it. Lastly, three distinct kinds of behaviour choices make up motivation:

1. The decision to exert endeavour (For instance, "Today I have work to accomplish.").
2. Decision on the degree of Attempt (e.g., The difference between "I will not try very hard" and "I'll give it everything I have at work.").
3. Deciding to keep putting in that amount of work (for example, "I will quit in a short while" as opposed to "I will keep going no matter what").

The elements of motivation, procedural knowledge, and declarative knowledge are compiled in Table 4.1. High performance is possible only with all three performance criteria.

To put it another way, there is a multiplicative relationship between the three factors. Performance is also equal to zero if any of the determinants are zero. Take Jane, a sales representative for a large national chain of clothes retailers, as an example. Jane knows a great deal about the product declaratively. She is specifically familiar with all of the brands, costs, sizing guidelines, and special offers. Her declarative knowledge is high. In addition, Jane possesses the mental and physical capacity to do all required duties. Jane maintains a very high level of procedural understanding as well. But Jane doesn't seem driven to work hard. She stays behind the cash register, talking on the phone rather than approaching customers as they enter the store. Jane puts in a lot of work when her manager is there, but her coworkers say that after he departs, Jane completely disappears. Therefore, even though she is proficient in declarative and procedural, she still needs to complete the task, she needs more inspiration to put it into practice when her boss isn't around., so her total performance will be good.

TABLE 4.1 Factors Determining Performance

<i>Declarative Knowledge</i>	<i>Procedural Knowledge</i>	<i>Motivation</i>
Facts	Cognitive skill	Choice to perform
Principles	Psychomotor skill	Level of effort
Goals	Physical skill	Persistence of effort
	Interpersonal skill	

There are a few people who come to mind who have excelled in their fields to the highest degree. Consider the careers of golfer Tiger Woods, entrepreneur and founder of Microsoft Bill Gates, chess player Bobby Fischer, inventor Thomas Edison, and philosopher Socrates. How did they manage to attain such brilliance? Why was the performance of these people so remarkable? How could they consistently raise their game when everyone else seemed to think they had peaked? These people are similar in that they invested a significant amount of time in deliberate practice. Distinct from routine practice, putting in many hours each week is deliberate practice. As an illustration, consider this statement from Florida State University professor K. Anders Ericsson: Most golfers don't improve by banging balls around in a bucket; this isn't conscious practice. The following five steps are involved in deliberate practice:

1. Approach performance to continuously improve.
2. Pay attention to what is going on and the reasons behind your actions as you perform.
3. As soon as you've completed your assignment, get performance evaluations from knowledgeable sources—the more, the better.
4. Define your role, your circumstances, and your company in your mind.
5. Always and continuously repeat steps 1-4.

4.2.1 Consequences for Resolving Performance Issues

The fact that three distinct components interact to influence performance has consequences for fixing performance issues. Managers need data to tell them if the problem is with motivation, declarative knowledge, or procedural knowledge; if it's with all three, they can't effectively fix performance issues. Suppose a manager suspects a lack of declarative knowledge is to blame for an employee's lack of motivation. In that case, the management may enrol the worker in a company-sponsored training program to fill that knowledge gap. Given Jane's circumstances, it is evident that this would be ineffective for her, the company, and the management; rather than a lack of declarative knowledge, Jane's low-performance results from her lack of desire. That is why mechanisms for

performance management need to track how well an organization is doing and where any shortcomings may be coming from.

4.2.2 Influential Factors on Performance Determinants

Human resources (HR) procedures, the workplace culture, and the employees themselves all have an impact on the variables that influence performance. These elements include skills and prior experience. For instance, certain businesses provide greater training possibilities than others. Ford Motor (\$500 million), Accenture (\$717 million), and IBM (\$1 billion) are the top three companies in terms of yearly training investment. Declarative knowledge is probably not a significant issue in these organizations since staff members are given plenty of chances to make up for knowledge gaps. Performance issues, however, might have more to do with motivation and procedural expertise. Regarding procedural knowledge, workers might genuinely possess the information to carry out specific jobs, but they need more practice to have the necessary knowledge. Downsizing treatments may have resulted in a "survivor syndrome" among retained personnel, characterized by sentiments of frustration, resentment, and even fury about motivation. Employee motivation is likely to suffer significantly from these emotions, and they may put in little effort at work.

Procedural knowledge, declarative knowledge, and motivation are the three distinct attributes that ultimately impact performance. Moreover, performance may be affected by HR procedures and the workplace. Before offering assistance to an employee to increase performance, managers must determine which of these elements is impeding the worker's ability to succeed.

4.3 PERFORMANCE DIMENSIONS

Performance is multidimensional, as was previously mentioned, so to fully comprehend performance, we must take into account a wide range of behaviours. There are two types of performance: contextual and task, categories of behaviours or performance aspects that stand out even though we may distinguish many distinct behaviours. Some writers also use terms such as "Organizational citizenship behaviours" and "prosocial behaviours" to describe contextual performance. Since contextual and task performance only sometimes happen simultaneously, they must be taken into distinct consideration. Even when a worker is highly skilled at what she does, she may perform poorly in certain situations. Task performance includes all activities that restock the organization's raw material supply,

ship its completed goods, or conduct crucial personnel, planning, coordinating, and overseeing duties that keep the business running smoothly.

"Contextual performance" encompasses actions that facilitate an organization's seamless operation by fostering an environment in which employees may effectively carry out their designated responsibilities. The following kinds of behaviours are examples of contextual performance:

- Staying motivated and going above and beyond to effectively accomplish one's tasks (e.g., showing up on time and rarely missing work, putting in extra effort at work)
- Offering to perform tasks that are not technically related to their employment (e.g., offering improvements to the organization, giving constructive ideas)
- Working together and lending a hand to others (such as supporting and aiding clients and colleagues).
- Adhering to organizational policies and values, respecting authority, and obeying commands and regulations are examples of adhering to organizational rules and procedures.
- endorsing, protecting, and advancing organizational goals (such as organizational loyalty and presenting the organization well to external parties).

Performance management systems should include both task and contextual performance as critical dimensions. Imagine the consequences for a company if every worker performs very well on tasks but poorly on contextual tasks. What happens if the coworker next to you wants to use the restroom and asks you to pick up the phone in case it calls since a significant client could call at any time? What if we declared, "That is not my job?"

Nowadays, a lot of firms understand that they need to concentrate on both task and contextual performance because they can only operate effectively with at least some positive contextual behaviours from all of their employees. Take TRW Automotive Inc., for example. It's one of the best-performing companies in the automotive sector and ranks among the top ten suppliers globally (<http://www.trw.com>). About 63,800 people were employed by TRW in 2006, and the company's sales were \$13.1 billion. Aiming to become more performance-driven, explore new markets, and provide more value to shareholders, TRW sought to address growing market headwinds and slow growth. The top brass created a set of guidelines called the "TRW behaviours" to help achieve this goal. These actions are emphasized in the performance management process and are disseminated throughout the organization. In actuality, contextual performance is the main focus of most TRW actions. In particular, the TRW behaviours highlight several contextual performance components, such as trust and teamwork.

The main differences between task performance and contextual performance are enumerated in Table 4.2. First, different occupations call for varying levels of task performance. For instance, an HR manager's duties differ from those of a line

manager. An HR analyst's initial duties are primarily operational, compared to the ones of a senior HR manager, whose responsibilities are more tactical. Contextual performance, however, is often consistent across levels of hierarchy and functionality. For instance, all workers are equally accountable for volunteering to complete tasks that are not formally part of their job description, regardless of their title, function, or responsibilities. Secondly, task execution is most likely role-specific, which means that it is typically covered in a job description. Conversely, contextual performance behaviours are generally expected without being explicitly stated; they are not frequently role-mandated. Lastly, whereas personality traits like conscientiousness have a more significant influence on contextual performance, abilities and skills like cognitive and physical ability have a more substantial impact on task performance.

TABLE 4.2 Main Differences Between Task and Contextual Performance

<i>Task Performance</i>	<i>Contextual Performance</i>
Varies across jobs	Fairly similar across jobs
Likely to be role prescribed	Not likely to be role prescribed
Antecedents: abilities and skills	Antecedent: personality

A performance management system must incorporate task and contextual performance elements for a number of reasons. First, the level of work demanded of employees is increasing due to global competitiveness. While having a competent staff in terms of job performance would have been enough in the past, the globalized world and the competitive forces that come with it now demand that the workers also participate in good contextual performance. If a company's personnel doesn't participate in contextual behaviours, it will be challenging for it to compete. Second, providing exceptional customer service is crucial and is connected to the problem of global competition. Contextual performance habits have a significant influence on customer happiness. Consider the considerable impact that an employee's extra effort to meet a customer's needs has on the consumer. Third, a lot of companies are grouping their staff members into teams. In today's workplace, teams are here to stay, even though some may be temporary because they were formed to accomplish particular, short-term responsibilities.

A crucial factor in determining a team's effectiveness is interpersonal interaction. Contextual performance, therefore, becomes significant for teamwork. As a fourth advantage, the performance management system is enhanced when it incorporates both task and contextual performance: When contextual performance is measured alongside task performance, employees are more satisfied with the system and

believe it is fair. Workers are aware that contextual performance significantly impacts organizational effectiveness; as a result, they think that performance management systems have to incorporate these behaviours alongside the more conventional job performance. Finally, supervisors will have difficulty ignoring the contextual performance dimension when evaluating employees, even if the assessment form doesn't ask about it specifically. For this reason, it is prudent to incorporate contextual performance more clearly, as it influences total performance ratings even when task performance is the sole metric used. Additionally, it is essential to evaluate contextual performance as, if not stated precisely expressly, it may be more subjective and biased than task performance. Lastly, there is a particular kind of behaviour that is distinct from conventional approaches to understanding contextual performance: *voice behaviour*. Voice behaviour is all about expressing constructive criticism to improve rather than criticize. It's about positively challenging the status quo and suggesting innovative changes and modifications to standard procedures, even when others, like a supervisor, disagree. It would help if you thought about a recruit for your company. This new team member was hired from a rival company that is renowned for using excellent performance management techniques. This individual can identify procedures that could be improved because they have the advantage of an outsider's viewpoint. For instance, the new team member can recommend that team members receive additional performance-related feedback. This worker might even submit an email with suggestions for enhancements based on tried-and-true methods that she has personally witnessed in other settings to her supervisor and the other members of her team. Because of the various tools, procedures, goods, and customers in the new work setting, some of these recommendations might not be appropriate. Some, though, if put into practice, might have instant and very positive effects. This kind of conduct is distinct in that it is not conformist, even if it falls within the giant umbrella of contextual behaviour. The supervisor of the new hire, who is accustomed to "doing things the same way we've done them before," may potentially view voice behaviour as a threat. These supervisors can view the recommendations for enhancements and modifications as a challenge to the current situation. However, the new hire's energy, competence, and creative ideas may also make more senior organizational members feel personally threatened. These responses to voice conduct may indicate that the wrong individuals are holding the organization's leadership roles and may indicate impending organizational collapse. Conversely, more adaptable and innovative work cultures that foster improvements and innovation are healthy and encourage voice behaviour, even rewarding it. For instance, a new study indicated that raters awarded higher performance scores to employees who used voice behaviour, even though it was not expressly incorporated into a performance management system.

This was true even when the employees' task and contextual performance ratings were equal.

Think about the significant influence that cultural variations may have in this area, for instance. American organizations place a high priority on individualistic behaviours that exhibit rivalry, self-reliance, individual accomplishment, and emotionally detached approaches. As a result of their perceived weakness, dependence, and lack of dedication to their jobs and organizations, members of ethnic minority groups who identify with more collectivistic values may face lower performance evaluations in comparison to members of the majority group in these types of organizations. This is yet another compelling argument in favour of incorporating task and contextual performance into the system, allowing all people of the organization to show their value-added contributions despite disparate behaviours, styles, and cultural norms and values.

Performance has two components: a task and a contextual aspect. Both aspects are important since they influence the success of the organization. Each action should have a clear definition for both task and contextual performance so that workers know exactly what is expected of them. As demonstrated by O₂, Ireland, the country's second-biggest mobile phone provider, businesses that incorporate both task and contextual factors are likely to have more success. With its headquarters located in Dublin, O₂ Ireland has around 1,750 employees. A performance management system was introduced by O₂ Ireland in 2000 at its 320-seat customer service centre located in Limerick. O₂'s performance management system encompasses contextual elements like staff socializing and team development, in addition to task-related elements based on concrete productivity indicators. Each employee's goals are also in line with the objectives of the business. O₂ concluded that better customer service and employee happiness were the results of this emphasis on task and contextual performance.

4.4 APPROACHES TO MEASURING PERFORMANCE

Employees do not work in a vacuum; therefore, keeping that in mind is essential before moving on to the topic of performance measurement. Employees operate in an organizational setting, carrying out certain actions that lead to specific outcomes, as illustrated in Figure 4.1. If an employee finds themselves in a different circumstance, they might act differently and yield different outcomes (e.g., utilizing both improved and outdated tools or operating under a new supervisor).

The behavior, results, and trait approaches are the three methods that can be used to measure performance, given the model displayed in Figure 4.1

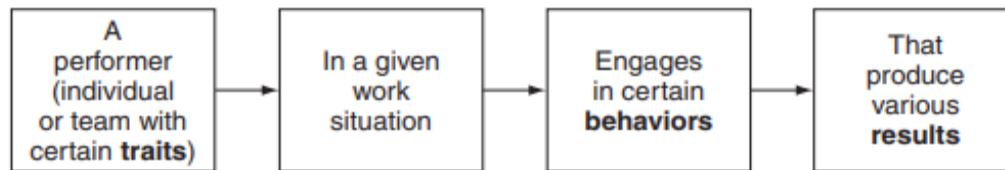


FIGURE 4.1 Job Performance in Context Source: Adapted from Grote, D. (1996). *The complete guide to performance appraisal* (Fig. 3-1, p. 37). New York: American Management Association.

4.4.1 Behavior Approach

It disregards employee characteristics and the results of their actions in the workplace in favour of focusing on workers' actions themselves. Essentially, it's a method that focuses on an employee's steps to complete a task. Here are some situations when the behaviour approach would work best:

- *It is not immediately clear how actions lead to outcomes.* There are situations where it's unclear how actions relate to the desired results. Even when the appropriate behaviours are followed, the intended outcome might only sometimes be realized. For example, a pilot might not complete the pre-flight checklist, but the flight could still be successful if it takes off and lands safely and on schedule. Focusing on behaviours rather than outcomes is advantageous when there isn't always an evident connection between actions and results. .
- *The performer has no control over the factors that lead to poor results.* It is reasonable to emphasize behaviour measurement when an employee does not have control over their performance outcomes. Think about a scenario where two people work the shifts of a single production line: one during the day and the other at night. The day-shift worker gets prompt technical support if the assembly line becomes blocked due to technical issues; as a result, the line can resume normal operations in under five minutes. When the assembly line goes down, the night shift employee takes around 45 minutes to get it functioning again because they have very little technical support. If we took measurements of the findings, we would come to the false conclusion that day shift workers perform significantly better than night shift workers. Both workers may be similarly skilled and proficient in their jobs. These workers produce uneven results because their performance depends on the amount and quality of technical support they receive when the manufacturing line stalls.

• 4.4.2 Results Approach

It emphasizes the results and outputs that workers produce. It disregards the characteristics that workers may have or the way they carry out their duties. This method is a bottom-line approach that pays more attention to the output than to the

procedures and behaviours of the employees. Typically, the time required to define and measure the outcomes is lower than that needed to define and measure the behaviours leading to those outcomes. The information from an outcome method is generally beautiful and objective.

When dealing with the following situations, the outcomes approach works best:

- *Employees demonstrate competence in the necessary actions.* When employees possess the requisite expertise to complete the task, a focus on outcomes is reasonable. When such circumstances arise, employees are sufficiently trained to identify the precise behaviours required to produce the expected results and, if those results are not achieved, to know how to address any process-related issues. Take a professional basketball player as an example. To penalize the other team for a foul, one side is awarded a free throw or an unrestricted shot from the line. Making or missing a free throw could be the deciding factor in a tight basketball game. According to professional players, the only genuine trick to improving one's free throw shooting is putting in countless hours of practice outside of game time. Since most skilled basketball players possess the necessary abilities to shoot free throws effectively, this statistic is a crucial indicator of their overall performance. The only thing to do is see if they do it.
- In certain situations, a worker must participate in particular actions to get specific results. This applies to jobs that need a lot of repetition, such as assembly line labour or delivering newspapers. Consider the scenario of a newspaper delivery worker. A results-based method of performance measurement can be used to determine whether or not every client receives their newspaper within a specified amount of time. To achieve this outcome, the employee must utilize the most efficient delivery route and collect the papers at a designated time. There will be no on-time delivery of the paper unless these actions are taken.
- *The results demonstrate a steady upward trend.* When performance steadily improves over time, it suggests that employees understand the behaviours required to finish the task successfully. Under these circumstances, evaluating performance using a results-based approach is reasonable.
- *There is more than one correct method to do everything.* When a job has tasks that can be completed in multiple ways, a results-based approach is appropriate. The situations in which a behavior or results approach might be more appropriate for evaluating performance are outlined in Table 4.3. These methods are not incompatible, though. In actuality, many firms have adopted the strategy of assessing both behaviour and results. Examine The Limited, Inc., a retailer with its headquarters located in Columbus, Ohio. Currently, The

Limited, Inc. runs 3,500 retail locations under seven retail brands: Henri Bendel, Bath & Body Works, C. O. Bigelow, The Limited, Express, and Victoria's Secret. Since The Limited wants to encourage its managers to adopt an entrepreneurial mindset, successful managers have a track record of producing outstanding business outcomes. All of The Limited's firms currently utilize the same new performance management system that The Limited decided to create. Under this system, managers are evaluated based on business outcomes such as market share, expense/sale growth ratio, and total sales, in addition to leadership skills specific to The Limited. Establishing a sense of style, financial literacy, and entrepreneurial spirit are a few of these talents. Since the new approach helps match individual goals with business strategy and performance, The Limited has been happy with it overall. Defined by behavioural anchors, the new method allows raters to make ratings more straightforward to understand, which is why they appreciate it. Staff members often mention how much they like the renewed emphasis on the process of achieving results rather than just the final product (sales, for example).

TABLE 4.3 Behavior Approach Versus Results Approach

Adopting a behavior approach to measuring performance is most appropriate when

- The link between behaviors and results is not obvious
- Outcomes occur in the distant future
- Poor results are due to causes beyond the performer's control

Adopting a results approach to measuring performance is most appropriate when

- Workers are skilled in the needed behaviors
- Behaviors and results are obviously related
- Results show consistent improvement over time
- There are many ways to do the job right

4.4.3 Trait Approach

When using the trait approach, raters look at characteristics that don't change much over time. Some examples of such abilities are cognitive capacities, which are notoriously difficult to teach, and personality traits, which are stable throughout a lifetime. An employee's IQ and level of diligence could be evaluated after each review period as a means of measuring performance. This strategy is supported by the positive correlation that has been shown between personality qualities like conscientiousness and talents like intelligence and desirable work-related actions. Many suppliers offer instruments for evaluating these kinds of comparatively stable features, often even with the option to administer them online.

What are some of the difficulties in putting into practice a system that prioritizes trait measurement alone? First, characteristics are outside of an individual's control.

Throughout a person's lifetime, they remain constant. No amount of willpower on the part of the individual is likely to make a difference in their behaviour. Therefore, workers may perceive a trait-based system as unfair as they rarely have a say in developing these traits. Second, a person's possession of a particular attribute—like intelligence, for example—does not guarantee that this feature will produce the intended outcomes and behaviours. Figure 4.1 illustrates how people are immersed in particular circumstances. Even the most diligent and bright worker is unlikely to act in a way that helps the company achieve its objectives if the tools they use are broken and their teammates are rude and unhelpful.

Despite these difficulties, there are circumstances where a trait-oriented approach can be beneficial. For instance, an organization may plan to implement significant structural changes as part of its business strategy, which would require the reorganization of the majority of operations and the subsequent reallocation of personnel. The trait approach is not typically used to measure performance in companies. For this reason, as we just covered, two other standard methods of gauging performance are based on actions and outcomes.

SELF-ASSESSMENT QUESTIONS

1. Define performance in the context of performance management. Discuss the challenges associated with creating a clear and comprehensive definition of performance in an organizational setting.
2. Explain the importance of defining performance in performance management systems. How does a clear definition of performance contribute to the success of performance management initiatives?
3. Compare and contrast different approaches to measuring performance. Include an analysis of both qualitative and quantitative measurement methods and discuss the advantages and disadvantages of each.
4. Critically analyze the use of Key Performance Indicators (KPIs) in performance measurement. How do KPIs help in defining and measuring performance? What are some potential pitfalls of relying too heavily on KPIs?

Unit: 5

**MEASURING RESULTS AND GATHERING
PERFORMANCE INFORMATION**

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INTRODUCTION

Effective performance management hinges on accurately measuring results and systematically gathering performance information. This process ensures that organizations can assess how well they are meeting their goals, identify areas for improvement, and make informed decisions. This guide provides an overview of key concepts and methodologies for measuring results and collecting performance data.

Establish Baselines and Targets: Determine current performance levels (baselines) and set performance targets to guide progress. **Monitor Progress:** Regularly track performance against the established metrics and targets.

Measuring results and gathering performance information are fundamental components of an effective performance management system. By clearly defining goals, selecting appropriate metrics, and collecting reliable data from diverse sources, organizations can accurately assess performance, identify areas for improvement, and make data-driven decisions. This process not only enhances accountability and strategic alignment but also fosters a culture of continuous improvement and organizational excellence.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- a) Describe measuring results
- b) Define measuring behaviours
- c) Illustrate characteristics of appraisal forms
- d) Determine overall rating and appraisal period
- e) Describe a model of rater motivation
- f) Understand prevent rating distortion through rater training

5.1 MEASURING RESULTS

Consider the information in the preceding chapter regarding performance evaluation in the context of a results-based approach. The following crucial questions must be answered if one chooses a results-based strategy:

- Which specific areas (key accountabilities) are you expecting this person to concentrate their efforts on?
- What are the anticipated goals for each area?
- How can we determine whether performance standards (results) have been achieved?

To refresh your memory, the primary responsibility is those major areas of work where an employee is expected to deliver outcomes. Specific goals that the employee will meet for each accountability are also included in a discussion of results. Statements of significant, quantifiable results are called objectives. In conclusion, talking about results also involves talking about performance criteria. A performance standard is a benchmark for assessing how successfully staff members have accomplished each goal. Performance standards give details on acceptable and undesirable performance in terms of quantity, quality, cost, and time. When a company adopts the management by objectives (MBO) philosophy, standards and objectives are frequently found as part of the system. For instance, there is a clear connection between the goals of the police department and the chief of police's income in the contract for the city of Flevoland in the Netherlands. The law enforcement unit of the Dutch city of Utrecht is also tasked with similar performance goals, one of which is to present 150 suspects of public violence and 1,050 adolescents accused of any crime to the public prosecutor annually. Wales's and England's police services have set similar goals. Establishing these goals hasn't always produced the desired effects because, frequently, police employ gaming techniques to meet the goals—often at the price of offering their communities high-quality services. However, in general, a major purpose of MBO philosophies is that employees should be able to integrate organizational goals into individual goals through an emphasis on standards and objectives.

5.1.1 Determining Accountabilities

Gathering information about the position is the first step in figuring out accountabilities. Naturally, the main source is the job description that emerged from the job analysis and took into account the strategic priorities at the organizational and unit levels. Information about the work completed is given in the job description. Depending on how closely connected the duties are to one another, they can be classified into clusters within the job description. Any of these responsibilities, or clusters, represent a significant part of the work in which the worker delivers outcomes.

We must ascertain the relative importance of each accountability after they have been identified. We must investigate the following issues to comprehend this problem:

- What proportion of the worker's time goes into completing each responsibility?
- Would the mission of the work unit be significantly impacted if the accountability were not carried out properly?
- Does a mistake have a major impact? Could poor performance of the duty lead to major property damage, lost time and money, or the employee's harm or death?

Determining accountabilities is not as difficult as it may seem at first. The following is what the job description says:

Determines the needs for training and development for Target Corporation employees (in cooperation with partners), with a focus on exempt team members in particular. Create, administer, and maintain a continuous evaluation of the efficacy of training and development courses and initiatives. Takes ownership of allocated processes and assumes strategic leadership. Maybe in charge of the non-exempt employees.

Below is a list of the responsibilities, the consequences for failing to perform them well, the penalties for making mistakes, and the percentage of time spent on each, according to the position profile and further details about Target's strategic priorities on their website:

- *Leadership of processes.* Leads the direction and strategy of the processes that are assigned. Oversees or manages resources and coordinates relevant tasks. It is critical to Target leadership's operation and executives' capacity to achieve strategic business objectives. Inadequate management of this role will result in wasted time and money due to inefficient leadership and training expenses. (40 percent of the time)
- *Overseeing non-exempt employees.* Supervises non-exempt employees that work by the unit. This has a reasonable bearing on how the work unit operates. Poor supervision of non-exempt personnel will hinder their professional growth and make it harder to achieve company goals. (10% of the time)
- *Mentoring.* Provides managers and executives with one-on-one executive coaching. Regarding the growth of internal leaders, this is crucial. In addition to the expense of replacing them if needed, managers and executives who receive no coaching to improve their performance lose time and money. (20 per cent of the time).
- *Consultation for team building.* Helps business executives create and implement their team-building activities and other interventions. This has a reasonable bearing on how well Target teams perform. Teams that are unmanaged in this capacity will not reach their maximum potential and will waste time and money during team meetings. (10% of the time)

- *Feedback from assessment instruments.* Provide comments based on results from tests measuring personality, aptitude, skills, and other personal traits. This has a reasonable bearing on how leaders develop. A flawed assessment has the potential to impede the growth of leaders. (10% of the time)
- *Improvement of products.* Consistently looks for and takes advantage of chances to use technology to improve team building and leadership initiatives. This holds great significance for the efficacy of training delivery and, if executed well, might lead to notable improvements in system efficiencies. (10% of the time)

5.1.2 Setting Objectives

Determining particular targets comes next in measuring results after accountabilities have been determined. Statements of a significant and quantifiable result that, if reached, will contribute to the accountability's success are known as objectives. Establishing objectives helps identify a small number of highly significant outcomes that, if realized, will significantly affect the organization's overall success. After goals are set, staff members ought to get feedback on how well they're succeeding in achieving the goal. Employees who meet their goals should receive rewards.

Objectives are significant since they aid in directing employees' efforts. For objectives to be beneficial, they need to possess the following qualities:

1. *Clear and precise.* Clearly defined objectives are essential. They also need to be measurable and verifiable; an example would be an instruction to "Cut expenses for travelling by 20%."
2. *Arduous.* The goals should be challenging, but not insurmountable. Although they must be difficult, staff members should believe that the goal is attainable.
3. *Accepted.* Objectives must be the outcome of a manager-employee agreement for maximum effectiveness. Workers must have the chance to contribute to goal-setting. Workers must be given the chance to contribute to the creation of goals. Participation in the process reduces objective resistance and increases objective aspirations and acceptance.
4. *Outstanding.* The company must value its goals. Staff members need to feel that accomplishing the goal will significantly impact the company. Furthermore, achieving the goal ought to instill in the worker a sense of alignment between their work and the organization's objectives. As a result, sentiments of worth to the company are probably going to increase.
5. *Given top priority.* Prioritizing and addressing each goal individually is necessary since not all objectives are equal.
6. *Restricted in time.* Suitable objectives include benchmarks and due dates. Time-only objectives are more likely to be ignored.

7. *Doable*. Well-defined goals are achievable, meaning that staff members should possess the necessary abilities and education to accomplish them. If not, the company should provide resources to enable the obtaining of the knowledge and the provision of the tools required to meet the objectives.
8. *Clearly expressed*. The other organization members who might be impacted by the objectives, management, and employees in question should be informed.
9. *Adaptable*. Moral objectives are not set in stone. They are likely to alter in response to modifications made to the work or business settings.
10. *Few in quantity*. A company may not be able to accomplish too many goals, while too few goals might not be beneficial enough. The number of objectives must be restricted. A reasonable amount of objectives per review period is five to ten, though this could vary depending on the role and organization of the issue.

These rules are used by many organizations when setting goals. For instance, individual goals have long been a part of Microsoft Corporation's performance management system. The phrase SMART, which stands for "specific, measurable, achievable, results-based, and time-specific," best describes Microsoft's objectives. A summary of good objectives' characteristics can be found in Table 5.1. Let's return to Target Corporation and the role of Training Specialist/Consultant—Leadership & Team Development, using this list as a reference.

As examples of goals, here are one or two for each responsibility:

- *Managing processes*. Create training programs and procedures for leadership development while keeping costs and schedules in check. In the upcoming fiscal year, meet budgetary goals and raise executive leaders' "leadership readiness" scores throughout the entire organization by 20%.
- *Keeping an eye on non-exempt employees*. Obtain satisfactory ratings for managerial effectiveness from your non-exempt employees in the upcoming fiscal year.
- *Mentoring*. In the upcoming fiscal year, raise the executive coaching clients' managerial effectiveness scores.
- *Consulting on team building*. Throughout the year, conduct the required group training events within budget and with satisfactory fulfillment to qualify for group training events in the succeeding fiscal year.
- *Feedback from evaluation instruments*. In the upcoming fiscal year, coach clients by providing evaluation feedback that receives an adequate approval rating.
- *Improvement of goods*. Achieve acceptable scores while remaining under budget to increase training delivery satisfaction in the upcoming fiscal year.

Are these goals in line with all ten of the good goal qualities mentioned in Table 5.1?

TABLE 5.1 Characteristics of Good Objectives

Specific and clear
Challenging
Agreed upon
Significant
Prioritized
Bound by time
Achievable
Fully communicated
Flexible
Limited in number

5.1.3 Determining Performance Standards

Establishing performance standards comes next, following the determination of accountabilities and objectives. These are notional benchmarks intended to facilitate comprehension of the degree of attainment of the goal. Rating agencies can ascertain the accomplished level of performance by referring to the standards, which guide them on what to look for. Standards might relate to the quality, quantity, and timing of a particular goal, among other things. It is possible to see each of these elements as a criterion for determining the degree to which a goal has been achieved.

- *Quality*: to what extent has the goal been met? This can include client feedback (e.g., returns, customer complaints), acceptance rate, error rate, effect obtained (e.g., problem resolution), and usefulness.
- *Quantity*: what is the amount generated, together with the number, frequency, and cost?
- *Time*: are there deadlines (e.g., schedules, progress reports) that need to be reached, are they adhered to, are they cycle times?

A due date, an activity, the intended outcome, and a quality or quantity indication must all be included in the standards. A standard could look something like this, for instance: By December 1, 2012, cut overtime to 50 hours per month from 150 hours, at a maximum cost of \$12,000. Reducing from 150 to 50 hours at a cost of no more than \$12,000 is the action to be taken, and the deadline is December 1, 2012.

Generally, standards define completely satisfactory performance. Once a standard has been created, it is possible to develop standards that specify both exceptional and minimum performance. The following, for instance, could serve as the minimal standard: By December 1, 2012, cut overtime from 150 hours per month to 75 hours

per month, at a maximum expense of \$12,000. The following could serve as a benchmark for exceptional performance: By October 1, 2012, cut overtime from 150 hours per month to 40 hours per month, at a maximum cost of \$12,000.

When composing standards, take into account the following attributes that frequently establish the usefulness of a standard:

1. *Associated with the role.* Good standards are determined by the essential components and duties of the work, not by personal characteristics or inter-person comparisons.
2. *Particular, quantifiable, and concrete.* Reputable standards can be observed and confirmed. They make it possible for us to differentiate between various performance levels. Supervisors can assess if an employee's performance is above, below, or completely adequate by using a good standard to gauge actual performance. There should be no disagreement over the existence and quality of standards as they are explicit and measurable.
3. *Easy to measure.* Sufficient performance data is delivered most effectively by good standards. Efficient standards are created by considering the price, precision, and accessibility of the required information. .
4. *Worthwhile.* Good standards focus on what matters and is pertinent to the work at hand, the achievement of the organization's goals, and the customer or beneficiary of the good or service..
5. *Doable and grounded in reality.* Setting and meeting standards is doable, but it takes effort. Achieving the requirement shouldn't seem to be hampered in any way. It should be possible for staff members to meet the requirements in the allotted time.
6. *Performed routine reviews.* Information must be regularly made available to determine whether a worker has reached the criteria; if not, corrective measures should be taken.

TABLE 5.2	Characteristics of Good Performance Standards
------------------	--

Related to the position
Concrete, specific, and measurable
Practical to measure
Meaningful
Realistic and achievable
Reviewed regularly

The following standards are a few examples :

- *Managing processes.* By December 31, 2012, raise the executive leaders' overall organization's "leadership readiness" scores by 20%, at a maximum expense of \$70,000.
- *Keeping an eye on non-exempt employees.* In December 2012, obtained an 80% approval rating for managerial performance from the non-exempt workers.
- *Mentoring.* By December 2012, administrative coaching clients' managerial usefulness scores will be raised by 5%.
- *Consulting on team building.* By December 2012, 85% of participants in team training sessions will have expressed satisfaction and 95% of planned team-building activities will be designed and delivered for a maximum cost of \$30,000.
- *Feedback from assessment instruments.* As of December 2012, I provided coaching clients with assessment feedback that received an 85% acceptance score.
- *Enhancement of goods.* By December 31, 2012, increase training delivery satisfaction levels by 5%, at a maximum cost of \$30,000.

5.2 MEASURING BEHAVIORS

Competency assessment is a component of the behavior approach to performance measurement. Measurable clusters of knowledge, skills, and abilities (KSAs) are called competencies, and they play a crucial role in deciding how the results will be achieved. Customer service, oral or written communication, creativity, and reliability are some of the abilities.

We might think of two categories of competencies: first, threshold competencies, which are those that all workers must demonstrate to perform their jobs to a minimally acceptable quality; and second, differentiating competencies, which enable us to discern between average and excellent performers. Process management, for instance, is a differentiating ability for the job of Information Technology (IT) Project Manager. "The capacity to oversee project activities" is the definition of process management. Change management is a threshold competency for the same role. Change management competencies encompass an understanding of psychology, interpersonal and relational abilities, and motivational awareness. As was previously mentioned, behavioural concepts should be used to identify competence. Consider a professor who is an online course instructor. "Communication" could be a crucial skill. The behaviours that allow a professor to effectively communicate knowledge so students can absorb and comprehend it is referred to as this ability. One such conduct could be the professor's material delivery during predetermined days and times. Communication is only possible if an instructor is in the discussion room during specified hours and days.

We measure indicators to determine the degree to which an employee possesses a competency. Every indicator is a behaviour that can be seen and provides information about a particular ability. Put differently, rather than measuring the ability itself, we test the signs that indicate the presence or absence of the competency.

The relationship between an indicator and a competency is shown in Figure 5.1. Multiple signs may be present in a competency. A competency with five signs is displayed in Figure 5.1.

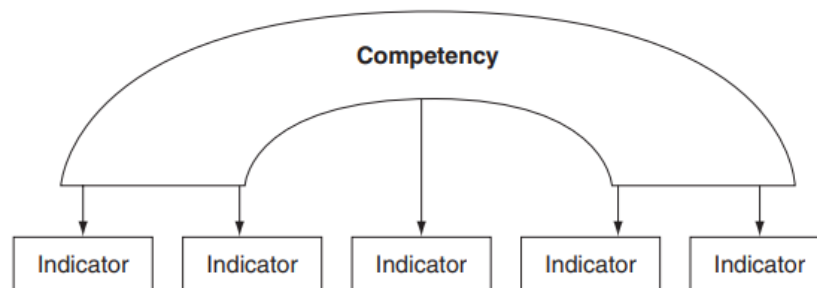


FIGURE 5.1 Competency and Indicators

An indication is a behaviour that, when shown, points to the presence of competency. The professor's presence in the discussion forum during the designated times and dates is one way to assess their competency in the case study of an instructor teaching a course via the Internet. Whether the professor's comments directly answer the questions posed by the students or if they merely touch on the subject in passing could be another behavioural sign of competency communication. Another illustration would be to think about the two qualities that characterize effective leadership: thoughtfulness and initiation structure. To what extent a leader attends to the welfare of those under their direction is a measure of consideration. The extent to which the leader assigns job responsibilities is known as initiating structure. The following five indicators would be present if the consideration competency existed:

- Promotes projects carried out by subordinates;
- Inquires about the welfare of workers outside of the workplace
- Encourages subordinates to accomplish their goals;
- Becomes intimately acquainted with employees; and
- Exhibits respect for the lives and work of employees

The following elements need to be included when characterizing a competency:

1. The definition of proficiency
2. An explanation of particular behavioural cues that appear when a person successfully applies a competency

3. Detailed descriptions of particular actions (what a competency is not) that are likely to happen when someone fails to display a competency effectively.
4. A list of recommendations for enhancing the relevant competency.

In light of the competency consideration, let us talk about the four key components that make up a competency description. Consideration is the degree to which a boss shows concern and regard for their followers, extends gratitude and support, and watches out for their well-being. Next, we enumerated five telltale signs or actions that characterize considerate leadership in a leader. Leaders who lack consideration may simply discuss tasks with their subordinates, frequently keep workers late without taking into account their personal lives, show no interest in their professional aspirations, and assign work solely based on existing knowledge. Lastly, what is the process via which leaders acquire consideration competency? Asking workers about their lives outside of work regularly is one suggestion. This could reveal information about a worker's interests and family outside of the workplace.

The measurement of competencies is inherently biased regarding the difference in calculating consequences. The information supplied by those who assess a competency's presence helps to measure its presence. Put another way, raters—generally, the immediate supervisor—but also colleagues, clients, subordinates, and the employee himself—observe and evaluate the behaviours that the employees exhibit.

Competencies are evaluated using two different kinds of systems: *absolute and comparative*. Comparing employees with one another forms the basis of the measurement in comparative systems. Absolute systems measure employees by comparing them to a predetermined performance standard.

TABLE 5.3 Comparative and Absolute Behavioral Measurement Systems

<i>Comparative</i>	<i>Absolute</i>
Simple rank order	Essays
Alternation rank order	Behavior checklists
Paired comparisons	Critical incidents
Relative percentile	Graphic rating scales
Forced distribution	

The several kinds of absolute and comparative systems that can be applied are listed in Table 5.3. Let's talk about how to put each of these systems into practice and highlight some of their benefits and drawbacks.

5.2.1 Comparative Systems

Comparative behaviour measurement systems suggest that staff members are evaluated against one another. Employees are simply graded from best performer to worst performer if a basic rank order system is applied. Alternatively, the supervisor first names every employee in an alternative rank order approach. The supervisor then chooses the top performer (#1), the worst performer (#n), the second best (#2), the second worst (#n-1), and so on, going back and forth on the list until all of the staff members have been classified.

Another type of comparison method is *paired comparisons*. Explicit comparisons are conducted between each pair of employees to be evaluated, as opposed to the simple and alternating rank order approaches. Stated differently, supervisors conduct a systematic comparison of each employee's performance with that of every other employee. The following equation, where n is the number of employees to be evaluated, is used to calculate the number of pairs of employees to be compared. A supervisor would need to compare $[8(8-1)]/2 = 28$ times to assess the performance of 8 employees. Every couple must have a superior chosen by the manager, and each person's position is determined by the number of times they were judged superior.

The relative percentile approach is another kind of comparison technique. This kind of measuring system asks raters to use a 100-point scale to estimate each ratee's relative performance while taking into account all rates at once. About 50% of employees perform better than this individual, while the other 50% perform worse. Hence, the 50-point mark on this scale, also known as the 50th percentile, represents the position of a standard worker. Relative percentile techniques may incorporate one of these scales for every ability, on which raters evaluate the overall performance of all workers.

A sample relative percentile technique scale for assessing "communication" ability is shown in Figure 5.2. Employee DS performs better in communication than 95% of other employees, as seen by the rater's placement of DS at approximately the 95th percentile in this example. In contrast, Human Resources (HR) performance is positioned at approximately the 48th percentile, which indicates that 52% of workers outperform him.

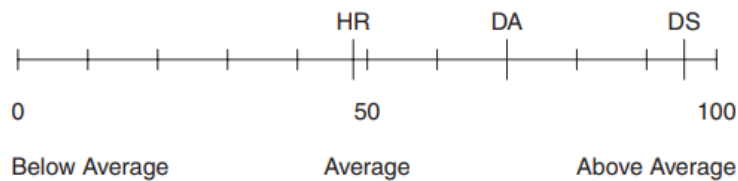


FIGURE 5.2 Example of Relative Percentile Method Scale

The fifth technique for comparison is known as forced distribution. Employee allocation in this kind of system follows a roughly normal distribution. For instance, it is necessary to categorize 20% of employees as exceeding expectations, 70% as meeting expectations, and 10% as not achieving expectations. Among the companies that have implemented a forced distribution scheme is General Electric (GE).

Jack Welch, the former chief executive officer of General Electric dubbed the company's compulsory distribution scheme the "vitality curve." He believes that managers can better manage underachievers by using forced ranking. Many of the 20% of US corporations who have implemented a forced ranking system recently point to GE's success as their model. 10% of GE's managers receive a "C" grade every year; if they don't improve, they face dismissal from the organization.

Which comparative measuring techniques have which benefits? To begin with, these kinds of measurement techniques are typically simple to describe. Second, these types of systems lead to very simple decisions because it's easy to see which personnel belong where in the distributions. Third, compared to absolute systems, they tend to reduce the number of biases and mistakes generated by those grading performance. Errors of this type include central tendency, leniency, and severity. Militancy refers to awarding high marks to a majority of employees, while severity refers to awarding negative scores to the same individuals.

Conversely, comparative systems also have drawbacks, which helps explain why only 4% of published performance evaluation research ratings have employed them in contrast to absolute systems. Initially, employees are typically simply evaluated based on one broad category. Instead of comparing workers based on specific behaviours or competencies, employers compare them based on how well each Employee performed. As a result, not only are the rankings produced not specific enough for employees to receive insightful feedback, but they can also face legal challenges. Second, the relative gap between employees is not disclosed because the generated data are based on rankings rather than actual scores. All that is known is that Employee A outscored Employee B in terms of the score; however, it is unclear whether this difference is comparable to, say, the difference between Employee B and Employee C. Executive VP Lisa E. Brummel, who oversees HR,

noted that Microsoft has recently experienced some of these issues. She followed that using a forced distribution system made "Individuals feel that their assessment consisted more of their placement in a bucket than the actual work they completed." Similarly, an unnamed Microsoft employee wrote in a June 2005 post on their web page, MiniMicrosoft, "I detest the Curve; however, I adore this company.

At last, particular concerns need to be considered into consideration when using a forced distribution technique. his approach assumes that employees' performance ratings are generally distributed, with the bulk falling in the middle and some performing exceptionally well. However, not every organizational unit will experience the same circumstances as this one. Some units may have excellent performer culture and mechanisms, enabling most people to function exceptionally well. On the other hand, a significant proportion of members in other units could exhibit subpar performance. Job performance is rarely regularly distributed in some professions, such as academia, various sports, acting and entertainment, politics, and the entertainment industry.

5.2.2 Absolute Systems

Under absolute systems, managers assess a worker's performance without mentioning other workers. In the most basic absolute method, a manager composes an essay outlining each worker's advantages and disadvantages and recommendations for development. Supervisors can give employees comprehensive performance feedback, which is one benefit of the essay method. However, as essays are essentially unstructured, some supervisors may decide to provide more information than others. Some supervisors may write essays more adeptly than others. Due to this heterogeneity, comparing performance among people, teams, or units is nearly impossible because different supervisors' essays—or even the same supervisor's addressing different employees—may focus on other parts of an employee's work. Lastly, because essays don't offer any quantitative data, it can be challenging to utilize them when making judgments about hiring (like award distribution).

A second type of absolute system is a behaviour checklist, a form with behavioural claims that indicate the many abilities that must be evaluated. The manager must draw attention to (or "verify") the statements that best describe the employee undergoing evaluation. When this type of assessment system is implemented, supervisors serve primarily as "reporters" of employee behaviour rather than evaluators. Since all behaviours rated are likely present to some extent, behaviour checklists usually start with an overview of the action in inquire about (e.g., "The worker shows up on time for work.") and include multiple response categories (e.g., "forever," "very often," "fairly often," "periodically," and "never"). Only the category that, in the rater's judgment, best fits the employee is chosen from the

responses. Each category of responses has a weight, which goes from 5 (which indicates "always") to 1 (which indicates "never") if the statement represents a desirable behaviour, such as showing up on time for work. The total score for each employee is then calculated by adding the weighted responses to each question. An illustration of a form object using the behavior checklist measurement approach is shown in Figure 5.3.

How are the types of responses for activity checklist scales selected? This is frequently a somewhat arbitrary choice, with equal distances between scale points being taken for granted. For instance, we would suppose that, in Figure 5.3, the distance between "never" and "sometimes" is equal to the separation between "fairly often" and "constantly" (i.e., one point in each scenario). Picking the anchors needs to be done very carefully. Table 5.4 offers anchors that can be utilized for the duration and quantity scales. Both five-point and seven-point scale anchors are included in Table 5.4. Most systems should provide a five-point rating system to accurately represent how a worker performs on the behaviour being graded. Five-point scales are less complicated than seven-point scales, which is one benefit of employing them. Additionally, five-point scales are better than three-point scales because employees are more likely to be motivated to improve performance on a five-point scale since they think it is easier to move up one level.

The employee arrives at work on time.

1	2	3	4	5
Never	Sometimes	Often	Fairly Often	Always

FIGURE 5.3 Example of Behavior Checklist Item

TABLE 5.4 Anchors for Checklists of Frequency and Amount

Anchors for Checklists of Frequency

<i>Seven-Point Scale</i>	<i>Five-Point Scale</i>
Always	Always
Constantly	Very often
Often	Fairly often
Fairly often	Occasionally
Sometimes	Never
Once in a while	
Never	

<i>Anchors for Checklists of Amount</i>	
<i>Seven-Point Scale</i>	<i>Five-Point Scale</i>
All	All
An extraordinary amount of	An extreme amount of
A great amount of	Quite a bit of
Quite a bit of	Some
A moderate amount of	None
Somewhat	
None	

Anchors for scales requiring agreement and evaluation are included in Table 5.5. This table contains 13 anchors that can be selected when using an assessment scale and another 13 anchors that can be utilized when using an agreement scale.

TABLE 5.5 Anchors to Be Used in Checklists of Evaluation and Agreement

<i>Anchors for Checklists of Evaluation</i>	
Terrible	1.6
Bad	3.3
Inferior	3.6
Poor	3.8
Unsatisfactory	3.9
Mediocre	5.3
Passable	5.5
Decent	6.0
Fair	6.1
Average	6.4
Satisfactory	6.9
Good	7.5
Excellent	9.6

<i>Anchors for Checklists of Agreement</i>	
Slightly	2.5
A little	2.7
Mildly	4.1
Somewhat	4.4
In part	4.7
Halfway	4.8
Tend to	5.3
Inclined to	5.4
Moderately	5.4
Generally	6.8
Pretty much	7.0
On the whole	7.4
Very much	9.1

Ratings in Table 5.5 can also be utilized to select anchors for an agreement or appraisal scale. We need to choose anchors for our somewhat evenly-spaced scales according to the ratings in Table 5.5. Thus, one set of anchors that might be used to construct a five-point rating system with the data in this table would be as follows:

1. Horrible
2. Inadequate
3. Decent
4. Good
5. Excellent

In this anchor set, every pair of neighbouring anchors is spaced out by a distance of 1.5 to 2.3 points. But remember that using the word horrific as an anchor has an evil meaning; instead, we might want to use a less harmful word like "not good" or "inadequate." Employees who receive this rating—even if it is closer to the next one ("unsatisfactory") than we would have liked—might respond less defensively and negatively overall if we deploy the new anchor.

A few fundamental behaviours are present in all work and are required to differentiate between doing a task successfully and poorly. The key events measuring approach entails compiling reports of instances where workers demonstrated behaviours that were particularly useful or detrimental to completing their assignments. The documented significant events serve as a foundation for performance evaluation.

This recorded incident is the synthesis of a series of incidents:

1. An issue was found (a special needs student was located).
2. Corrective measures were implemented, such as ordering the computer.
3. The delivery of the computer was the first positive step toward corrective action.
4. As a result, there was insufficient corrective action (Due to insufficient guidance, the personal computer was not utilized).

Using this measurement method, managers can concentrate on actual job behaviour instead of undefined features once important episodes have been gathered. Collecting crucial incidents, however, takes a lot of time. Just like with essays, it's challenging to provide a grade that accurately captures the incident's impact (good or bad). The critical incidents method has been updated to include summarizing significant episodes and providing supervisors with them in scales (behaviour checklists, for instance). As an illustration, consider the following in response to the crucial event involving Tom Jones:

Addresses learning needs of special-needs students efficiently

Strongly Agree Agree Undecided Disagree Strongly Disagree

The second iteration of the critical incidents technique is the methodology used in the Irving, Texas, system for managing performance. The core competencies were first determined by the city and categorized as performance essentials, core values, or skill group competencies. Subsequently, the group responsible for executing the system composed numerous instances illustrating varying degrees of proficiency in every area, ranging from inefficient to exceptionally proficient. Put differently, this team was tasked with gathering significant events that showed different performance levels for every ability. Managers then utilized this list, just drawing a circle around the behaviour that most accurately represented each worker in the work unit. Take the competency Adaptability/Flexibility, for instance. To demonstrate different performance levels for this ability, critical situations were used:

<i>Completely Ineffective</i>	<i>Somewhat Ineffective</i>	<i>Effective</i>	<i>Highly Effective</i>	<i>Exceptional</i>
Able to focus on only one task at a time	Easily distracted from work assignments/activities	Handles a variety of work assignments/activities with few difficulties	Handles a variety of work assignments/activities concurrently	Easily juggles a large number of assignments and activities
Avoids or attempts to undermine changes	Complains about necessary changes	Accepts reasons for change	Understands and responds to reasons for change	Encourages and instructs others about the benefits of change
Refuses to adopt changes policies	Makes only those changes with which they agree	Adapts to changing circumstances and attitudes of others	Adapts to changes and develops job aids to assist others	Welcomes change and looks for new opportunities it provides
Considers only own opinion when seeking solution	Occasionally listens to others but supports own solutions	Listens to others and seeks solutions acceptable to all	Ensures that everyone's thoughts and opinions are considered in reaching a solution	Actively seeks input in addition to recognized sources and facilitates implementation of solution

Behaviorally anchored rating scales (BARS), one of the numerous graphic rating scales used, are a third variation of the critical incidents method. We will discuss these next.

The most often used performance evaluation instrument is the graphic rating scale. Graphic rating scales are intended to guarantee that answer categories (behaviour ratings) are well-defined, that the rating is understandable to both the employee and the supervisor, and that an external party can interpret the rating with clarity.

1	2	3	4	5
Unaware or not interested	Needs additional training	Aware of responsibilities	Excellent knowledge and performance of skills	Superior performance of skill; ability to train others

Critical incidents serve as anchors for the graphic rating scales used by BARS. BARS outperforms graphic rating scales by having a group of workers determine every significant aspect of a job. Subsequently, a different set of workers produces crucial instances demonstrating poor, regular, and excellent performance levels across every aspect. Each dimension, the descriptions that go along with it, and a randomized list of key incidents are given to a third group of workers and managers. The essential incidents and the appropriate dimensions must correspond.

At last, a panel of judges rates each incidence on a scale. To gauge job knowledge, take a look at the following BARS:

Work Knowledge: The degree to which an employee is knowledgeable and proficient in areas of their employment.

Think about the following: BARS evaluates one of the ten performance aspects that auditors have determined to be important:

-
- 5 **Exceptional:** Employee consistently displays high level of job knowledge in all areas of his or her job. Other employees go to this person for training.
 - 4 **Advanced:** Shows high levels of job knowledge in most areas of his or her job. Consistently completes all normal tasks. Employee continues searching for more job knowledge, and may seek guidance in some areas.
 - 3 **Competent:** Employee shows an average level of job knowledge in all areas of the job. May need assistance completing difficult tasks.
 - 2 **Improvement Needed:** Does not consistently meet deadlines or complete tasks required for this job. Does not attempt to acquire new skills or knowledge to improve performance.
 - 1 **Major Improvement Needed:** Typically performs tasks incorrectly or not at all. Employee has no appreciation for improving his or her performance.
-

Understanding of Accounting and Auditing Standards and Theory: Technical underpinnings, practical application of knowledge, aptitude for problem-solving and balancing theory and practice.

-
- 3 **High-Point Performance:** Displays very strong technical foundation, able to proficiently apply knowledge on the job, willingly researches areas, able to identify problems, can weigh theory vs. practice considerations.
 - 2 **Midpoint Performance:** Can resolve normal accounting issues, has adequate technical foundation and skills, application requires some refinement, has some problems in weighing theory vs. practice, can identify major problem areas.
 - 1 **Low-Point Performance:** Displays weak accounting knowledge and/or technical ability to apply knowledge to situations/issues on an engagement, has difficulty in identifying problems and/or weighing factors of theory vs. practice.
-

The following characteristics must be present in graphic rating scales for them to be most accurate and helpful:

- Every response type has an obvious purpose.
- The person analyzing the ratings, such as a human resources manager, can determine with clarity the expected response.

- It is evident to the rater what the performance dimension is that is being rated. Examine the two previous BARS examples that were displayed. Which is superior when it comes to these three aspects? In what ways might these BARS be enhanced and modified?

In conclusion, there are numerous approaches to performance evaluation. These methods vary in terms of their practicality—some require more time and effort to develop than others—their administrative utility—some are less helpful than others because they don't offer a clear performance quantification—and their user-friendliness—some are less helpful than others in terms of the feedback they generate, which enables staff members to perform better going forward. When selecting one kind of measurement process over another, practicality and utility are important factors to take into consideration.

5.3 CHARACTERISTICS OF APPRAISAL FORMS

There isn't an assessment form that is always accurate, therefore we should be conscious of it. A form may highlight competencies while ignoring outcomes in certain circumstances. Such a scenario would arise if the system chose to measure performance using a behaviour approach rather than an outcomes method. In some, the form could highlight problems related to development while downplaying or ignoring the behaviours and outcomes. In certain circumstances, the form would be used exclusively for developmental rather than administrative reasons. Not all components are suitable for every situation, and the appraisal's goals should determine which ones are used.

Even though there is a lot of variation in the structure and elements of assessment forms, they are most useful when they have these desirable features:

- *Easyness of use.* Clear, brief, fast to complete, easy to administer, and easy to comprehend forms are requirements for them. The performance assessment procedure may not be successful if the forms are lengthy, intricate, and confusing.
- *Applicability.* Effective forms contain information directly relevant to the position's duties and responsibilities; if not, they will be seen as an unnecessary burden on administration rather than an instrument for enhancing performance.
- *Characteristics.* Regardless of performance level, good forms demand that raters submit proof of performance. The form should provide enough detail so that the performance information is understood clearly by an outside party (such as the supervisor's supervisor or the HR department).
- *Flexibility.* Effective forms enable managers across many roles and divisions to customize them to their specific requirements and circumstances. The form is encouraged to be used widely by this feature.

- *All-encompassingness.* Good forms cover every significant performance area for a given position during the review period.
- *Pleasing definitions.* So that raters are evaluating the same traits, desirable competencies and results are explicitly established for each rater. In terms of raters and organizational levels, this feature improves rating uniformity.
- *Interaction with others.* It is necessary to effectively convey to every participant in the review process the significance of each component of the form. This increases the desire to engage in the system as raters and rates alike and increases system adoption.
- *A focus on time.* Good forms aid in making performance expectations more clear. They discuss both the past and the future.

TABLE 6.2 Desirable Features of All Appraisal Forms

Simplicity
 Relevancy
 Descriptiveness
 Adaptability
 Comprehensiveness
 Definitional clarity
 Communication
 Time orientation

Table 6.2 provides an overview of the attributes preferred across every type, irrespective of particular material or layout. Let's look at the two example forms that were previously described to see how they perform in terms of these desired attributes. Firstly, have a look at the form in Figure 6.1. That is straightforward to comprehend. Although there aren't as many essays as there may be, the inclusion of an essay style suggests that it would take a bit longer to finish. The supervisor must enter the accurate job description and actual accountabilities for the form to be relevant. Because of the narrative quality of this genre, it can be very descriptive. The manager is encouraged by the form to provide instances of pertinent behaviour. Furthermore, the form's adaptability—perhaps too much so—makes it difficult to compare employee performance because the management can customize it for every worker. This form is extensive, but only if the manager enumerates every anticipated responsibility. There is a lack of definitional precision in this form. The lack of clarity in the specified competencies may lead to inconsistent evaluations among raters. This form can then be distributed throughout the company. However, because the essay solutions involve so much depth, getting the approval of the manager could be challenging. Lastly, the form has a temporal component. It

requests performance goals and expectations for the past and future. The following table, in brief, lists the desirable attributes that are present in this form:

Desirable Features of All Appraisal Forms: Evaluation of Form in Figure 6.1	
X	Simplicity
X	Relevancy
X	Descriptiveness
X	Adaptability
X	Comprehensiveness
	Definitional clarity
X	Communication
X	Time orientation

Let's now assess the shape in Figure 6.2 in light of the attributes that Table 6.2 lists as desirable. It is straightforward in that it is simple to use, speedy to finish, clear, and succinct. This form is more accessible to administer than the one shown in Figure 6.1 because it does not contain an essay structure. However, because it does not list and describe the duties and obligations of the work for the employee, it receives a low score on the relevance dimension. And third, it is not a descriptive form. The many performance levels are explained, but it's unclear what each person expects from the job. Additionally, the form's adaptability is limited. While the initial competency evaluations are accurate, the second part can be customized for every worker. This form is incomplete due to the absence of some essential components that demonstrate performance for a particular role during the review time frame. Because the stated competencies are not defined and the employee's primary responsibilities are not mentioned, this form lacks definitional clarity. Although the explanations of each performance level are clear, they are not customized for each worker. Subsequently, there was a communication breakdown inside the organization over the form. It would be challenging to convey the process to all stakeholders given the lack of definition of the competencies. Finally, because the form needs to address time, it does not concentrate on previous or upcoming goals. This analysis is summarized in the table below:

**Desirable Features of All Appraisal
Forms: Evaluation of Form in Figure 6.2**

X	Simplicity
	Relevancy
	Descriptiveness
X	Adaptability
	Comprehensiveness
	Definitional clarity
	Communication
	Time orientation

The forms shown in Figures 6.1 and 6.2 are fairly similar to those used by many organizations. When these forms are carefully compared to the desired attributes, it becomes clear that there is room for significant improvement, especially with the form displayed in Figure 6.2. These and other forms should incorporate the essential elements covered above, which is a crucial thing to keep in mind because these forms aid in the implementation of a performance-focused culture within firms. Since the appraisal form is only one part of the system for managing performance, it is best not to place too much importance on it alone.

5.4 (A) DETERMINING OVERALL RATING

Usually, after completing the form, an overall performance score needs to be calculated. This is especially important when deciding on administrative choices like award distribution. Determining whether individuals or groups of individuals are performing better over time can also be done by computing overall performance scores.

To determine each employee's overall performance score, two main methods are used: mechanical and judgmental. The process of making a judgment involves taking into account all facets of the performance and coming up with a convincing summary. This essentially all-encompassing method depends on the rater's capacity to determine an impartial and precise final score. The mechanical process entails calculating the total score by first taking into account the ratings given to each area of the assessment form. Weights are usually applied depending on the relative value of each performance parameter observed when aggregating scores from each part.

Think about the form used to assess sales associate performance at a chain of supermarkets, as illustrated in Figure 6.3. While the full form likely contains more than just four performance characteristics, this form only contains the hypothetical ratings a sales associate would have received for two skills and two critical outcomes. Each competency is weighed by its importance to the organization, as you can see in the Competencies section. To be more precise, responsibility and follow-through are weighed .7 and decision-making and creative problem-solving, .3. Anthony Carmello received a score of 4 for the Follow-Through/Dependability competency during the first half of the review period and a score of 3 for the second half; as a result, the scores for this competency are $4 \times .7 = 2.8$ during the first half and $3 \times .7 = 2.1$ during the second half of the review period. The first half of the review session is worth 3.7 points, while the second half is worth 2.7 points after adding the scores for each competency in the first and second halves.

				1st	2nd	Wgt	Pts	Pts	
Decision Making/Creative Problem Solving				Points:	3	2	0.3	.9	.6
4	3	2	1						
Anticipates, recognizes, and confronts problems with extraordinary skill. Perseveres until solution is reached. Extremely innovative and takes risks.	Defines and addresses problems well. Typically reaches useful solutions and decisions are sound. Innovative, with above-average risk taking.	Acknowledges and attempts to solve most problems when presented. Usually comes to conclusions on solving basic issues. Little innovation and sometimes takes risks.	Has difficulty recognizing problems and making decisions. Always needs guidance. No innovation and never takes risks.						
Comments:									
Total Score for Competencies Section								3.7	2.7

FIGURE 6.3 Performance Appraisal Form Used by Grocery Retailer

Key Results: Rate each area to the performance demonstrated in the achievement of budgeted numbers.

KR #1: Achieved Budgeted Sales (U.S. dollars)				
	Budgeted	Actual	% of achievement (1, 2, 3, 4)	Wgt
1st half objective	\$78,000	\$77,000	2	0.6
2nd half objective	\$80,000	\$83,000	3	Pts
4 = 108%+ 3 = 107-103% 2 = 102-98% 1 = Below 97%				1.2 1.8
Comments:				

KR #2: Margin Balance (gain/loss in U.S. dollars)				
	Budgeted	Actual	% of achievement (1, 2, 3, 4)	Wgt
1st half objective	\$30,000	\$29,000	1	0.4
2nd half objective	\$31,000	\$34,000	4	Pts
4 = 108%+ 3 = 107-103% 2 = 102-98% 1 = Below 97%				.4 1.6
Comments:				

TOTAL SCORE FOR KEY RESULTS:					1.6	3.4
	Comp. Score 1st half	Comp. Score 2nd half	KR Score 1st half	KR Score 2nd half		Subtotal
Circle Rating:	3.7	2.7	1.6	3.4		11.4/4 = 2.85
Excellent	Above average	Average	Unsatisfactory			
3.6-4.0	2.6-3.5	1.6-2.5	1-1.5			
Associate					Date	
Store Director					Date	

FIGURE 6.3 (Continued)

Additionally, the form shows that the weights of the key outcomes vary. To be more precise, KR #1 weighs .6, whereas KR #2 weighs .4. Think about KR #1. Seventy-eight thousand dollars in sales was the target for the first half of the year. Carmello's actual sales amount was \$77,000, which translates to a 98.71% accomplishment and a score of 2. 1.2 points are awarded for the first half of the evaluation period when this score is multiplied by the weight of .6. Similar to the first half, Carmello exceeded the second half objective of \$80,000 by reaching \$83,000, or a score of 3 (i.e., 103.75% achievement); as a result, the second half score is $3 \times .6 = 1.8$. The form concludes by displaying the overall score for the first half of all significant results added together as 1.6, while the score for the second half is 3.4. The scores

from each half were simply added to determine these scores. Lastly, the form displays the main outcomes and the scores for the competencies for each of the two review period halves. The total performance score can be calculated by simply averaging these four values: $(3.7 + 2.7 + 1.6 + 3.4)/4 = 2.85$. Carmello is now classified as "above average," falling between the 2.6 and 3.5 range.

The form ends with the total score for the first half of all major results added together being 1.6 and the total score for the second half being 3.4. To get these scores, the scores from each half were just combined. Lastly, the application displays the competency scores and primary results for the two review period halves. A simple calculation of the total performance score is $(3.7 + 2.7 + 1.6 + 3.4)/4 = 2.85$, which is the average of these four numbers. Carmello is now rated as "above average," with a score in the range of 2.6 to 3.5. The manager can establish a transparent, impartial evaluation and rating for every worker by applying weights. Lastly, you will see that the "comments" areas on the form are displayed in Figure 6.3. The majority of evaluation forms include this kind of open-ended section. But usually, this information is not applied efficiently. This is probably the case for the following two main reasons. To begin with, classifying and analyzing these kinds of remarks methodically is difficult. Secondly, rather than the KSAs of the employee being reviewed, the length, content, and quality of these remarks might have more to do with the organizational culture and the writer's level of proficiency. About the first obstacle, more significant and more effective utilization of such data may be possible due to the growing sophistication of computer-aided text analysis (CATA) software, which enables the examination of text rather than statistics. For instance, the program DICTION 5.0 makes it possible to analyze text by classifying concepts or phrases and then calculating how frequently each occurs. It may be desirable for an organization to categorize the comments based on factors such as task and contextual performance. The program then automatically counts the instances in which these kinds of actions are described in the comments, building a "dictionary" of the context and expressions associated with each of these performance factors. Suppose raters need to be provided with training or general guidelines regarding what to write. In that case, comments may vary from none to highly detailed explanations of past orientation (i.e., what employees have done) and future orientation (i.e., what employees should do). This makes the second challenge more challenging to master. To address this second problem, it is crucial to first define the informational objectives for raters in these open-ended parts and then provide training on how to do so methodically and consistently for all rates. Overcoming these two obstacles will allow the data from the open-ended sections to be utilized as an addition to the quantitative data provided on the forms.

5.4 (B) APPRAISAL PERIOD AND NUMBER OF MEETINGS

What's the ideal duration for the appraisal period? Stated otherwise, what time frame ought to be specified on the evaluation form? Businesses that use a performance management system usually carry out official evaluations once a year, although others decide to do semiannual or even quarterly reviews. It might not be sufficient to conduct a yearly review to give managers and employees a formal forum to discuss performance problems. Then, doing semiannual or quarterly evaluations is advised. For instance, Hamilton Standard Commercial Aircraft, located in Colorado, employs a semiannual assessment procedure. The organization gathers performance data from multiple sources twice a year as part of a modified 360-degree review. With this kind of framework, people can get feedback and modify their goals or objectives as needed to get ready for the annual review, which goes into further detail. Synygy, Inc., an incentive computer program and service provider with headquarters in Philadelphia, is an example of a business that uses quarterly evaluations. Workers obtain an overview of feedback along with particular examples from colleagues regarding their performance every quarter. According to Synygy, the system's objective is to promote candid communication. Workers receive training on how to constructively critique their peers' work to identify both good and bad performance traits. Coworkers are encouraged to offer suggestions on how an employee could improve their performance in areas that require improvement.

The ideal time to finish the reviews is when? One of two options is used by most organizations. One way to start would be to finish the appraisal form around the time of the yearly anniversary. Semiannual evaluations would occur on or around the anniversary date, with the first review taking place 6 months before the anniversary. The supervisor's ability to avoid filling out documents for each person at once is the main benefit of this decision. The drawback of this option is that awarding performance isn't correlated with the fiscal year because it's not based on a shared cycle for all workers.

Six formal sessions between the supervisor and the subordinate are one possible component of performance management systems. :

- Objective setting,
- merit/salary reviews,
- classical performance reviews,
- system inauguration,
- self-appraisals,
- development plans, and salary reviews

Remember that there are unofficial performance talks all year round. But there should also be formal meetings that are planned regularly with the express intent of

talking about the different facets of performance evaluation and the system of performance management. Performance management is vital, as seen by the supervisor's time commitment to this task.

The system's operation and the requirements and obligations that primarily fall on the shoulders of the employee and the supervisor are discussed during the first meeting, known as the system inauguration. This conversation covers the objective of self-evaluation and the official meeting dates between the manager and the worker to discuss relevant matters. New hires should be presented to the system for managing performance during this meeting, which is especially crucial as soon as they join the company.

The employee evaluates herself during the second meeting, which is called the self-appraisal. This is merely an informational meeting; the supervisor does not yet make any judgments about the employee's perception of her work. The employee can discuss her performance assessment during the evaluation period during this meeting. Giving the employee an identical form to complete on her own is beneficial so that she can rate herself using the same dimensions that the supervisor would use.

The managers' and the workers' perspectives are considered during the third meeting, the classical performance review meeting, in which worker performance is reviewed. This kind of meeting is the only one that most performance management systems allow for. There are often no more planned formal meetings to talk about performance. The primary focus of this discussion is on the past; performance expectations for the future are usually not discussed.

The topic of any pay adjustments resulting from the period's performance is discussed at the fourth meeting, which is the merit/salary review. To enable the employee to concentrate on performance first and rewards second, it is helpful to keep the topic of rewards and performance apart. Employees may not pay close attention during the performance discussion if these meetings are not divided into different ones. They may believe that this is just a necessary cost to get to the more important portion of the meeting, which is the discussion of incentives. Even though these sessions are different, managers ought to make it apparent how the employee's performance—which was thoroughly reviewed in an earlier meeting—relates to the incentives they get. Rewards are unlikely to be fully appreciated if they are not directly related to performance.

The employee's developmental needs are discussed in the fifth meeting, which is called the development plan. It also outlines the actions that will be performed to

enhance performance in the upcoming time. Information regarding the resources that will be made available to the staff members to help them acquire the necessary new skills is also covered in this meeting.

Establishing behavioral and result-oriented goals for the upcoming review period is part of the sixth and final meeting's target-setting activity. By now, the worker has understood her goals and needs for personal growth, heard intelligible criticism regarding her work during the previous review period, and is aware of the tools available to support her in gaining any necessary skills.

All six of these meetings are possible, but they don't happen one after the other. For instance, a single umbrella meeting may include a self-evaluation, traditional performance review, merit/salary review, developmental plan, and goal-setting sessions. However, it is preferable to keep the different kinds of information discussed apart so that the supervisor and the employee may concentrate on each element independently.

Consider Wisconsin-based Johnsonville Foods (www.johnsonville.com), a facility that produces sausage. Meetings for self-evaluation, traditional performance review, merit/salary review, development plan, and objective setting are all part of Johnsonville Foods' performance management system. Goals for the upcoming six months are stated in six-month contracts that are written by team members, employees, coaches, or supervisors, together with their strategies for achieving those goals (target setting). In addition, this contract requests that the employee provide their developmental plan, which outlines their goals for the next six months. These objectives could be learning a new computer software or reading a book on leadership.

To put it briefly, Johnsonville Foods does not have six distinct meetings; instead, it consists of all the official meetings that are permissible in a system for managing performance. The company does not have two officially scheduled meetings; however, more meetings can be added through the system as needed.

5.5 A MODEL OF RATER MOTIVATION

Performance rates are subject to biases that skew the final evaluations, regardless of who rates the performance. Performance ratings can be erroneous or manipulated, both knowingly and unknowingly. When that occurs, the company may be more vulnerable to legal action, poor decisions may be made, and employees may feel they are receiving unfair treatment. Stated differently, the presence of distortions in performance evaluations can have detrimental effects on the organization in addition to the performance management system's inability to

produce the intended results. We must comprehend why raters are prone to produce skewed evaluations to stop these undesirable results.

Two motivations affect rating behaviours: (1) the wish to give correct ratings and (2) the desire to manipulate ratings. Whether or not the rater anticipates favourable or adverse effects from correct ratings and whether or not there is a high likelihood of these incentives and penalties determines the motivation to deliver accurate ratings. In the same way, the incentive to manipulate ratings is dictated by the rater's expectation of both good and negative outcomes from rating distortion as well as the likelihood of such outcomes occurring should ratings be manipulated. Think about a supervisor's incentive to give correct ratings. If ratings are accurate, what will the supervisor gain? What is he going to lose? If this occurs, will his performance be given a higher rating and will he be given any incentives? Or would the person's rapport with their subordinates deteriorate? The responses to these inquiries reveal whether or not this supervisor will likely be driven to give fair evaluations. In a similar vein, can rating distortion have any advantages or disadvantages? What is the likelihood that this will occur? The motivation of the supervisor to manipulate ratings will be ascertained by the responses to these questions.

Raters are unable to provide reliable performance data due to motivational obstacles. Inflating or deflating ratings and manipulating performance data are possible incentives for raters. Supervisors could not even be attempting to assess performance precisely; instead, they can be attempting to utilize performance evaluations for other purposes. A supervisor might be incentivized, for instance, to give exaggerated evaluations to

- *Make the most of the merit increase and awards.* A manager may wish to provide his staff with the best compensation available because he knows that doing so will result in their receiving the best performance reviews.
- *Motivate staff members.* A manager might think that receiving good performance reviews will boost workers' motivation.
- *Refrain from keeping a written log.* Because leaving a "paper trail" of an employee's subpar performance could later have a detrimental effect on the employee, a supervisor might be reluctant to do so. If there is a friendship between the employee and the supervisor, this scenario could arise.
- *Keep your distance from staff members.* Giving a subordinate bad news could make them uncomfortable, therefore they might choose to take the easy way out and issue exaggerated performance reviews to avoid potentially getting into a fight with the worker.
- *Encourage unwanted staff members to leave the company.* If an employee gets really high ratings, a supervisor might think she'll be moving up the unit or

promoted. To get rid of unwelcome personnel, the supervisor might think this is a good strategy.

- *Ensure that the manager presents a positive image to their boss.* A manager might think they will be regarded as an excellent unit leader if all of the employees get very good performance evaluations. Furthermore, managers tend to inflate their subordinates' ratings when their own performance ratings are based on those of their subordinates.

We can comprehend every rationale behind a supervisor's decision to use a model or rater motivation to artificially inflate ratings. As an illustration, high ratings could be viewed as a benefit if they make one appear friendly to one's boss. Giving inflated evaluations might also be seen as a benefit in averting a potential conflict with an employee. Consequently, the supervisor may supply skewed ratings in light of these expected benefits of rating inflation.

In addition, supervisors might have an incentive to give fictitiously low ratings. Among the causes of this are to:

- *Startle an employee.* A manager can think that delivering a "shock treatment" and low-performance reviews can startle a worker and reveal an issue
- *Provide a lesson to a disobedient worker.* Giving a worker a low-performance rating is, in the supervisor's opinion, the greatest approach to discipline them or make them comply with them.
- *Let the worker know that it would be wise for him to think about quitting.* It may be the goal of a supervisor with poor communication skills to suggest that a worker departs from the team or company. One approach to convey this message could be to give deflated performance scores.
- *Create a thorough written record that is well-documented of subpar performance.* An employer may want to fire a certain worker and determine that the best method to accomplish this is to document the worker's poor performance.

In essence, this conversation ought to enable us to recognize that performance evaluation procedures may involve sentimental undertones and covert motives that stem from the objectives and driving forces of the rater. In that case, they are apt to employ the system for managing performance not as an instrument to enhance staff members and, eventually, company efficiency but as a means of achieving political and other objectives, such as promoting supporters and penalizing rivals or opponents. Thus, it's critical to comprehend how context affects performance evaluations' accuracy and to be conscious that performance measurement occurs inside a company environment with formal and informal conventions.

What steps may be taken to stop deliberate manipulation of ratings? In light of a rater motivation model, we must offer incentives to persuade raters that giving accurate ratings will benefit them more than giving wrong evaluations. When a supervisor recognizes that a well-executed system for managing performance is preferable to one that is controlled by office politics, for instance, they will be more inclined to support the system's success. Plus, leniency is also likely to be limited if a supervisor thinks the system is accountable and that excessively lenient evaluations would be easily found, putting them in a humiliating position. When supervisors realize they may have to defend their ratings to their superiors, they may be less lenient with their ratings.

The following specific suggestions are meant to increase accountability:

1. Request explanations from raters for their scores. Informing raters that they will need to defend their ratings to higher-ups, like their own supervisors, increases the accuracy of the ratings. Yet, if raters have to defend their rates to people in lower positions of power, including their own subordinate, rating accuracy may not increase.
2. Request in-person justification for the raters' ratings from them. When rating justifications are presented in person rather than solely through written correspondence, ratings are also more accurate.

A supervisor asks herself, "What benefits do I gain from giving accurate evaluations instead of exaggerated or low ratings?" The advantages of providing accurate ratings must be more significant than those of supplying inaccurate ratings, according to the architecture of the system for managing performance. This could entail evaluating the supervisor's performance in terms of how well she is executing performance management within her team and emphasizing that performance management is essential to a supervisor's role. Additionally, supervisors must have the resources necessary to facilitate the provision of accurate evaluations and comments. This involves instruction on conducting the evaluation interview, for instance, so managers can effectively communicate both good and negative news about performance and offer both kinds of feedback.

5.6 PREVENTING RATING DISTORTION THROUGH RATER TRAINING PROGRAMS

The main goal of rater training programs is to arm raters with the knowledge and skills necessary to successfully and efficiently administer the performance management system. Preventing rating distortion is another benefit of these training courses. The above-discussed factors for raters' propensity to inflate or deflate ratings are gathered in Table 6.3.

How might training initiatives lessen the effects of the deliberate rating distortion causes indicated in Table 6.3? Programs for remediation cover information, motivation, and skill-related content. Remember that raters are prone to make inadvertent mistakes while grading performances in addition to deliberate ones. Since raters are partners and active participants in the process, training programs must address both errors. In essence, the goal is to align rater goals with those of the performance management system. Training courses could specifically address the following subjects:

- Justifications for putting the performance management system into place. This comprises an outline of the complete system, its goal, and the advantages it offers to every employee.
- How to classify and identify work-related activities. This contains details on how to carry out an analysis of a job and comprehend the key responsibilities and skills.
- Performance observation, documentation, and measurement techniques. Observational abilities such as focusing on the behaviours that matter and avoiding becoming sidetracked by actions unrelated to the performance aspects under assessment may fall under this category. It also covers the abilities required to complete the assessment form.
- Details about system mechanics and the appraisal form. Included in this is a thorough explanation of the assessment form's contents and the goals of each part. It also contains details regarding the suggested number of meetings and the requirements for each individual.
- How rating errors can be reduced. This includes actionable measures to reduce inadvertent mistakes brought on by the mental strain involved in performance appraisal and observation.
- Techniques for interviewing appraisal. During the evaluation interview, these involve communication and listening abilities as well as how to offer comments. Assisting the employee in creating a growth plan is another talent in it.
- Coaching, guidance, and training techniques. Among them are the abilities a manager needs to support staff members in consistently raising their level of performance.

TABLE 6.3 Reasons for Rating Distortion

<i>Rating Inflation</i>	<i>Rating Deflation</i>
Maximize the merit raise/rewards	Shock employees
Encourage employees	Teach a rebellious employee a lesson
Avoid creating a written record	Send a message that employee should consider leaving
Avoid a confrontation with employees	Build a record of poor performance
Promote undesired employees out of unit	
Make manager look good to his or her supervisor	

Take the training course that Aurora, Colorado, uses, for instance. Many of the topics stated below are included in this program. It begins by going over some general aspects of the performance management system, such as the significance of performance management. It also discusses the distinction between focused on work (i.e., behaviour-based) and results-oriented aspects of performance. Third, the coach goes over how to balance several performance metrics accurately. Fourth, a description of the various performance levels, along with several samples focused on the job aspects, is included in the training. For instance, it describes the "solving problems" dimension and instances of subpar, average, and outstanding work. After that, it provides managers with guidance on creating individual performance goals and offers samples of effective ones.

SELF-ASSESSMENT QUESTIONS

1. Discuss the significance of accurately measuring results in performance management. How does accurate measurement influence organizational success and employee development?
2. Evaluate different methods for gathering performance information. Compare and contrast qualitative and quantitative methods, providing examples of when each method might be most appropriate.
3. Analyze the role of data analytics in gathering performance information. How have advancements in technology and data analysis tools changed the landscape of performance measurement?
4. Examine the ethical considerations in gathering performance information. How can organizations ensure that their performance data collection methods are fair

Unit: 6

IMPLEMENTING PERFORMANCE MANAGEMENT SYSTEM

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INTRODUCTION

Implementing a performance management system is a strategic initiative aimed at improving organizational performance, enhancing employee engagement, and driving continuous improvement. It involves the design, development, and implementation of processes and tools to effectively measure, manage, and optimize individual and organizational performance. This introductory guide provides an overview of the key considerations and steps involved in implementing a performance management system.

Performance management is a systematic process designed to enhance individual and organizational performance through goal setting, continuous feedback, evaluation, and development planning. It aims to align individual goals with organizational objectives, foster a culture of accountability and transparency, and support employee growth and development.

Implementing a performance management system requires careful planning, communication, and stakeholder engagement. Some key considerations include:

- Leadership Commitment:** Strong leadership support and commitment are essential for successful implementation. Leaders should communicate the importance of performance management, provide resources and support, and lead by example.
- Clear Objectives:** Define the objectives and desired outcomes of the performance management system. Clarify how it aligns with organizational goals, values, and culture.

- Stakeholder Involvement:** Involve key stakeholders, including leaders, managers, HR professionals, and employees, in the design and implementation process. Seek input and feedback to ensure buy-in and support.

- Training and Development:** Provide training and support to managers and employees on the performance management process, tools, and expectations. Ensure they understand their roles and responsibilities.

- Technology and Tools:** Select appropriate technology and tools to support the performance management process, such as performance appraisal software, tracking goal-tracking systems, and feedback platforms.

- Continuous Improvement:** Establish mechanisms for monitoring, evaluating, and improving the performance management system over time. Solicit feedback from stakeholders and make adjustments as needed.

Implementing a performance management system is a complex and multifaceted process that requires careful planning, communication, and collaboration.

By aligning performance management with organizational goals, values, and culture, organizations can create a culture of accountability, transparency, and continuous improvement. Effective implementation involves engaging stakeholders, providing training and support, leveraging technology, and fostering a commitment to ongoing learning and development. It is an ongoing journey that requires dedication, effort, and a willingness to adapt to changing needs and circumstances.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- a) Understand the communication plan
- b) Describe the appeals process
- c) Illustrate training programs for acquisition of required skills
- d) Define pilot testing
- e) Explain monitoring and evaluation

6.1 COMMUNICATION PLAN

Employee acceptability and satisfaction are generally higher when a more extensive and deeper understanding of the performance management system exists. Organizations develop plans for communication to guarantee that the system for managing performance is widely known. A strong communication strategy responds to the following queries:

- What does performance management entail? The broad objectives of performance management systems, how they are applied in other organisations, and general information on performance management are all necessary to address this topic.
- What role does performance management play in our overall plan? To respond to this query, we should provide details about the connection between strategic planning and performance management. Details are provided regarding the precise ways in which the
- A system for managing performance will support the accomplishment of strategic objectives.
- How does this benefit me? An effective communication strategy outlines the advantages of performance management implementation for all parties concerned.
- How is it operated? To respond to this question, one must thoroughly explain the performance management procedure and schedule, including the dates and times of meetings, their objectives, and the deadlines for award decisions.
- What duties do I have? The communication plan should include details about each participant's obligations at each process stage. For instance, it outlines the principal duties of supervisors and employees in the performance management procedure.
- What connections does performance management have with other initiatives? The communication plan should include information about the connections between performance management and other programmes and processes, such as training, advancement, and succession planning.

Take the U.S. Department of Justice's Senior Executive Service (SES) system for managing performance. SES members hold important leadership roles that are immediately beneath those of the most senior presidential appointments. They supervise a range of governmental operations across 75 federal agencies and serve as a liaison between appointees and the rest of the federal government.

Each of the topics covered in the preceding list was addressed by their plan in the following manner:

- What is the management of performance? The department's justifications and goals for putting in place a system for managing performance are covered at the start. For instance, the Chapter states that performance management encourages high standards of success and responsibility and facilitates the efficient and

effective fulfilment of the department's mission, programme objectives, and strategic planning activities. Definitions of several vital words are also included in this Chapter, including yearly summary rating, efficiency, performance check, grading scales, and system for managing performance.

- What role does performance management play in our overall plan? A list of guiding principles for the system is presented at the start of the Chapter: "Federal managers and executives of the Department of Defence foster excellence by clearly outlining their goals, values, and vision." It outlines every method agency officials use to carry out this action. The Office of Personnel Management (OPM) director also included a comment from President George W. Bush in a memo that was distributed with the chapters, saying, "Our goal is not to clock in but rather to go forward, accomplish our goals, and leave a legacy of achievement." The director explains how the president's administration's central policies would be implemented using the technology.
- How does it benefit me? The performance management system will enable the SES members to lead more skillfully to fulfil the president's mandate, as is abundantly evident throughout the message.
- How does it operate? The steps in a performance management process are described, along with the duties of the managers at each stage. It also describes the rating categories, the performance parameters, and how to provide an overall rating, for instance.
- What obligations do I have? The communication strategy delineates the roles and responsibilities of the SES members and their rating authority, who are responsible for assigning a performance rating. The plan highlights the need for leaders to continuously communicate standards and recognise high-achieving employees to foster a culture that operates at a high level.
- What connections exist between performance management and other projects? The communication strategy briefly discusses the significance of tying system outcomes to performance-based compensation. It also takes into account how crucial training is to maximising performance.

To summarise, the Department of Justice's communication strategy is incredibly comprehensive, responding to nearly every critical query that a solid plan should cover. To be sure, only because information is accessible does not guarantee that a communication strategy will be accepted, even if it addresses all or most pertinent questions. Due to cognitive biases, people's perceptions and processing of information are influenced. Regardless of how well a communication plan is executed, three sorts of biases might undermine its effectiveness. Three types of selection exist retention, perception, and exposure.

The propensity to merely expose our minds to ideas we already agree with is known as **selection exposure**. Employees who read about the system and attend meetings explaining how it operates may participate in the communication plan activities if

they already think that performance management is a good concept. Nonetheless, people who don't think performance management is worth it could decide not to learn more about it or go to meetings about it. We often interpret information subconsciously according to our preferences, even though the communicator's intended meaning may be quite different. This phenomenon is known as **selective perception**. Someone who believes that performance management is just about sanctions and incentives may misinterpret the official performance evaluation provided at the end of each quarter as equivalent to a salary increase or bonus. Third, the propensity to retain only the facts that we already find convincing is known as **selective retention**. When an employee feels that their employer is vengeful, it is unlikely that they will recall details regarding the appeals procedure or other fair and equal system components.

The communication plan may need to be more efficient due to the widespread biases of selective exposure, perception, and retention. Thankfully, there are several strategies to reduce the detrimental effects of these biases and, as a result, increase support for the system. Think about the following:

- Engage the workforce. Employees should be involved in the system's design. People back the creations they contribute to. The more people participating in the system's design, the more popular the system will be.
- Recognise what employees need. Recognise the needs of the staff and determine how performance management might help to meet those demands. Respond to the question "What's in it for me?" in a way that is obvious, compelling, and personal.
- Make the opening strike. Before any unfavourable sentiments or rumours are spread, cultivate a favourable attitude towards the new performance system. Communicate realistically and avoid setting unrealistic expectations for yourself. Discuss some of the potential objections to the system and offer proof to refute them.
- State the facts and the repercussions. Due to personnel prejudices, factual statements may not always be self-explanatory. Provide a clear explanation of the system's facts, together with any implications or meanings. Users may come to different conclusions than you; therefore, don't allow them to make their own.
- Put it down on paper. Because written messages can be closely scrutinised and disputed for truth, they are typically more powerful and believable than oral communications in Western societies. Write system descriptions that can be accessed online in documentation.
- Use several communication avenues. Use a variety of communication channels, including meetings, email, and written correspondence. Put differently; staff members are given multiple opportunities to hear the same information through

various means of communication. Naturally, ensure that the information is consistent across all media.

- Employ dependable communicators. When communicating the performance management system, use reliable sources. If workers in an organization perceive HR department personnel as "Human Resources police" because they always point out what isn't possible instead of how a task can be completed more efficiently, it could be better to collaborate with a different unit or group. Instead, under such circumstances, the people who communicate on the organisation's behalf should be respected and trusted. It also helps if the people promoting the system and distributing the message are seen as important and influential members of the organisation.
- Repeat what you just said. Recite the details several times. People can only process a limited amount of information at once; thus, it must be repeated regularly.

Some cognitive biases can be reduced by selective exposure, selective perception, and selective recollection. Table 7.1 outlines these strategies.

TABLE 7.1 Considerations to Minimize the Effects of Communication Barriers

Involve employees
Understand employee needs
Strike first
Provide facts and consequences
Put it in writing
Use multiple channels of communication
Use credible communicators
Say it, and then say it again

6.2 APPEALS PROCESS

It is crucial to include an appeals process in the system for managing performance to gain staff support. This way, employees can comprehend that any disagreements about evaluations or any subsequent decisions can be settled in a friendly and nonretaliatory manner. Furthermore, an appeals procedure enhances the system's perceived fairness.

When an appeals procedure is in place, staff members can challenge administrative and judging decisions. The validity of the performance evaluation is at the heart of judgmental concerns. An employee might think, for instance, that a manager's performance evaluations of him don't accurately represent his work. If the regulations and guidelines were followed, that is what administrative concerns are all about. An employee might claim, for instance, that her manager did not meet with her as often as he did with other staff members and that the performance reviews she is getting are less detailed than those given to her colleagues.

Usually, the HR division acts as a go-between for the staff member and the supervisor when the appeal is initially submitted. An appeal submitted to HR is typically called a Level 1 or Level A appeal. The human resource department has excellent knowledge of the various roles, the required performance standards, and the performance levels of other staff members within the unit and organisation. It is also in an excellent position to assess whether the rules and regulations have been executed effectively. The HR division obtains the relevant information and presents it to the rater to persuade them to reevaluate the judgement that sparked the appeal or the complaint to clarify why there were no biases or infractions. Put another way; the HR division either tells the worker that their choices or processes were correct or proposes to the supervisor to take corrective action.

An impartial third-party arbitrator renders a final and legally enforceable verdict if the employee challenges the human resource decision or the supervisor disagrees that corrective action is necessary. Typically, this is called a Level B or Level 2 appeal. This umpire may be a group of managers and peers. In addition to reviewing the case and conducting witness interviews and precedent research, the panel also reviews policies. After that, they only cast a vote to decide. The vote may serve as the ultimate decision in various circumstances.

Some of the most critical portions of the University of North Carolina's performance management appeals procedure for staff members are displayed in the "a few picked quotes from the University of North Carolina's performance management appeals procedure." The purpose of the appeals procedure is to address issues and settle disputes. This policy aims to give staff members and management a way to work out differences around performance reviews and performance compensation.

The information displayed in the box that describes the University of North Carolina's appeals process outlines the stages needed, the timeline that needs to be adhered to, and the possible outcomes. Because of this policy, employees are guaranteed that, in the event of an appeal, the matter will be handled equitably and impartially. Again, this should contribute to increasing support for the system for managing performance.

6.3 TRAINING PROGRAMS FOR THE ACQUISITION OF REQUIRED SKILLS

Another essential stage in preparing for the performance management system launch is training the raters. In addition to giving members of the performance management system the abilities and resources they need to execute it well, training also contributes to a higher level of system satisfaction. We talked about the overall subjects covered in these training courses. Table 7.2 lists the specific content categories that can be covered in rater training programmes.

Take a look at the topics covered in Table 7.2. The first two are not unique to rater education programs. Not just the raters but all people in the organization participate in these standard components of the interaction strategy. It doesn't harm to include this topic in a rater training programme given the recommendation that identical material be communicated often and via various media. The broad problem of recognising, observing, documenting, and assessing performance is covered in content areas 3-5. The primary topic of communicating with an employee receiving performance information is covered in content areas 6 and 7. We then discuss the options for implementing training curricula tailored to curriculum areas 3-5. The upcoming chapter details the development of abilities associated with subject areas 6 and 7.

TABLE 7.2 Content Areas That Can Be Included in Rater Training Programs

1. Reasons for implementing the performance management system
2. Information on the appraisal form and system mechanics
3. How to identify and rank job activities
4. How to observe, record, and measure performance
5. How to minimize rating errors
6. How to conduct an appraisal interview
7. How to train, counsel, and coach

6.3.1 Rater Error Training

Rater mistakes are a prevalent issue in a lot of systems for managing performance. For instance, over 1,700 years ago, the Wei dynasty in China implemented a system for managing the performance of its household fellows. "Rarely does an Imperial Rater of Nine Grades rank men based on their qualities; instead, he always assesses them based on his preferences." , " the philosopher Sin Yu once said. Therefore, the goal of rater error training (RET) is to educate raters on the kinds of rating errors to which they are susceptible and help them come up with ways to mitigate those errors. By alerting raters to the careless mistakes they frequently make, RET seeks to improve rating accuracy.

Rater Error Training does not promise improved precision. Although raters know the faults they might have committed, learning about the mistakes does not prevent mistakes from being made because most mistakes are unintentional. However, exposing raters to the gamut of potential errors might be helpful. Among these mistakes are the following:

- Error similar to mine. We are drawn to and prefer those who are like us because attraction is built on resemblance. Thus, supervisors may sometimes provide higher performance ratings to workers who are perceived to be more similar to them in terms of opinions, tastes, individuals, and socioeconomic factors like racial or gender identity.

- Error in contrast. Even with an absolute measuring system, comparison inaccuracies occur when managers compare workers to one another instead of to established benchmarks. For example, if a supervisor rates someone as performing only averagely, the rating can be greater than justified if the supervisor also evaluated other individuals at low-efficiency levels; in this scenario, the average worker might seem to be performing better than the others. Managers who complete many assessment forms at once are particularly likely to make this error since it is impossible to ignore the ratings given to other staff members in such situations.
- Error due to leniency. Leniency mistake occurs when raters assign higher (flexible) evaluations to most or all of the employees. In other words, being forgiving means intentionally raising ratings. Being lenient is typically the result of a deliberate mistake motivated by the need to maximise merit raises and rewards, motivate staff, prevent a written record of subpar work from being created, avoid conflict with staff, promote undesirable staff members out of the unit, or to present a positive image of the manager to his supervisor.
- Error in severity. When raters give most or all employees low (severe) ratings, this is a severe mistake. In other words, fake rating deflation is a factor in severity. Most of the time, severe errors are deliberate mistakes made by a supervisor to humiliate staff members, discipline them, suggest that they should think about quitting, or create a record of their subpar work.
- Errors related to central tendency. Central tendency error occurs when raters only concentrate on the centre points of the rating scale, avoiding the higher points. Consequently, "standard" evaluations are given to most workers if not everyone. A supervisor's obligation to exercise caution is the leading cause of this intentional error. One negative consequence of this inaccuracy is the inability to distinguish between employees assessed by the same rater based on performance.
- An error in Halo. When raters cannot discern between the various performance characteristics they are rating, it is known as a halo error. Although performance may not be evenly distributed across all dimensions, an employee who scores highly on one dimension also scores highly on the others. The rater might award an employee a high score for productivity and dedication, for instance, if she has a flawless attendance record. However, the employee's flawless attendance record might not result from a stellar performance overall but rather from having to make substantial loan payments and being unable to skip work. Stated differently, simply showing up for work does not equate to being an effective worker. When a supervisor assigns performance evaluations based on an employee's overall perception rather than assessing each performance facet separately, it usually results in this inaccuracy.

- An error in primacy. Primacy error happens when data gathered primarily in the early stages of the review period is used to guide performance evaluation. For instance, the supervisor weighs events involving communication that occurred towards the start of the review period more heavily than occurrences occurring at any other point in time when rating communication skills.
- Error in recency. Recency error occurs when efficacy is measured primarily using information gathered at the end of the review period. In contrast to evaluating every event evenly while taking them into account for the entirety of the period being evaluated, raters are more influenced by acts that take place close to the end of the period under evaluation in this instance of the primacy fallacy.
- Negativity mistake. When raters give greater weight to negative information than good and neutral information, this is known as negativity error. For instance, a rater might have noticed multiple cases in which the employee and customer exceeded the customers' expectations, in addition to one example where the two parties had a poor interaction. When grading the "customer service" dimension, the rater can concentrate on the lone unfavourable instance. The negativity fallacy explains why most people remember negative rather than positive news stories they study in the paper or watch in the media.
- Error on first impression. This type of error occurs when raters establish an opinion about a worker, either positively or negatively, and then ignore fresh information that contradicts their first evaluation. This type of error is sometimes confused with the "similar-to-me error" since first impressions are often predicated on the level of similarity—the more like a person is to the boss, the more positive the first impression will be.
- Error in spillover. A spillover error occurs when ratings from previous review periods unjustly influence current evaluations. For instance, a manager may assume that a worker who demonstrated exceptional performance in the past should continue to do so in the present and assign performance evaluations that reflect this assumption.
- Error stereotyping. A stereotype mistake develops whenever a manager has a simplified far too much perception of a person based only on their membership in a group. A manager can think that, for example, women in particular departments don't communicate with enough confidence. As a result, while grading women, he can categorically label communication as "unassertive" without providing any behavioural data to back up the assessment. Performance evaluations may also be skewed when an individual (a woman, for example) chooses to work in a field unrelated to preconceptions, like the assembly of aeroplane parts. Due to this error, people in particular teams may also routinely obtain lower performance ratings. For instance, white supervisors rated white workers better than black supervisors did when it came to black workers,

- according to a study that used an exact group of both white and black employees.
- Attribution error. The attribution fallacy occurs when a manager blames an employee's low performance on their dispositional tendencies (personality, skills, etc.) rather than situational factors (broken equipment, for example). As stated differently, supervisors may assign varying weights to the workplace environment when assessing an employee's performance. Actions intended to increase performance may fail if supervisors draw erroneous conclusions about the dispositions of their staff members and neglect situational factors, such as outdated equipment.

Table 7.3 describes potential mistakes raters could make while awarding performance ratings. These mistakes fall into one of two categories: deliberate or unintended.

TABLE 7.3 Errors Likely to Be Made in Providing Performance Ratings	
Unintentional	Intentional
Similar to me	Leniency
Contrast	Severity
Halo	Central tendency
Primacy	
Recency	
Negativity	
First impression	
Spillover	
Stereotype	
Attribution	

The rater's motive is the key to reducing the intentional errors in Table 7.3. That is, we have to show the raters that there are more advantages to accurately evaluating something than to purposefully inflate, deflate, or distort the central tendency of the rating. This again brings up the old "What's in it for me?" dilemma. For instance, a detailed explanation of the advantages supervisors stand to gain should be part of the communication programme if their performance evaluations are free of deliberate bias.

Although RET makes raters aware of various errors and their causes, it does not guarantee that supervisors will stop making careless mistakes. Raising awareness is undoubtedly a wonderful place to start, but we must take more action if we want to reduce careless mistakes. Implementing a frame of reference education is one profitable option.

6.3.2 Frame of Reference Training

By utilizing Frame of Reference (FOR) training, raters are empowered with a comprehensive understanding of all performance characteristics that require evaluation. This not only enhances their accuracy but also equips them with the skills they need to confidently rate each worker on each dimension, thereby building a common FOR.

Typically, a FOR training program goes over the assessed individuals' duties and job descriptions. After reviewing the definitions of each performance aspect, raters are urged to discuss what constitutes exceptional, satisfactory, and impaired performance to familiarize them with the performance qualities that need to be rated. Raters are then asked to use the appraisal forms used in the performance management system to grade imaginary employees, who are usually portrayed in textual or film practice vignettes. Furthermore, the students must write a justification for their evaluations. Finally, the trainer identifies any differences between the correct ratings and the ones the students provided, explaining the rationale behind each rating and the appropriate ratings for each dimension. Typically, FOR training programs comprise the following official steps:

1. Raters are advised that they will evaluate the work of three employees utilizing three distinct performance metrics.
2. The trainer clarifies the meaning of each dimension and scale anchor while reading aloud to the participants on an evaluation form.
3. The trainer facilitates a collaborative discussion on some employee behaviors that indicate varying degrees of performance for each rating scale on the form. The aim is for raters to collectively arrive at a shared performance theory (structure of context) regarding the appropriate performance dimension and level of effectiveness for different behaviours, fostering a sense of shared responsibility.
4. Participants are requested to rate the employee's performance using the designated scales after viewing a practice scenario on videotape that showcases behaviours pertinent to the graded performance characteristics.
5. The group talks over the ratings that each person has sent in. The trainer attempts to explain any discrepancies in the ratings by searching for patterns in the participants' behaviours to calculate their scores.
6. After providing feedback, the trainer highlights discrepancies between the goal score and the ratings each trainee submitted, explaining the rationale for the employee's intended rating (goal rating) on each dimension.

It's important to recognize that while creating and executing FOR training may require a substantial amount of time and effort, the rewards are significant. Raters who undergo this training are more likely to assist staff in creating effective development plans and are also more likely to provide accurate and consistent evaluations. This alignment in understanding and evaluation can lead to more

effective guidance of workers toward reaching specific performance goals, instilling a sense of optimism and motivation.

6.3.3 Behavioral Observation Training

Programmes such as behavioural observation (BO) training are another way to reduce inadvertent rating errors. BO training primarily focuses on raters' application, retention, and observation of performance data. This type of education improves raters' capacity for analyzing efficiency.

Using notes or diaries as observational aids is one kind of BO training that raters are taught. Raters can record a predetermined number of behaviours on each performance aspect with the assistance of these observational aids. Using these tools, raters can record and observe a larger sample of episodes during a given period. Furthermore, a journal or other tool like it can help standardise behaviour monitoring and capture important events for the review period. It also acts as a memory help for completing assessment forms. Memory aids are helpful since judgements made only from memory, without the use of documents or diaries, are prone to prejudice resulting from social context (friendship bias, for example) and time (length of the connection between the supervisor and subordinate, for example).

6.3.4 Self-Leadership Training

Self-leadership (SL) training aims to increase a rater's self-assurance in her performance management skills. Self-talk that is encouraging, visualization, and constructive beliefs and thinking patterns are some of the tactics used in SL training. It is assumed that accuracy will grow with increased self-motivation, self-direction, and confidence. SL strongly emphasizes acting and emphasizes inherent values and intrinsic (or inside) sources of ethical behaviour.

The design of a self-leadership training program comprises the following steps:

1. Pay attention to and document your preexisting assumptions, mental imagery patterns, and self-talk. For instance, how do people feel about Systems for managing performance? What role do managers perceive themselves playing in this system? Are they confident in their ability to observe and record performance precisely?
2. Consider the value and effectiveness of the beliefs, illustration patterns, and self-talk identified in stage one. For instance, are the system's beliefs detrimental to its expected achievement?
3. Look for or develop extra optimistic and helpful assumptions and self-verbalizations, changing the former into revisualizationsional ones. For instance, create mental images of satisfied employees getting positive appraisals from their supervisors rather than defensive and aggressive ones.

4. Replace the dysfunctional thoughts you encounter in real life with the more sensible thinking. It is possible to think through and put on paper more positive presumptions, self-talk techniques, and mental representations of what would happen in a performance review with an employee.
5. Maintain and monitor your beliefs, self-expression, and mental representations over time.

SET-R stands for self-efficacy training for raters, which is a similar kind of training program. The following actions are included in this kind of training:

1. The judges are shown a video recording of a manager having a fruitful performance evaluation discussion with an employee.
2. The precise actions seen on the videotape that made the meeting successful are discussed in further detail by the raters. This follow-up conversation aims to do two things: (1) bring the raters' attention to the methods the manager used in the video to provide unfavourable feedback, and (2) give the raters a chance to be convinced that they, too, could run a meeting this successful.
3. They must give employee feedback during a role-playing exercise. This activity is repeated until raters exhibit a suitable degree of mastery.

In conclusion, raters who provide performance information are prone to make deliberate and unintentional mistakes. Motivational problems are a significant cause of intentional errors; raters may find manipulating ratings more advantageous than providing accurate information in certain situations. Cognitive biases resulting from the intricate activities of monitoring, recording, preserving, and recovering performance information are primarily responsible for unintentional errors. Rating errors can be significantly reduced using various training programs and a well-thought-out communication plan. The communication plan must provide solid arguments for why providing accurate performance information is preferable to giving erroneous information.

Regarding training programs, they frequently outline the typical mistakes that raters make. They should also give raters the ability to create a shared FOR to assess performance, provide them with resources to enhance their memory and observational skills and lessen the pain that comes with the emotional requirements associated with the performance management method. When behaviours are prioritized in performance, FOR training is very helpful. However, when performance evaluation is results-oriented, BO training is beneficial since raters learn how to monitor behaviours and how these behaviours relate to outcomes.

So far, This chapter has covered how to create an appeals procedure, a communication plan, and training materials to prepare for the deployment of a System for managing performance. Next, we address the last series of tasks necessary before implementing the performance management system: preliminary tests.

6.4 PILOT TESTING

Testing a complete version of the performance management system is a good idea before it is fully implemented, allowing for any necessary tweaks and adjustments. While employee files do not contain evaluations, the system will be used during the pilot test, including all processes involved if the system has been implemented. Put another way, performance information is gathered, goals for growth are created, and feedback is given at meetings between the employee and the supervisor. The most crucial component of the pilot test is that each participant keeps a record of any challenges they face, from issues with the performance assessment form and its measurement of the matters with the feedback they get. Before the system is rolled out across the entire company, the pilot test enables the early detection and repair of any bugs.

It is unreasonable to expect that the systems for managing performance will be implemented or the desired outcomes will be obtained. Through the pilot test, we may gather feedback on how well the system functions from the viewpoint of its users, learn about any challenges and unforeseen hurdles, gather suggestions for enhancing all facets of the system, and comprehend individual responses to it. Another method to get early support from a small group of people who can advocate for the systems for managing performance is to run a pilot test. This way, you can avoid burdening the HR department with selling the idea. One more justification for running a pilot test is that end users will probably accept the system more readily if they are aware that other company stakeholders were involved in its design instead of believing that the HR department designed it all by itself.

The choice of the employee group that will test the system is crucial. We must remember that the managers in this group must be prepared to commit the funds necessary to carry out the pilot test. Furthermore, adaptable managers who are eager to attempt new things should be included in this category. Therefore, before they take part in the pilot test, managers must be given a realistic preview of the system and know what to expect from it.

It is imperative that the group be appropriately sized and indicative of the whole to ensure that the group's responses can be extrapolated to the entire company. As a result, when choosing the group, we ought to pick positions comparable to those held by employees across the board, and the group ought to be representative of the organization in both positive and negative ways. In particular, it is inappropriate to consider the group incredibly productive, loose, diligent, lazy, etc.

Before the system is implemented, pilot tests yield vital information that may be utilized to improve it. Pilot testing the system can save a tonne of money and help spot possible issues before they become permanent and damage the system's reputation. Take the Washington State Patrol as an example. The organization revised its performance management system in 1997 after realizing that various developments occurred in its department and patrol departments in other states. A

group was formed to create the new evaluations. The state patrol pilot tested the system in two districts before its implementation. Before the preappraisal work group meeting, the committee produced a training chapter. In this meeting, employees addressed their roles and expectations related to the performance management system and applied those conversations to a shared objective. The course also covered how recent advancements in patrol led to additional components being added to the systems for managing performance. Inquiries about the switch to the new method were welcomed and encouraged by the trainers during the session. After addressing some operational issues, the trainers implemented the training for the entire agency, drawing on their input from these sessions. The assessment procedure was adjusted and then submitted for the associations of sergeants and troopers to approve. A limited group from each district underwent "train the trainer" instruction. At last, the system was implemented across the entire agency. These procedures enabled finding any obstacles that might have stood in the way of the system's success.

6.5 ONGOING MONITORING AND EVALUATION

Clear measures should be used to monitor and assess the performance management system after it has been deployed throughout the organization following the testing phase. In short, a decision must be made regarding the system's effectiveness, the extent to which the plan is carried out, and the extent to which the intended results are produced. The federal government of the United States carefully considers evaluating performance management systems. Several laws requiring federal agencies to create a performance report, a plan for achievement, and a strategic plan have been passed since the early 1990s. While these initiatives are directed at agencies rather than individuals, the success of any agency ultimately depends on the success of the people who work there. Laws like the Government Performance and Results Act ultimately lead to more accountability and performance-based funding distribution. As a result, federal agencies must assess the relative effectiveness of their different management strategies, including performance management systems.

The evaluation data should include responses to the system and analyses of its functional and technical needs. For instance, all staff members could be given a private survey to complete, which would inquire about their opinions and views about the system. The study can be conducted at the beginning of the implementation process and after the first cycle of reviews to determine whether any modifications have been made. Regarding the system's outcomes, performance ratings can also be evaluated over time to determine the benefits of the system's adoption. Lastly, interviews with necessary parties, such as managers and staff members who have contributed to the creation and execution of the system for managing performance, can be done.

The system can be regularly monitored and assessed using several additional measures:

- The total number of people assessed. Determining the proportion of staff members who genuinely use the system is one of the most straightforward procedures. Should certain employees' performance evaluations remain unfinished, we must identify them and ascertain why they lack a completed performance review.
- How performance ratings are distributed. Whether most or all of the scores are clumped around the middle of the distribution, too high or too low, is a sign of how well the performance assessments were done. This could point to deliberate mistakes such as central tendency, severity, and leniency. Performance rating distributions by supervisor and unit can be analyzed to find trends in rating distortion and determine whether these distortions are unique to a particular unit. Be aware that there can be unique units where the majority of the staff members do exceptionally well and units where the majority perform poorly. However, This is an anomaly because these distributions typically point to raters' deliberate mistakes.
- The standard of information. The calibre of the data supplied in the open-ended portions of the forms is another sign of the quality of the performance assessments. For instance, what was the rater's writing volume? What significance do the above examples have?
- The standard of the subsequent acts. If the system prompts significant follow-up actions in the form of development projects or enhanced procedures, that is a good sign of its excellence. How much, for instance, do follow-up actions include the supervisor alone rather than the employee? Should this be the case, it could mean that staff members are not getting enough involved in the system, which would mean it isn't functioning as planned.
- The meeting's quality of performance discussion. Every employee can receive a confidential survey on an ongoing schedule to provide feedback on the supervisor's handling of the performance review sessions. For instance, is the input helpful? Has the manager provided resources to help the staff member meet the goals of the growth plan? How much did the conversation about the performance assessment relate to one's job? How much have plans and aims for development been discussed?
- Contentment with the system. A private survey could be sent out to determine how system users—both raters and rates—perceive it. Questions regarding satisfaction with accuracy, usefulness, and equity may be included in this survey.
- The overall ROI, or return on investment, ratio. One relatively simple technique for assessing the performance management system's overall impact is to ask participants to rate the system's total cost/benefit ratio. This type of bottom-line

analysis can provide compelling evidence of the system's overall worth. An employee or manager, her position, and her company may all be mentioned in the cost/benefit ratio question.

- Performance at the organizational and unit levels. Performance metrics at the unit and organizational levels offer another clue as to how well the system performs. These performance metrics could include the financial success of the different divisions or the company overall and consumer satisfaction with specific units. We must be mindful that improvements in individual and group efficiency may not always convert into outcomes at the unit and organizational levels right away. Although we shouldn't anticipate results immediately once the system is implemented, within a few weeks after it is operational, we should observe some noticeable changes at the unit level.

First, a projected return on investment (ROI) was created using the predicted costs and benefits of performance management training. The program's business case was established using this data before it was put into action. Second, the program's executives were able to grasp better how to ensure the initiative's successful complete deployment thanks to the ROI prediction. In response to a questionnaire, study participants discussed the program's possible financial and nonfinancial implications. Third, a return on investment research was conducted three months after the manager training session's effectiveness in determining the monetary and intangible returns. Focus groups were employed to record how training participants applied their newly gained information and the apparent financial and business benefits of the performance management training. Two months later, a follow-up investigation was carried out to corroborate the findings of the third step. An online questionnaire filled out by the managers' subordinates who took part in the program was included in this final study. Cross-validation data from the viewpoint of subordinates was provided in this last step.

The outcomes were very striking. For instance, the ROI study's findings showed that 88% of participants thought the project had a good effect on the company, 53% said their productivity rose, 28% said the quality of the products improved, and 33% said prices decreased. The following formula was used to determine the overall ROI: $(\text{Benefits} - \text{Costs}) / \text{Costs} \times 100$. One-time benefits were not included or valued at face value; they were given weighting factors. Benefits were annualized and viewed as long-term benefits to the company. Assume, for instance, that a respondent reported an increase in productivity of five hours per week and that he estimated that the performance management training course saved him sixty per cent of these hours, with a seventy-five per cent confidence level if we assume 48 weeks a year and an hourly rate of \$65; therefore, $5 \text{ hours} \times \$65 \times 48 = \$15,600$. The answers to the subsequent inquiries were considered when revising this estimate. Stated otherwise, $\$15,600 \times 60\% \times 75\%$ equals \$7,020. This results

in a monetary increase in the overall benefits pool. Lastly, the expenses covered all aspects of the program, such as administration, vendor fees, training development and delivery, communication, evaluation, and so on. What was the final result? The resultant computation showed a noteworthy 194% return on investment.

Furthermore, division-level performance is measured using the data, which is one way to assess how well the performance management procedure is working. The Washington State Patrol also gathers several kinds of information. Division managers, for instance, present performance management to several executives and their peers once every six months. The meetings' initial focus was on enhancing quality and implementing the new systems for managing performance, however, if new issues arise, the focus will change. After a 30- to 40-minute presentation, peers and executives will ask questions for another 20 to 30 minutes. The system's implementation effectiveness is gauged by the feedback received from these presentations, and any required modifications will be made based on input regarding the meetings' success.

It might be a good idea for the Washington State Patrol to look at tracking the system's participation rate. The patrol would also gain from determining the total cost/benefit ratio of putting the system in place and evaluating if the new system can differentiate between high- and low-level performance.

SELF-ASSESSMENT QUESTIONS

1. Discuss the critical steps involved in implementing a performance management system. What are the key considerations at each stage to ensure successful implementation?
2. Examine the role of leadership in the successful implementation of a performance management system. How can leaders influence the process and outcomes?
3. Discuss the importance of employee involvement in the implementation of a performance management system. How can organizations ensure that employees are engaged and supportive of the new system?
4. Evaluate the role of training and development in the implementation of a performance management system. How can training programs be designed to ensure all stakeholders understand and effectively use the system?

Unit: 7

PERFORMANCE MANAGEMENT AND EMPLOYEE DEVELOPMENT

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INTRODUCTION

Performance management and employee development are integral components of a successful organization. Together, they ensure that employees are not only meeting performance expectations but are also continuously growing and developing their skills. This guide provides an overview of the relationship between performance management and employee development and their significance in achieving organizational goals.

Performance management is a systematic process designed to improve organizational performance by aligning individual and team goals with the overall strategic objectives of the organization.

Employee development focuses on the growth and advancement of employees' skills, knowledge, and abilities.

Performance management and employee development are closely interconnected. Effective performance management systems not only evaluate and reward performance but also identify areas where employees need to develop and improve. Key points of their relationship include:

Identifying Development Needs: Performance evaluations can highlight skill gaps and areas for improvement, which inform targeted development initiatives.

Enhancing Engagement and Motivation: Providing development opportunities can increase employee engagement, motivation, and job satisfaction, leading to better performance.

Building a Skilled Workforce: Continuous development ensures that employees have the necessary skills and knowledge to meet evolving organizational demands and challenges.

Promoting a Culture of Continuous Improvement: Integrating performance management with employee development fosters a culture where continuous improvement and lifelong learning are valued.

Integrating performance management with employee development is essential for fostering a high performing, engaged, and skilled workforce. By aligning performance goals with development opportunities, organizations can ensure that employees are not only meeting current performance expectations but are also equipped to meet future challenges. This holistic approach to performance and development supports organizational growth, enhances employee satisfaction, and promotes a culture of continuous improvement.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- a) Define personal development plans
- b) Explain the direct supervisor's role
- c) Describe the 360-degree feedback system

7.1 PERSONAL DEVELOPMENTAL PLANS

Personal development plans lay out actions to enhance performance. When employees achieve the targets outlined in the developmental plan, they can keep up with changes in their areas or professions. Such plans help employees become more self-aware by identifying their strengths and areas for growth. They then devise a strategy to address the deficiencies and build upon the strengths. Employees can, in essence, respond to the following queries with personal developmental plans:

- What are some ways I can improve my skills and knowledge over the next 12 months?
- What am I doing wrong? How can I fix it?
- What can I do to avoid having the same performance issues?

Every type of profession, from entry-level to executive suite, can have a developmental plan. There is always space for improvement, regardless of the level of authority in the company or the complexity of the work. Information from the appraisal form is utilized to create developmental plans. More specifically, every assessed performance attribute can be used to create a developmental plan. The developmental plan might focus on improving the performance dimension of "communication," for instance, if it is ranked below average. Furthermore, developmental plans centre on acquiring the necessary information and skills for more distant professional goals.

The performance management system's incorporation of development plans and, more generally, identifying employees' strengths and shortcomings has a significant advantage beyond enhanced performance: It is more likely that the structure will satisfy employees. For instance, research involving 137 workers at a southern US manufacturing machinery factory revealed that employees' satisfaction levels increased with the degree to which they thought the system was being used for improvement. However, there was no correlation between employee satisfaction with the system and opinions of how much it was used for evaluation. There was no correlation between utilizing the system for evaluation and employee satisfaction, but there was a positive correlation between using the system for development and contentment.

7.1.1 Goals for the Developmental Plan

A developmental plan promotes lifelong learning, enhanced performance, and personal development. Furthermore, developmental plans have additional, more focused goals, such as:

- *Boost output at your current position.* Employees can meet performance standards with the aid of a well-designed developmental plan. Thus, recommendations for actions to remedy each of the inadequate performance criteria are included in a developmental plan. This is a crucial point since,

according to recent studies, over 25% of federal employees and 11–16% of employees in the private sector in the US are not functioning up to par.

- *Continue doing well at your existing employment.* An effective growth plan gives workers the resources to meet and surpass performance standards in their existing roles. As a result, the plan offers recommendations on maintaining, meeting, and exceeding standards for every performance component listed on the appraisal form.
- *Set up staff members for success.* A well-crafted developmental plan offers guidance and action items that should be followed to enable staff members to enhance their careers and take advantage of future chances. A solid strategy explicitly identifies new skills and behaviours to help with career progress.
- *Enhance the worker's professional background.* A solid strategy gives staff members room to grow and acquire new abilities, even when career chances are scarce inside the company. Even if the newly acquired abilities are not explicitly required for their jobs, these chances provide people with more demanding work environments and intrinsic incentives. Opportunities like these can improve the appeal of work and act as an effective means of retaining staff. Furthermore, the acquired abilities may be beneficial in internal lateral transfers.

The six objectives of the system for managing performance are listed first on the assessment form that Texas A&M uses:

1. Give workers feedback to help them maintain or enhance their job performance
2. List the areas where staff members can grow.
3. Establish criteria for the upcoming review cycle.
4. Honor achievements relevant to your work
5. Strengthen working connections and communication
6. Document any aspect of performance that falls short of expectations and notify the higher-ups in charge of supervision.

The employee developmental plan is crucial to the performance management system since it aligns with goal 2. This goal's early inclusion helps management recognize the significance of the problem, which sets the tone for the development process.

The following information is given in the form after the sections where the management rates employee performance:

SECTION B: PROFESSIONAL DEVELOPMENT PLAN

Please list professional development activities to be completed and resources needed to support these activities, if applicable (link to examples of suggested employee development: <http://hr.tamu.edu/ed/suggest.pdf>)

Professional Development Needs	Resources/Support Needed	Time Frame
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

The manager and staff can concentrate on areas for improvement that were noted as shortcomings throughout the performance review process when this information is included following performance evaluations. So, at Texas A&M, staff members' growth plans are tied to metrics that matter for the department and the company. After establishing yearly performance goals, it is helpful to incorporate the developmental plan into the review so that the employees can see what they need to work on to reach those targets.

Why is goal setting effective? That is to say, why, according to research involving over forty thousand participants from eight different nations, have "stretch" objectives consistently outperformed "do a good job" or "simple" objectives? One must consider four primary causes. Upon committing to a goal, an employee shifts focus from irrelevant tasks to those pertinent to the objective. Second, achieving complex tasks gives you energy and motivates you to work harder. Third, achieving stretch goals encourages perseverance (strict deadlines encourage faster progress than lax ones). Lastly, stretch objectives encourage staff members to look for new information they might need or to apply the knowledge they already possess to achieve the goal.

7.1.2 Content of Developmental Plan

What is the format of a developmental plan? Plans should outline precise actions to be performed and goals to be accomplished. Put otherwise, what new information or skill will be learned, and how will it happen? This includes information about the tools and tactics that will be employed to accomplish the goals. Will the worker receive on-the-job training, for instance, or will they pick up the expertise from a colleague? When an employee takes a course online, will the business pay for it? In addition to outlining the final result (the new skill), the plan's objectives should specify a start and finish date and a method for the supervisor to verify the acquisition of the ability. With the online course as an example, the goal could be to finish the course by July 23, 2012, and the employee would be expected to get a B+ or even better. Generally, the goals of the employees' and supervisors' growth

plans should be realistic, precise, time-bound, connected to a standard, and created together.

The needs of the company and the employees should be considered while developing plans, which is another crucial component. The organization's demands, mainly when investing in the plan, determine which particular abilities or competencies will be enhanced. Furthermore, each person's requirements dictate the method that is developed. The staff member and their manager should agree upon which type of training or education will enhance a worker's job performance and help the business meet its present and future goals.

Consider Texas A&M University's development strategy. This includes classes, degrees, seminars (at the state, geographic, and national levels), and training received while employed. With the help of this information, management, and staff have several options to meet the developmental goals. Second, the form has room for each professional development, which needs to be accompanied by a description of the resources or assistance required, along with a deadline for completion. For instance, the business school's developing plan for an administrative assistant would resemble this:

In sum, everything needed is present in the Texas A&M strategy. There is a rundown of the developmental goals, the steps to achieve them, and their due dates. There's one crucial component lacking, though. The plan needs to include how each goal is accomplished and measured. More specifically, once the administrative assistant finishes the online course, how can her supervisor tell if she has a solid grasp of Excel? How will the administrative assistant's supervisor evaluate her progress in customer service following the workshop and on-the-job training? One way to evaluate the effectiveness of the administrative assistant's Excel training would be to look at how well she does in the course. Another approach would be to have instructors and those who assign Excel assignments fill out evaluation forms and see how well they know the program. One way to gauge the goal's success related to customer service abilities is to survey the clients with whom the administrative assistant interacts daily.

SECTION B: PROFESSIONAL DEVELOPMENT PLAN

Please list professional development activities to be completed and resources needed to support these activities, if applicable (link to examples of suggested employee development: <http://hr.tamu.edu/ed/suggest.pdf>)

Professional Development Needs	Resources/Support Needed	Time Frame
1. Knowledge of Excel (spreadsheet program)	Reimbursement for online course	Course to be completed by August 1, 2012
2. Customer service skills in dealing with students and faculty	Reimbursement for 1-day workshop. Time to receive on-the-job training from administrative assistant in psychology department.	Workshop to be completed by October 15, 2012. On-the-job training completed by November 8, 2012.

7.1.3 Developmental Activities

Workers have several options for achieving the goals outlined in their personal development plans, such as

- *Learning while working.* Formal on-the-job training is created for each employee by pairing them with a supervisor or coworker. Specific learning objectives and the number of hours of instruction each day or week are included in making these mini-training programs.
- *Programs.* Several major corporations, like Motorola, Capgemini, Ernst & Young, and McDonald's, provide internal courses at their corporate colleges. There's a chance that other groups will refund tuition. Because online classes are so widely available, employees have many options.
- *Independent reading.* Independent study is an option for staff members who want to learn more about the subject. The importance of setting goals for the reading list, the timeline, and the method(s) to evaluate progress toward learning objectives cannot be overstated.
- *Guiding.* Numerous establishments provide mentorship initiatives. In its broadest sense, mentoring is an approach to employee development that centres on the one-on-one interaction between an experienced worker (the mentor) and an aspiring worker (the protégé). Encouraging mentor-protégé self-selection is preferable to ad hoc mentoring assignments for the success of such programs. Primarily, mentors act as exemplars and impart to protégés the necessary skills to thrive in the company.
- *Showing up to a meeting.* Sponsoring an employee's attendance at a conference or trade exhibition is another option to help them gain the necessary information and skills. Having the worker present or submit a report in writing following the meeting is a good idea. This makes evaluating what has been taught simpler and allows people in the organization to share the knowledge acquired.

- *Obtaining a degree.* Certain companies allow their staff members to earn additional degrees or certificates with tuition reimbursement perks. For instance, an employee's MBA program or a course taken to obtain a certification (such as Professional in Human Resources or Certified Novell Administrator) can be sponsored by the company. Most of the time, after earning their degree, workers promise to stay in touch with their employer for a certain period. The employee can be required to pay back the company for the expense of his schooling if he quits before this period.
- *Job rotation.* Temporarily being allocated to different work is another option to acquire the necessary abilities. This is the approach used in the medical field, wherein residents must spend many months rotating through various specialized areas, including psychiatry, pediatrics paediatrics, and OB-GYN. For instance, residents might have to spend 19 months rotating across the different emergency medical clinics.
- *Temporary assignments.* One benefit of a less controlled rotation arrangement is the chance to work on a demanding temporary job. This enables workers to acquire particular abilities in a constrained amount of time.
- *Participation in or leadership position within a set of recognized exchange or specialist groups.* Some firms may sponsor membership in professional or trade groups. In this group, members get periodicals and get together for casual and formal get-togethers, where they may discuss and learn about various business-related topics. Some examples of such organizations are the Society for Human Resource Management (www.shrm.org) and the Chartered Institute of Personnel and Development (<http://www.cipd.co.uk/>), both valuable resources for human resource practitioners. Additionally, taking on leadership responsibilities in a volunteer organization outside the workplace can help you develop your communication, planning, presentation, and other abilities.

The growth initiatives listed below, summarised for your convenience, can help achieve the objectives of a growth plan: Table 8.1. Which of these activities, given your preferences and learning style, would be most helpful to you? Kindly order these activities according to your personal preferences.

TABLE 8.1 Summary List of Developmental Activities

On-the-job training
Courses
Self-guided reading
Mentoring
Attending a conference
Getting a degree
Job rotation
Temporary assignments
Membership or leadership role in professional or trade organizations

See Figure 8.1 for a sample of a developmental strategy. The developmental plan may be presented separately or as part of the appraisal form. Employees have various options when it comes to developmental activities, as the form in Figure 8.1 illustrates. The form allows you to fill in details about what will happen when, the goals, and whether or not the goal has been reached.

Update Date: Name: Job Title/Job Code: Department: Primary Reviewer: Education: Prior Training: Job History: Career Goals: Next 1 year Next 2 years Next 3 years Next 5 years						
Dev. Options		Type of	Completed	Comments—	Objectives/	
OUT (on the job)		training	Hours (this	Approx. Cost	Evaluation	
Classes	Description	When	Long	—Other		
Conferences	Current Qtr.					
On-line						
Self-study						
Job rotation	Next Qtr.					
Videos						
Books						
Temp. assignment						
Mentorship	Current +2					
Other (specify)						
	Current +3					

FIGURE 8.1 Example of a Developmental Plan Form Source: Based on Information Systems and Technology Development Plan. Available online at <http://web.mit.edu/is/competency/devplan.html>. Retrieval date: May 1, 2011.

Think about your goals for your future job and your needs for personal growth. Then, presuming your company, present or future, will allow you to take advantage of any developmental possibilities. Complete the form seen in Figure 8.1. What form does your plan take? What did you learn that you would like to know more

about later? What does this data indicate about your ambition and potential for future career growth?

7.2 DIRECT SUPERVISOR'S ROLE

An employee's development plan is most effectively created and executed by the employee's immediate supervisor or line manager. A personal development plan for oneself is an intelligent concept for the direct supervisor because of her vital position in the employee development process. The supervisor will benefit from anticipating probable obstacles and defensive attitudes, anticipating the employee's perspective on the process, and collaboratively designing a strategy.

A supervisor should first lay out the expectations for the employee's performance and the measures she should take to meet them. Then, she must supply data regarding the likelihood of success should the employee adhere to the recommended procedures. Supervisors can use the feedforward interview (FFI) as a valuable tool to achieve this goal. Understanding the kinds of abilities and behaviours people possess that enable them to perform effectively is the aim of the FFI. It also seeks to identify strategies for using these same skills and behaviours in different situations to enhance performance in the future. In addition to a conversation among the worker and managers, the FFI comprises three steps:

1. *Sharing a success story.* " We've all had both good and bad adventures at the workplace. ," the supervisor says to set the scene. In a meeting with you, I'd like to focus on the positives and how to draw lessons from what has worked. Afterwards, the manager can inquire, "Could you kindly share a tale of a time when you were completely immersed in your work, performing at your peak, and satisfied even before you saw the fruits of your labour?" The account must be factually accurate and relate a specific instance rather than making a broad generalization like " These are the general tasks I perform at the workplace... " In other words, there has to be a setting for the story. An effective supervisor will listen to the employee's narrative, summarize it so the supervisor and employee can hear it, and then inquire if any details are missing or if anything else should be included. The question " Would you be content to go through the same procedure once more?"
2. is a good follow-up. Assuming a yes, the following inquiries will delve more deeply into the story's precise facts. Alternate narratives should be generated if the story evokes mixed emotions and is unfavorable.
3. *Determine the critical success factors.* Knowing what contributed to the success of the story is the second step. The supervisor may inquire, for instance, "What actions, such as your unique individual abilities and skills, did you take or did you not take that contributed to this success story?" and "What circumstances led to this success story's possibility?" Identifying the contextual and individual elements that contributed to the success story is critical. Investigating the

- different elements that contributed to success, such as the part that the workplace (e.g., innovation) and other people (e.g., colleagues and clients) performed in the narrative, is akin to detective work in this step.
4. *Projecting future events based on historical data.* Inquiring in the third phase will enable an employee to carry over the circumstances that produced achievement in the past into the future.

The employee may require resources to meet their developmental objectives, according to the FFI's results. Therefore, the supervisor's principal responsibility in the second stage is directing the worker to suitable developmental activities to help her achieve her objectives. This includes assisting the worker in choosing a mentor, appropriate reading material, classes, and other resources. Third, the supervisor examines the developmental objectives and offers recommendations. The supervisor assists explicitly in ensuring that the objectives are attainable, precise, and feasible. Fourth, the supervisor primarily monitors the worker's advancement toward reaching the developmental objectives. For instance, if necessary, the manager can amend the goals and remind the worker of upcoming deadlines. Ultimately, the manager must offer reinforcements for the employee to be motivated to meet the developmental objectives. Extrinsic reinforcements can take the form of bonuses and other perks, but they can also take the form of more challenging and engaging assignments that use newly acquired skills.

Supervisors must be driven to carry out tasks, such as conducting FFIs, that will assist staff members in meeting their developmental goals. For this to occur, managers who do an excellent job of fostering their staff members' development must receive rewards. Look at how KLA-Tencor Corporation, one of the top 10 producers of semiconductor equipment worldwide, handles this (www.kla-tencor.com). At KLA-Tencor, bonus compensation for supervisors is directly related to employee progress, ranging from 10% to 30%. Staff training and certification levels are used to gauge staff progress. At a minimum, every quarter, managers receive updates regarding the progress of their staff development. Furthermore, employees receive rewards for participating in learning activities. Bonuses are only available to staff members who maintain current certification and training levels. Because managers and staff receive direct compensation for employee development, KLA-Tencor's employee development program is successful. Following a few years of adoption, employee development is now standard procedure and ingrained in KLA-Tencor's culture.

The effectiveness of the developmental plan dramatically depends on the direct supervisor. Many topics we have covered so far that will help personal development plans be implemented successfully are summarized in Table 8.2.

TABLE 8.2 Factors Promoting Successful Implementation of Personal Developmental Plans

All employees have a plan (including managers from all levels in the organization).
All employees are entitled to developmental opportunities on an ongoing basis.
Managers are involved in the assessment of objective accomplishment and monitor progress toward accomplishing developmental objectives.
Managers are committed to the development of their employees and to helping their employees fulfill their career aspirations.
The developmental plan becomes an integral part of the performance management system.
The performance of managers is evaluated, in part, based on how well they manage the developmental process for their employees.

Source: Hgigson, M., & Wilson, J. P. (1995). Implementing personal development plans: A model for trainers, managers and supervisors. *Industrial & Commercial Training*, 27, 25–29.

7.3 360-DEGREE FEEDBACK SYSTEMS

The system has emerged as a popular tool for assisting staff members, especially those in supervisory positions, in improving their performance by collecting performance data from various groups. Since data is collected from others surrounding the employee, known as 360-degree systems. More specifically, data is obtained from peers, clients, subordinates, and superiors regarding which performance parameters need to be improved. To reduce rating inflation, this data is typically gathered anonymously. Workers also assess themselves based on various performance criteria and contrast their opinions with information from external sources. A gap analysis is carried out to find out which areas show significant differences between one's own and other people's perceptions. Information on aspects for which there is consensus that additional development is required is typically included in a 360-degree feedback system report. As mentioned in the chapter, this data is used to design a developmental plan. For instance, a study with over 2,000 managers showed that performance aspects with low 360-degree feedback system scores determined the goals of personal developmental plans.

When used only for developmental goals rather than administrative ones, the 360-degree feedback method is most beneficial. This is because people are more inclined to tell the truth if they believe the knowledge will be utilized to assist the subject in becoming better rather than to punish or reward them. On the other hand, after a certain amount of time—typically two years or so—it is feasible to use these methods successfully for administrative reasons. While all jobs within the company can use these systems, supervisory positions are typically the ones where the 360-degree feedback system is applied.

Many businesses use technology to reduce the paperwork and time needed to get this information. 360-degree feedback systems are becoming widely distributed

through the Internet. The company that provides the service, usually an outside consulting firm, emails each employee with evaluation rules and deadlines so that they can be graded. Then, after logging in with their IDs and passwords, staff members may browse a secure website and build lists of raters who will be contacted to offer comments on their work. To make things easier, the organization's management and employees can select titles from a list of choices. If employees can choose the raters who report on their progress, they will likely accept the results more. Once the data has been electronically gathered, putting together the findings and sending an email report to the employee undergoing evaluation is not too difficult.

Additionally, some web-based programs offer raters online instruction on how to fill out the feedback forms constructively and beneficially. Several systems have features that enable the identification of rating inaccuracies. For instance, a window might appear if a rater awards an employee the highest possible score across all parameters. Raters may even be able to view a graph on the screen that indicates how closely their ratings match those of other raters of the same worker. A virtual online feedback coach is even included in some systems to assist in developing growth strategies. However, the employee and his supervisor must meet and mutually decide on the final plan. If the employee does not fully accept the developmental plan, it is likely another pointless duty mandated by HR.

Graphs illustrating the areas where employees' perceptions diverge most from those of other raters can be seen in feedback reports. Additionally, they can display average scores from several information sources, making it easy to pinpoint the areas that still require work. The employee and his supervisor can automatically receive the report via email, giving them time to evaluate the findings before meeting to discuss creating a strategy for growth.

Software businesses that provide Internet-based 360-degree systems have started offering bundles of systems that include learning management, pay, recruiting, succession planning, and 360-degree feedback. These integrated programs, called "skills management" systems, allow businesses to organize and handle personnel data methodically. By using such integrative software, firms can better identify their organizational strengths and shortcomings and inventory their HR department. For instance, after conducting a brief search in the database, a company utilizing such apps can rapidly mobilize project teams with the right combination of knowledge and expertise. Performance management may be more readily connected to hiring, remuneration, training, and succession planning thanks to these integrative technologies, another significant benefit. Put otherwise, the system can monitor a worker's developmental requirements and how those needs have been met over time (for example, through training).

A non-exhaustive list of suppliers providing 360-degree feedback systems via the Internet is provided in Table 8.3, along with a brief product description. Its

availability as an online demonstration is also indicated in this table. The data in this table indicates that numerous such systems are available.

Take CheckPoint's system as an example. This system contains data on the following competencies and is intended for workers in supervisory positions:

- Effective communication (listening to others, analyzing information, and communicating)
- Leadership (provides guidance, establishes trust, assigns accountability)
- Adaptability (capacity to think imaginatively and adapt to situations)
- Relationships (promotes interpersonal connections and teamwork)
- Task management (competent, efficient work)
- Production (acts and produces outcomes)
- The growth of others (fostering unique skills and effectively inspiring)
- Personal development (shows dedication, strives for progress)

TABLE 8.3 Examples of Vendors Offering 360-Degree Feedback Systems

<i>Vendor</i>	<i>Verbatim Description Provided on Vendor's Web site</i>
Panoramic Feedback http://www.panoramicfeedback.com (demo available online)	Pure browser-based application: ask anyone, anything, anytime, anywhere. English, European, American Languages, Chinese, Japanese, Korean, and Cyrillic. Extensive knowledge base, strong track record, HRIS integration, aggregate reporting to guide strategy.
Halogen Software http://www.halogensoftware.com/products/e360open.php (demo available online)	Halogen e360 is a sophisticated Web-based software solution that streamlines the multirater process. It provides a simple, proven approach to employee 360 assessments that significantly reduces the time and effort required to get useful insight. Creating an evaluation, monitoring the process, and generating reports can all be done with point-and-click ease.
The Booth Company http://www.boothco.com/home.html (demo available online)	The Booth Company provides the only 360-degree feedback tools statistically validated on more than 150 million responses and a validated theory of management and leadership. Its comprehensive battery of surveys measures key skills in the most significant organizational roles, such as executive, change leader, middle management, team membership and leadership, and project leadership.

Personnel Decisions International http://www.personneldecisions.com/offering/multitrater.asp	PDI is not only one of the founders of 360-degree feedback but also experts on what it takes to change behavior. Nearly half of the Fortune 100 companies rely on PDI PROFILOR® instruments. They're the most tested, most widely used, and most accurate feedback tools in the world.
Development Dimensions International http://www.ddiworld.com/default.asp	Seven standard survey options—available in English, French, German, and Spanish—and a listing of 72 competencies enable you to assess different skill sets and job levels, or we can customize a system that is specifically aligned with the key factors your organization views as critical to job success. Comprehensive reports can be used to monitor the developmental process, prioritize learning and developmental approaches, evaluate training effectiveness, identify trends, and measure organizational performance or success over time.
IRI Consultants to Management http://www.irisolutions.com/default.asp	IRI's 360-degree feedback includes a standard set of questions, or we can use a set of questions developed by the client. This provides the client with the flexibility of linking items to organizational efforts already begun, or to organizational efforts planned for future deployment.
Center for Creative Leadership http://www.ccl.org/leadership/assessments/design360Overview.aspx?pageld=47	360 BY DESIGN is a 360-degree feedback and development process that can be tailored to reflect the competencies important to your organization. It provides online assessment and feedback as well as developmental planning, featuring 360 best practices pioneered by the Center for Creative Leadership (CCL®).
MindSolve http://www.sumtotalsystems.com/products/stperf.html (demo available online)	Multi-Rater/360 Feedback: Assesses competencies through feedback from multiple angles, and delivers results that will make an impact on participants' performance.
2020 Insight Gold www.2020insight.net (demo available online)	20/20 Insight GOLD is extremely user-friendly software that lets you create and use practically any kind of multisource feedback survey you can imagine—including 360-degree feedback projects, pre- and post-training competency surveys, team and organization climate surveys, customer satisfaction surveys, and many more.

The CheckPoint method incorporates peer, direct supervisor, and direct subordinate assessments in addition to self-evaluations. Following the performance data collection from each of these sources, the assessed manager is provided with feedback in the graph depicted in Figure 8.2. This graph shows the differences in ratings from others and oneself and the results for each competency.

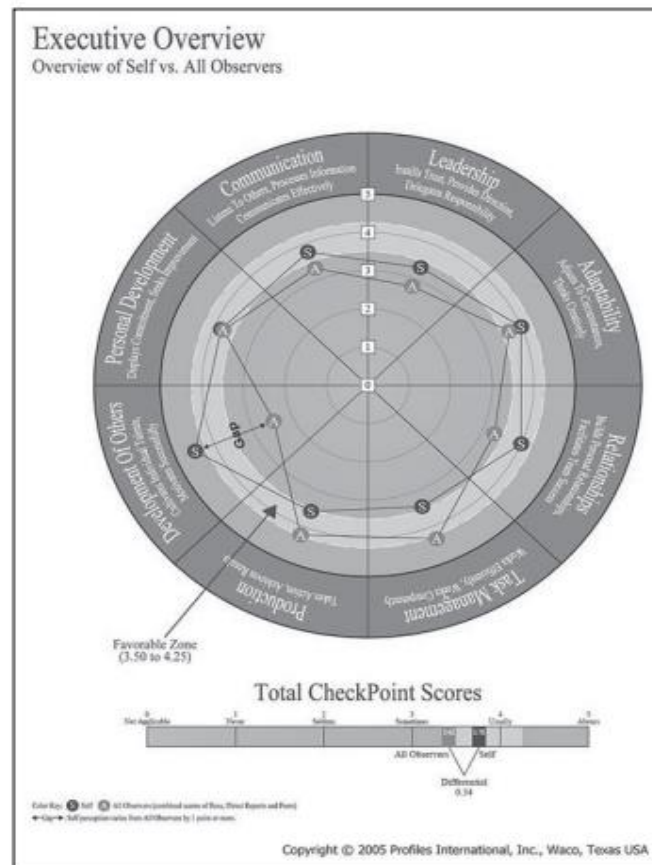


FIGURE 8.2 Checkpoint 360-Degree Competency System: Executive Overview Source: Bob Gately, Strategic Business Partner of Profiles International, Inc. 508-634-7748, bob@gatelyconsulting.com, <http://www.gatelyconsulting.com/chkpoint.htm>. Courtesy of Profiles International, Inc.

As an illustration, the graph indicates that this specific manager has the most significant skill gap for the "growth of others." In particular, her peers, direct supervisor, and direct subordinates gave her an average score of approximately 2.55, whereas the manager gave her a score of almost 4.5. The CheckPoint system rates competencies using the following scale:

0	Not applicable (not averaged into scores)
1	Never demonstrates this
2	Seldom demonstrates this
3	Sometimes demonstrates this
4	Usually demonstrates this
5	Always demonstrates this

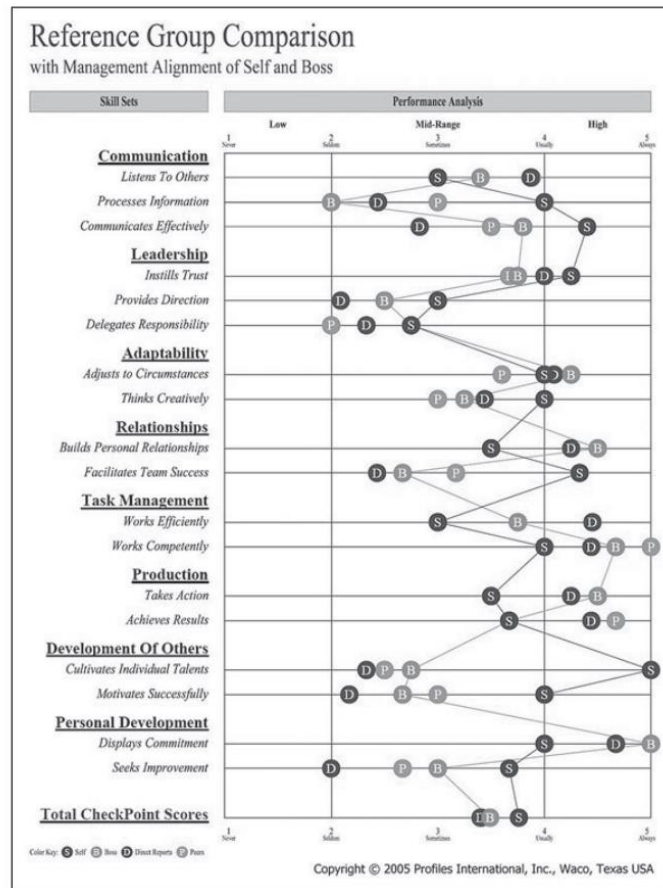


FIGURE 8.3 Checkpoint 360-Degree Competency System: Reference Group Comparison

Source: Bob Gately, Strategic Business Partner of Profiles International, Inc. 508-634-7748, bob@gatelyconsulting.com, <http://www.gatelyconsulting.com/chkpoint.htm>. Courtesy of Profiles International, Inc

In this instance, the manager feels that the employee exhibits actions that fall midway between "usually" and "always," suggesting the competency "development of others." On the other hand, her peers, coworkers, and supervisor think that she exhibits these traits "sometimes" to "seldom." Put differently, the self-rating is in the favourable range while the other people's ratings are not.

The document sent to the management also contains additional details on the ratings given by each information source to investigate this disparity in more detail. This data is included in the Reference Group Comparison graphic in Figure 8.3

However, more than simply providing scores for each competency is required. Acknowledging the existence of a competency issue is a great place to start, but an effective 360-degree feedback system also offers specific recommendations on how to enhance competencies. To accomplish this, the Check Point system provides what is known as a development summary. Strengths and

areas in need of additional improvement are outlined in the development summary. Figure 8.4 provides an example of this. The graph indicates that while this manager has several strengths, some areas still need work. One area that requires attention is the competency "relationships" component, specifically "facilitates team success." The report also offers particular recommendations, as seen in Figure 8.5, for enhancing this competency. In particular, the manager receives pointers and recommendations on specific actions that can be performed to improve performance. For example, the manager gets guidance on creating win-win agreements and compromises to understand how to work together on team decisions and get support for decisions.

Not all people and organizations will necessarily benefit from 360-degree feedback systems. For instance, people with high self-efficacy—people who think they can accomplish any task—are more likely to enhance their efficiency in response to peer input than those with low self-efficacy. Additionally, people who feel that they need to change their behaviour, respond well to criticism, think that transformation is possible, set attainable targets for themselves to grow, and take proactive steps to improve their performance stand to benefit the most from getting feedback from a variety of sources. Conversely, those with lower levels of self-efficacy are more receptive to input from their line managers. Put another way, a worker's confidence in themselves in her work determines the sources of feedback that will be most helpful to her.

Organizational cultures that encourage candid and open feedback are conducive to the effectiveness of 360-degree systems. Additionally, these systems function best in groups with participatory leadership styles—as opposed to authoritarian ones—where providing and accepting feedback is accepted as usual and valued. Take the situation of the United Kingdom Patent Office, for instance. Furthermore, managers' performance did not indicate improvement, and they needed a stronger comprehension of the expected behaviours. There needed to be more integration between the 360-degree feedback system and other HR systems and rules.

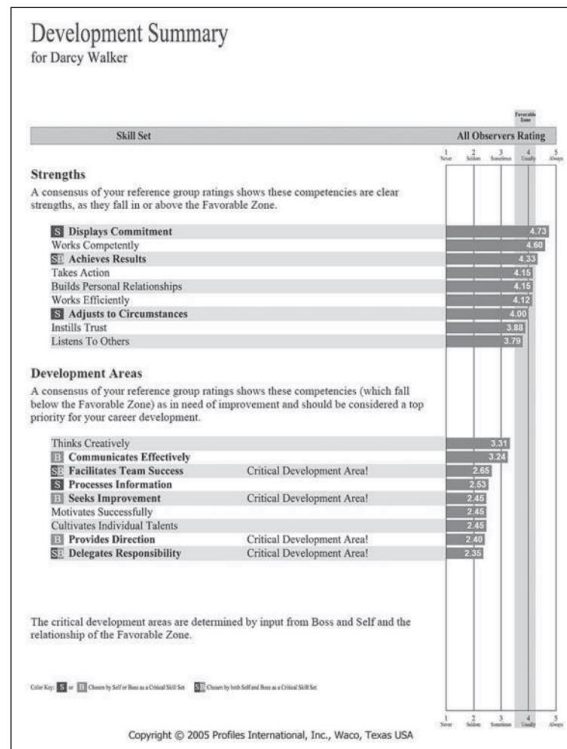


FIGURE 8.4 Checkpoint 360-Degree Competency System: Development Summary

Source: Bob Gately, Strategic Business Partner of Profiles International, Inc. 508-634-7748, bob@gatelyconsulting.com, <http://www.gatelyconsulting.com/chkpoint.htm>. Courtesy of Profiles International, Inc.

Whether or whether a particular organization might benefit from establishing a 360-degree system can be inferred from the answers to the following questions:

1. Is there a reasonable lack of bias in the decisions about promotions and rewards?
2. Are choices made considering the opinions of those they will impact?
3. Is it typical for employees from different departments to work together and support one another?
4. Is speaking up afraid, or not at all?
5. Do people think that information regarding their performance can be gained from their peers and subordinates?
6. Can workers be relied upon to complete tasks?
7. Is it the desire of people to perform better?

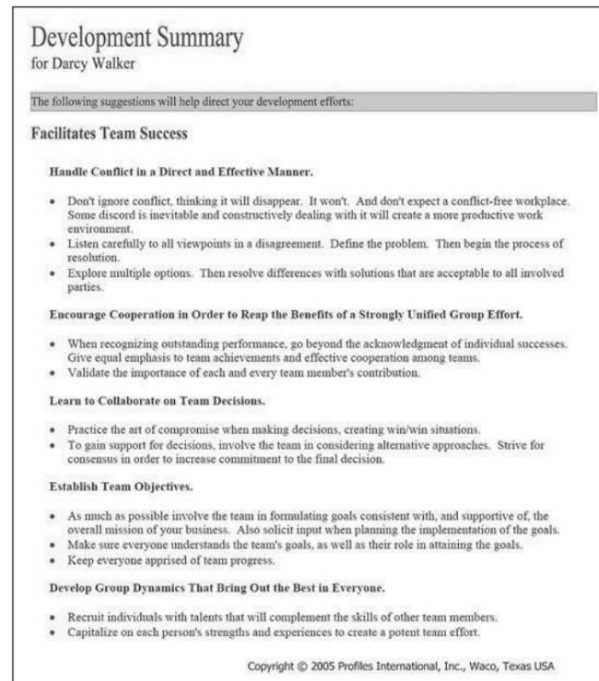


FIGURE 8.5 Checkpoint 360-Degree Competency System: Suggestions for Improvement
Source: Bob Gately, Strategic Business Partner of Profiles International, Inc. 508-634-7748, bob@gatelyconsulting.com, <http://www.gatelyconsulting.com/chkpoint.htm>. Courtesy of Profiles International, Inc

In conclusion, the organizational culture and the work environment play a significant role in the effectiveness of a 360-degree feedback system's deployment. If most of these questions have a "yes" response, implementing a 360-degree feedback system will probably be beneficial and increase performance.

7.3.1 Benefits of 360-Degree Rating Systems

Putting a 360-degree feedback system in place can benefit individuals and organizations in many ways. These consist of the following:

- *Less chance of biases.* Biases in identifying an employee's shortcomings are less likely to occur because these systems use data from multiple sources.
- *A greater understanding of what is expected of them.* Workers get increasingly conscious of what other people expect from them. Expectations from different managers, employees, subordinates, and customers are included in addition to those from the supervisor.
- *A stronger desire to get better.* Since performance information is no longer confidential, employees are more motivated to improve when they know what other people think about their work.
- *Better opinions of one's performance.* Feedback from other sources is likely to cause employees' skewed perceptions of their performance to shift. Stated

differently, it is challenging to maintain inaccurate impressions of one's performance when there is a wealth of information to suggest otherwise.

- *A boost in efficiency.* Acquiring knowledge about one's performance is undoubtedly a crucial first step, even though it is not a sufficient reason to improve. Therefore, combining performance data and a solid development plan will likely result in improved performance.
- *Less "undiscussables."* Coworkers, managers, and subordinates can anonymously and nonthreateningly share performance-related information through 360-degree feedback platforms. Although giving negative feedback might be awkward for many supervisors, a 360-degree method simplifies it.
- *Workers are allowed to take charge of their careers.* Employees can obtain an accurate evaluation of their career trajectory using comprehensive and productive feedback on their areas of strength and weakness.

The advantages of implementing a 360-degree feedback system for firms are enumerated in Table 8.4. Think about how Sonoco Products, a consumer and industrial packaging provider, enjoyed some of these benefits after using a system. To begin with, a survey's two-thirds of participants said they could better comprehend the connection between an individual's performance and the objectives of the business and that their performance expectations were more explicit. Second, the same survey's participants felt more accountable for controlling their performance, which the business saw as a sign that people also understood their roles and how they perceived their performance. Overall, there is enough documentation to demonstrate that the system's implementation produced several significant benefits, even though we still need proof that all of the advantages indicated in Table 8.4 were attained.

TABLE 8.4 Summary List of Benefits Resulting from a 360-Degree Feedback System

Decreased possibility of biases
 Increased awareness of expectations
 Increased commitment to improve
 Improved self-perceptions of performance
 Improved performance
 Reduced "undiscussables"
 Employees enabled to take control of their careers

7.3.2 Implementing 360-degree Feedback Systems May Include Risks.

Although the many benefits of 360-degree feedback systems have been covered, it is essential to remember that there are also some risks. Negative feedback, for

instance, can hurt an employee's feelings, especially if the person providing it does not do so in a constructive manner. Second, people are more likely to experience favourable outcomes from the system if they are at ease and think they will be treated fairly and honestly. One key factor in determining the system's success is user acceptability. Third, it might be simple for the person being evaluated to figure out who the raters are if there aren't many of them—let's say only two or three—providing the information. Raters are more prone to give false information when their anonymity is violated. Fourth, because they must submit data on so many people (peers, superiors, and subordinates), raters may find themselves overwhelmed with forms to complete. Lastly, it should be something other than a one-time thing to establish a 360-degree feedback system. The system must be implemented, and data must be continuously gathered. When continuous 360-degree feedback systems are implemented, they are frequently called "720-degree feedback systems" because 360-degree data is collected at least twice. In other words, repeatedly administering the system will be more beneficial than doing it only once.

Watson Wyatt's 2001 Human Capital Index (HCI) exemplifies the risks involved in implementing a 360-degree system. The impact of HR policies on the stock values of more than 700 publicly traded firms is the subject of an ongoing investigation. One particular outcome was concerning. The organizations with 360-degree feedback adopted had lower stock values among those surveyed! In particular, the market value of companies utilizing peer evaluations was 4.9% lower than that of comparable companies without peer reviews. Additionally, compared to similar organizations that did not use upward feedback, companies that used it, where employees assessed managers, had a 5.7% lower market value. Does this imply that the stock price always drops when 360-degree feedback systems are implemented? According to the information gathered, a conclusive response to this query must be conducted. Financially struggling firms may choose to use 360-degree feedback systems to boost productivity. However, these findings emphasize how crucial it is to adhere to the best standards when putting 360-degree feedback systems into place to prevent unfavourable effects.

7.3.3 Qualities of a Strong System

Luckily, there are a few things that may be done to increase the likelihood that the system will function as intended:

Firstly, take into consideration the following guidance in general:

360-degree feedback systems are in constant development, vulnerable to flaws, and need to be sensitive to unseen conflicts just as much as apparent outcomes. Nevertheless, they are adaptable to deliberate design and deliberate modification. Successful companies with these initiatives typically have a culture of experimentation and openness to learning. They have executives who are forthright

about the difficulties and anticipated advantages... They lead their companies to new capacity for ongoing growth by being open to feedback and encouragement from all quarters and encouraging others to do the same.

Second, systems are most likely to succeed when they possess the qualities listed below:

- *The lack of identity.* Comment is private and anonymous in systems that work well. Raters are more inclined to give accurate feedback on performance in such circumstances, especially when subordinates are providing input to superiors.
- *Monitoring the work output of employees.* The process should only be undertaken by individuals with solid expertise and intimate experience with the rating subject. Seeking performance comments from individuals who are unable to witness performance is futile.
- *Analysis of feedback.* Effective methods enable the person rating to talk with someone engaged in the employee's growth about the comments they got. The direct supervisor is usually the one who discusses feedback.
- *A follow-up.* If no action is taken, the information acquired is of limited use. A developmental plan must be made as soon as feedback is received.
- *Initially, it was only used for developmental purposes.* Raters are likely to falsify information when 360-degree feedback systems are utilized for administrative goals like remuneration and promotions. Make it very evident that the system's sole goal is to promote progress. First, no administrative decisions, including award distribution, should be made using the information gathered. However, when the system has been in place for a while—roughly two years—it may be used for administrative purposes.
- *Preventing weariness from surveys.* Survey fatigue can be prevented if respondents are asked to rate only a few staff members at a time. Data collecting can be spaced out to avoid distributing all surveys at once, for instance.
- *A focus on actions.* It is preferable to stress behaviours above results, even if systems can incorporate input on both behaviors (competencies) and outcomes. When one focuses on behaviours, specific steps that the individual being evaluated can take to improve their performance can be found.
- *Beyond ratings, raters are more.* Raters should offer written descriptive feedback with specific recommendations on enhancing performance and assigning scores on the different dimensions. It is beneficial if this data contains particular instances that bolster the ratings and suggestions.
- *There is training for raters.* Raters need to be taught, just like when it comes to giving assessments for administrative purposes. Essentially, this is knowing how to distinguish between excellent and subpar performance and offer constructive criticism.

A condensed summary of the qualities of effective 360-degree feedback systems can be found in Table 8.5. Have a look at Right Management Consultants'

(www.right.com) Compass system. Table 8.5 lists many of the ideal attributes this 360-degree feedback instrument possesses. Compass is a leadership competency-based tool. It enables raters to evaluate the leader's performance regarding each behaviour linked to several abilities, such as " interaction." Survey respondents remain confidential. Right Management Consultants provides customized viewpoint sessions that include coaching in individual or group settings to assist in interpreting the data gathered. Employees within the organization may also be certified by Right to provide feedback. Following the evaluation, a strategy for growth is created, considering each individual's strengths and shortcomings. Additionally, there is an online 6-month and 12-month self-initiated follow-up included in the leadership developing suite that is available online. There is minimal justification for implementing a system without incorporating most of the features mentioned in Table 8.5, especially with Compass and other systems like those outlined in Table 8.3.

TABLE 8.5 Characteristics of a Good 360-Degree Feedback System

Anonymity
Observation of employee performance
Feedback interpretation
Follow-up
Used for developmental purposes only (at least initially)
Avoidance of survey fatigue
Emphasis on behaviors
Raters go beyond ratings
Raters are trained

SELF-ASSESSMENT QUESTIONS

1. Discuss how performance management systems can support employee development. What elements of the performance management process are most critical for fostering development?
2. Examine the impact of performance appraisals on employee development. How can performance appraisals be designed to provide meaningful insights that promote growth and improvement?
3. Evaluate the effectiveness of mentoring and coaching programs as part of performance management. How do these programs contribute to employee development?
4. Analyze the role of training and development initiatives in performance management systems. How can organizations ensure these initiatives are effectively integrated into the performance management process?

Unit: 8

PERFORMANCE MANAGEMENT SKILLS

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Reviewed by: Dr. Muhammad Majid Mahmood Bagram

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INTRODUCTION

Performance management skills are essential for leaders, managers, and supervisors to effectively oversee and improve the performance of their teams and organizations. These skills involve setting clear expectations, providing constructive feedback, and fostering an environment that encourages continuous improvement. This guide provides an overview of the key performance management skills and their importance in achieving organizational success.

Performance management skills encompass a range of competencies that enable managers to guide their teams toward achieving organizational goals. These skills are crucial for creating a productive work environment, enhancing employee performance, and ensuring alignment with the organization's strategic objectives.

Developing strong performance management skills is crucial for leaders and managers to create a high-performing, motivated, and engaged workforce. These skills enable managers to set clear expectations, provide constructive feedback, and foster continuous improvement, ultimately driving organizational success. By mastering these competencies, leaders can ensure that their teams are aligned with the organization's goals and equipped to meet future challenges.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- a) Understand coaching and coaching styles
- b) Describe the coaching process
- c) Conduct performance review meetings

8.1 COACHING

A manager who actively participates in the performance of their staff and engages in a collaborative, continuing process is known as coaching. Generally speaking, coaching entails controlling, inspiring, and rewarding worker conduct. Daily coaching includes monitoring performance, praising excellent work, and resolving instances where performance falls short of norms and expectations. Long-term performance is another aspect of coaching, which entails ensuring the developmental plan is followed. Thus, coaching is like consulting; to be effective, a coach needs to build a supportive connection. Establishing this reliable and encouraging relationship is especially important when executing worldwide systems for performance management or when the supervisor and subordinate come from distinct cultural backgrounds, often associated with overseas workers. In these circumstances, a supportive and trustworthy connection enables what performance management refers to as "cultural transference," or the open discussion of cultural differences and applying alternative techniques that improve individual and team performance.

Coaching is widely used in organizations, and interest in it has increased significantly since the mid-1990s. More specifically, 393 publications about coaching were published between December 2005 and 1955, when the first scholarly article on the topic was published. Interest has increased recently, as seen by the greater number of papers (318 published since 1996) than the total (393 articles). Though many different coaching concepts exist, the following four principles provide a useful foundation for understanding good coaching:

1. *A strong coaching alliance is necessary.* A collaborative and trustworthy relationship between the coach and the employee is essential for coaching to be successful. Farr and Jacobs believe all parties involved must have "collective trust." The coach must first listen and understand to establish this kind of relationship. In another way, the coach must try to put themselves in the employee's position and see the organization and work from that standpoint. To promote a better comprehension and understanding of the worker, the mentor needs to focus on the good aspects of the employee. Thirdly, the coach must realize that coaching is a collaborative effort between employees and themselves. In general, the manager must provide compassionate and empathetic coaching. This kind of compassionate coaching will facilitate a good rapport with the employee. The coach himself stands to gain a great deal as well. The constant stress that many managers experience may be balanced by the compassionate coaching this type receives. According to some theories, this type of coaching can lessen stress because compassion sets off physiological processes that cause the parasympathetic nervous system (PSNS) to become active.

2. *The employee serves as both the change agent and its leader.* The coach must acknowledge that the worker catalyzes transformation and personal growth. After all, coaching aims to modify an employee's behaviour and provide guidance for future behaviour changes. If the employee is not in charge, this kind of transformation will not occur. As such, the coach must assist the staff member in establishing the schedule, objectives, and course of action.
3. *The worker is complete and distinct.* The coach needs to know that every worker is a different person with various work-related and non-work-related identities and a distinct personal background. The coach needs to make an effort to paint a deep, comprehensive, and entire picture of the worker. It will be advantageous if the coach can assist the employee in making significant connections between his life experiences and professional experiences.
4. *The coach acts as a catalyst for the worker's development.* The primary responsibility of a coach is to facilitate. A coach should not take over these problems; instead, they should guide the process and assist with the substance (such as a developmental plan). The coach should encourage goal-setting, help employees become more aware of their skills, resources, and obstacles, and have an exploratory mindset. Coaching includes the following tasks:
 - Offering guidance to staff members so they can perform better. To put it another way, coaching entails explaining what has to be done and how it needs to be done. Behaviors and results are two things that are important to coaches.
 - Offering direction to staff members so they can expand their knowledge and skill sets appropriately. In coaching, information is given regarding the abilities and know-how needed to perform the job appropriately and how the employee might acquire these abilities and know-how.
 - Offering assistance to staff members and only showing up when the management is required. While monitoring and supervising an employee's every action is part of coaching, it also entails being there for the individual when they need assistance. Ultimately, coaching is about being a facilitator. The employee bears the final responsibility for enhancing their performance.
 - Providing employees with the confidence they need to improve their performance over time and feel more accountable for their performance management. Coaching entails providing constructive criticism and suggestions for improvement to help employees feel good about their work.
 - Assisting staff members in developing their competencies by directing them toward knowledge acquisition and skill improvement, enabling them to take on more challenging assignments and occupy higher-level jobs. When it comes to coaching, short- and long-term goals are considered. One such goal is helping employees gain new abilities and knowledge that they may find beneficial in new roles and duties.

It is clear from this list of the many roles that coaching plays that managers must put in a great deal of work to provide effective coaching. Take NCCI Holdings, Inc., a Boca Raton, Florida-based corporation, as an example.

Coaching aids in converting feedback into actions. For this to occur, coaches must do the following:

- *Define your development goals.* The manager collaborates with staff members to define the objectives of the developmental plan.
- *Express yourself clearly.* The manager keeps lines of communication open and frequent with staff members regarding their performance, including actions and outcomes.
- *Encourage staff members.* Managers need to recognize and reward good work. When employees are rewarded for their excellent work, they are motivated to continue performing at the same high level in the future.
- *Record your performance.* Supervisors watch how their staff behaves and performs. Evidence of both successful and unsuccessful performances must be compiled.
- *Provide comments.* Managers track their team members' progress toward objectives and performance. They highlight instances of poor performance and commend positive work. Additionally, managers assist staff in avoiding future subpar cases of work.
- *Identify issues with performance.* To ascertain whether an employee's performance flaws are due to a lack of knowledge, skills, abilities, or motivation or are the consequence of external situational elements outside the employee's control, managers must actively listen to their staff members and obtain relevant data. The diagnosis of performance problems is crucial because it determines the best course of action, such as giving the worker resources to improve her knowledge and abilities or dealing with external factors that may not be within the worker's control.
- *Train personnel.* In addition to providing financial support and resources (such as sponsoring training and granting time off for developmental activities), managers also assist staff in making plans and push them to master new skills through challenging assignments.

Not every coach performs every coaching role by exhibiting every behaviour listed here. Naturally, managers who take this approach are very successful. Some have even gone on to become renowned leaders. Please look at Table 8.1, which lists the essential roles that coaching fulfils along with the actions coaches take to carry out. Consider Jack Welch, the former CEO of General Electric (GE), who demonstrated a solid commitment to staff development by exhibiting some coaching behaviours discussed here. Welch gave a speech at a three-week developmental workshop for GE's high-potential managers as a way to engage with his staff. He participated in over 15,000 GE managers and executives during his career, having attended over

750 sessions. He was prepared to address challenging issues during these presentations and was open and honest with his staff. He invited each student to speak with him after the lesson. Every January, he convened with his top 500 executives in addition to these sessions. Welch did not participate in formal coaching but used the occasions to share his expectations and get input from GE's many business units.

Welch also carried out official performance reviews, during which he displayed several of the actions listed in Table 8.1, such as setting goals for personal growth, inspiring staff, recording work, providing feedback, and identifying issues with performance. He established performance goals and tracked them all year long. Every year, GE's 12 operating chiefs got personalized, handwritten notes, each lasting two pages, detailing their respective accomplishments. Welch annotated the updated reports with remarks from the prior year, noting in the margin the steps each manager had taken to get him closer to his objective or the work he still needed to complete. He then gave out bonuses and restated the goals for the following year. This procedure spread throughout the company as more operating heads had similar conversations with their subordinates regarding performance reviews.

TABLE 9.1 Coaching

<i>Major Functions</i>	<i>Key Behaviors</i>
Give advice	Establish developmental objectives
Provide guidance	Communicate effectively
Give support	Motivate employees
Give confidence	Document performance
Promote greater competence	Give feedback
	Diagnose performance problems
	Develop employees

Welch also demonstrated how to respond to customers' concerns about a product while educating them. Welch assigned the division director to triple the productivity of the product. Over the next four years, the manager gave Welch thorough weekly updates. Every three or four weeks, Welch would return the reports with notes complimenting the manager on accomplishments or highlighting areas for improvement. The manager said he was inspired to meet the high standard Welch had set for him since the CEO read his weekly reports and responded with remarks. Iconic manager Jack Welch encouraged and rewarded team members, recorded and analyzed performance, set clear expectations, interacted well with them, and demonstrated concern for their individual growth. He executed almost all coaching functions and engaged in nearly every action specified in Table 8.1. What is the

difference between Jack Welch and the CEO of your present business or a CEO you've heard of or met?

Welch was a very successful coach. But how can we tell if a manager is coaching her staff members well? From an outcomes perspective, we could count the number of a manager's staff members who achieve success independently. However, when assessing coaching performance, just like when assessing performance generally, we also need to consider habits. Take a look at the excellent coach questionnaire that is part of Table 8.2.

TABLE 9.2 The Good Coach Questionnaire

1. Do you listen to your employees?
2. Do you understand the individual needs of your employees?
3. Do you encourage employees to express their feelings openly?
4. Do you provide your employees with tangible and intangible support for development?
5. Do your employees know your expectations about their performance?
6. Do you encourage open and honest discussions and problem solving?
7. Do you help your employees create action plans that will solve problems and create changes when needed?
8. Do you help your employees explore potential areas of growth and development?

8.2 COACHING STYLES

Their personality and behavioural choices will likely influence a manager's coaching style. The four primary coaching philosophies are pleasant, persuading, driving, and analyzer. First, coaches can use a driving approach, instructing the employee they are coaching. Let's say the coach would like to offer advice on handling a client. A driver should tell the staff member, " This is how you must communicate with the client," in this circumstance. These coaches are direct, talk fast and forcefully, focus primarily on tasks and data, lack expressiveness, and only share a small range of intimate feelings with others. Second, coaches can persuade employees by trying to sell them what they should do. A persuasive person would try to show the staff member why approaching customers in a particular way benefits the company and the individual. In addition to being forceful, persuasive people exhibit a broad spectrum of emotions, talk about interactions with others, and utilize expressive body language. Third, other educators might adopt a kind disposition and work to ensure everyone is content. It is more likely that these trainers will be personal than scientific. They instruct employees to deal with customers in a specific manner only because they feel it's best or because it seems good. These coaches speak slowly, pause frequently, rarely interrupt others, and use much conditional language. They also tend to be less forceful. Lastly, coaches could want to make recommendations after a rational and systematic analysis of a player's performance by established protocols. Using the same example, these analyzer

trainers might instruct staff members to communicate with customers in a particular way "because that's what the manual says." Therefore, analysts lack assertiveness and, similar to drivers, prefer to discuss tasks and facts over sentiments.

Which is the best of these four styles? Who are the most productive people—drivers, convincers, friendly instructors, or analysts? The response is that there isn't a style that is inherently better than another. Effective coaching should be viewed as a chance to learn and a way to assign tasks and define clear objectives. At times, coaching entails giving instructions; at other times, convincing staff members of the right course of action; at other times, demonstrating empathy and producing positive outcomes; and at different times, closely observing set policies and guidelines. However, one thing is sure: emphasizing just one of these four approaches will probably not promote the growth and development of staff members. Incompetent coaches are limited to using a single style and cannot change to accommodate multiple styles. Conversely, the most successful coaches can modify their approach to fit the demands of their staff members. According to a poll, 56% of workers who had a coach at work found coaching ineffective because there was a mismatch between the coaching technique and the demands of the employees. In conclusion, a variety of styles are required.

8.3 COACHING PROCESS

Figure 9.1 displays the coaching procedure. Many of its elements have already been covered in earlier chapters. The first stage is to establish developmental objectives. As was covered in the previous chapter, developmental objectives are an essential part of the developmental plan. These objectives must come from thoroughly examining the areas where an employee needs to grow and be realistic and reachable. Goals should also consider long-term as well as short-term career ambitions.

The second step in the coaching process is identifying tools and techniques that will assist the employee in reaching the developmental objectives. These include job rotation, taking courses, reading independently, mentorship, attending conferences, obtaining a degree, self-guided reading, on-the-job training, temporary assignments, and participation or leadership in a trade or professional organization. During the third phase, the employee must put the strategies they have learned into practice to fulfil the growth objectives. For instance, the employee may begin her online course or carry out her work rotation schedule.

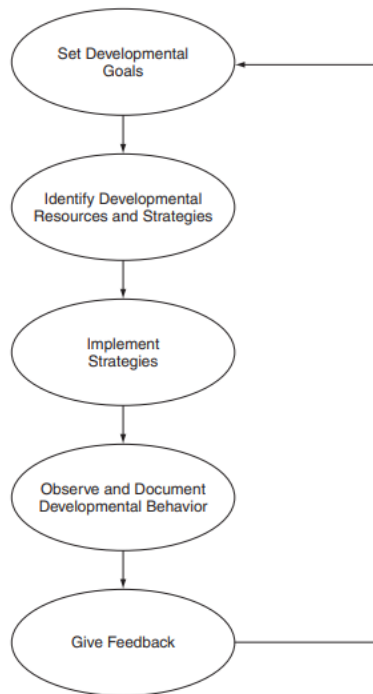


FIGURE 9.1 Coaching Process

The process's next stage is to gather and analyze data to determine how much each developmental goal has been accomplished. Afterwards, the coach gives the worker feedback. Then, the process starts with new developmental goals determined by how well each target has been attained.

8.3.1 Monitoring and Recording Developmental Behavior and Results

As discussed in the previous chapter, people can observe and evaluate performance while making purposeful and accidental mistakes. Managers could make similar mistakes while observing and rating actions related to objectives for growth. For instance, a manager could commit a halo fallacy by believing that if a worker excels in achieving one developmental objective—like honing her typing skills—she is simultaneously succeeding in achieving another—like enhancing customer service. Just like with performance in general, watching and recording behaviours, especially connected to learning activities, is critical. Examples of documentation are Memoranda, letters, emails, handwritten notes, comments, observations, descriptions, and evaluations from coworkers. While the material in this section focuses on behaviours linked to developmental activities specifically, it is easily generalizable to behaviours related to general performance, which complements the information provided in prior chapters. Put differently; the following material pertains to observing all performance behaviours, not simply those exhibited when attempting to meet developmental objectives.

Monitoring a worker's advancement toward personal growth objectives is easier than it may appear. Think about the following obstacles that managers may run across while trying to monitor a worker's performance in learning activities:

- *Time restrictions.* Bosses are overworked to collect and record data regarding workers' advancement toward their developmental objectives. As a result, there can be a delay of too much time between assigning the task and the management following up to see how the employee is doing.
- *Constrained circumstances.* Managers may not have direct information about their staff members' performance because they are frequently unable to watch them as they participate in developing activities. For instance, managers are unable to determine whether an employee taking an online course is a passive student or an active participant.
- *Restrictions on activity.* When an employee is engaged in a highly unstructured developmental activity, like reading a book, the manager might need to wait until the activity is finished before determining whether it is worthwhile.

It is crucial to record an employee's advancement toward reaching developmental objectives; this cannot be overstated. Documenting employee performance is also essential in general. What makes this so crucial? Take into account the following:

- *Reduce the cognitive burden.* It takes sophisticated cognitive abilities to watch and assess developmental activities and performance in general. Documentation aids in the prevention of errors connected to memory.
- *Establish confidence.* When evaluations are supported by documentation, there is no doubt about the results. This encourages confidence and acceptance of choices made in light of the evaluation.
- *Make plans.* Recording developmental actions and their results allows us to discuss concrete facts rather than conjecture and hearsay. A thorough analysis of these facts enables more effective future planning of developmental activities.
- *Give a defence against the law.* Discrimination against members of different classifications (such as sex or religion) in allocating developmental activities is prohibited by specific legislation. For instance, giving male employees greater developing possibilities than female employees is against the law. Furthermore, a few court decisions have established that workers employed under contract have the right to contest a termination. Therefore, maintaining thorough records of the developmental activities that staff members have undertaken, their level of success, and their overall performance offers a strong line of defence if discrimination or wrongful termination lawsuits are brought.

The results of multiple cases highlight the significance of maintaining and acting on comprehensive performance documentation. John E. Cleverly, a worker of Western Electric Co., was let go in one such instance following 14 years of exemplary service and cleverly received back pay when Western Electric was found

guilty of age discrimination. The documentation showed that Cleverly had received raises in pay and appropriate performance ratings for 14 years. Cleverly was informed that there might be room for new personnel when he was released six months before his retirement benefits became paid. This scenario serves as an example of how important it is to take performance documentation carefully. The available documentation showed that the employee's claim was legitimate. Documentation may also be utilized in other situations to refute allegations of discrimination. If Cleverly had claimed age-related discrimination, the business would have won the lawsuit, but it could also show that his skills had worsened as time passed.

What steps can managers take to effectively and constructively record performance concerning developmental activities and overall performance? Take into account these suggestions:

- *Specify exactly.* Record specific actions and results. Avoid making generalizations such as "He is slow." Provide specific instances to back up your claims, such as "At least once a month, he turns in memos past due."
- *Use adverbs and adjectives judiciously.* Uncertain interpretations may result from using evaluative adjectives (such as sound, poor) and adverbs (such as quickly, occasionally). Furthermore, it might not be evident whether the accomplishment was exceptional or mediocre.
- *Keep the good and evil in proportion.* Record both successful and unsuccessful performances. Don't limit your attention to the good or the bad.
- *Pay attention to information about jobs and* information relevant to your profession, especially current goals and developmental activities.
- *Be thorough.* Provide data on all developmental goals, activities, and performance for the entire review period rather than just a portion. Document every employee's performance, not only those falling short of their growth objectives.
- *Make practices standard.* When documenting information for each employee, follow the same procedure and template.
- *Explain discernible actions.* Use behavioural language when phrasing your notes, and avoid assertions that suggest bias or subjective judgment.

Some managers could be more effective at recording overall performance or reaching developmental goals. Table 9.3 provides a condensed list of guidelines for the record-keeping procedure.

Now, consider the suggestions in Table 9.3 while assessing the quotations in Table 9.4, which purport to be drawn from real employee performance reviews in a major American firm.

TABLE 9.3 Documentation of Performance and Performance in Developmental Activities: Some Recommendations

Be specific.
 Use adjectives and adverbs sparingly.
 Balance positives with negatives.
 Focus on job-related information.
 Be comprehensive.
 Standardize procedures.
 Describe observable behavior.

The employees who receive these quotes will probably not be pleased with them. This kind of paperwork would be acceptable with the system for managing performance. In actuality, this business would face significant issues beyond the purview of its performance review system. Let's now discuss the last crucial step in the coaching process: providing feedback.

TABLE 9.4 Individual Quotes Taken from Actual Employee Performance Evaluations

Since my last report, this employee has reached rock bottom . . . and has started to dig.
 I would not allow this employee to breed.
 This employee is really not so much of a has-been, but more of a definitely won't be.
 Works well when under constant supervision and cornered like a rat in a trap.
 He would be out of his depth in a parking lot puddle.
 He sets low personal standards and then consistently fails to achieve them.
 This employee is depriving a village somewhere of an idiot.
 This employee should go far, . . . and the sooner he starts, the better.
 He's been working with glue too much.
 He would argue with a signpost.
 He has a knack for making strangers immediately detest him.
 He brings a lot of joy whenever he leaves the room.
 If you see two people talking and one looks bored . . . he's the other one.
 Donated his brain to science before he was done using it.
 Gates are down, the lights are flashing, but the train isn't coming.
 If he were any more stupid, he'd have to be watered twice a week.
 If you gave him a penny for his thoughts, you'd get change.
 If you stand close enough to him, you can hear the ocean.
 One neuron short of a synapse.
 Some drink from the fountain of knowledge . . . he only gargled.
 Takes him 2 hours to watch *60 Minutes*.
 The wheel is turning, but the hamster is dead.

8.3.2 Giving Feedback

One of the most critical aspects of the coaching process is providing an employee with feedback on how she is reaching her goals. Feedback is information regarding previous actions provided to enhance performance in the future. It has a past component and a future component, even if "back" is one of its components. This is why feedback can be characterized as feed-forward when done correctly. Although feedback cannot guarantee improved performance, it has some significant benefits:

- *Promotes confidence.* Employee confidence in future performance is increased when superior performance is acknowledged. It also communicates to staff members that their management values them.
- *Fosters proficiency.* Clear communication on what worked well and how to do the task provides employees with essential knowledge that enhances their performance and makes them more competent. Furthermore, giving precise instructions on what went wrong and what to do differently the next time offers helpful knowledge that helps prevent repeating mistakes from the past.
- *Boosts engagement.* By talking about performance concerns and getting feedback, staff members can better grasp their responsibilities within the department and company. Consequently, this fosters employee involvement within the department and the organization.

Regretfully, though, the simple fact that feedback is provided only guarantees that some of these goals will be met, even if done correctly. Feedback, for example, may be harmful if it concentrates on the worker rather than on specific actions at work. This is the exact story of a very successful woman who, to climb to the top of the company hierarchy, made many personal sacrifices, including delaying establishing a family. She was informed in her feedback that she had yet to be able to hold onto a valuable client. The input was given correctly and with accuracy, but instead of concentrating on how to keep essential clients in the future, she started to doubt her life decisions after getting it. In this instance, feedback did not help with performance improvement; on the contrary, it sparked identity crises and self-doubt.

The benefits of offering feedback usually exceed the drawbacks, even though specific feedback methods could be more effective. Think about the potential expense of withholding comments as well. Initially, companies would deny workers the opportunity to improve their performance. Second, employees may feel justified in performing below expectations if they were unaware of performance issues, which might leave firms trapped with persistently low performance. Lastly, workers may start to believe false things about how others view their performance.

Considering feedback systems are generally advantageous, how can we maximize their potential? Take into account the following ideas to improve feedback:

- *Promptness.* Feedback ought to be given as soon as feasible after the performance. To be most meaningful, feedback needs to be provided as soon as possible following the event.
- *How often.* If feasible, feedback ought to be given consistently—daily. If enhancing performance is a continuous process, then providing performance feedback should also be done.
- *Distinctiveness.* Specific work behaviours, outcomes, and the circumstances surrounding these observations should all be included in the feedback.

Feedback focuses on actions and outcomes rather than the employee and how they "are."

- *The ability to be verified.* Feedback should include verifiable and factual facts. It shouldn't be predicated on hearsay or inferences. Verifiable information is used to obtain more accurate input and acceptance.
- *Uniformity.* Consistency in feedback is essential. Otherwise, details regarding particular performance elements shouldn't abruptly shift from lavish compliments to critical acclaim.
- *Confidentiality.* Giving feedback should take place at a time and location that minimizes any possibility of embarrassment. This holds for compliments and criticism, as some workers might not want their accomplishments recognized publicly due to personal traits or cultural upbringing.
- *Repercussions.* Contextual information that helps the employee comprehend the significance and ramifications of the behaviours and outcomes in question should be included in the feedback.
- *Prioritize the description above evaluation.* Feedback should begin with explaining actions and outcomes rather than assessing and judging them. It is preferable to report and evaluate what has been seen once everyone has reached a consensus regarding what transpired. Employees that are evaluated first could get defensive and reject the criticism.
- *Performance range.* When describing performance, feedback should show that it is a continuum that goes from less to more for good performance and from more to less for poor performance. Put differently, feedback should be directed more toward displaying positive performance behaviours and less toward exhibiting negative ones. Performance is, therefore, a matter of degree, and even the lowest performer is probably capable of exhibiting flashes of excellence that serve as a springboard for a conversation about how to raise performance levels.
- *Identification of patterns.* It is most helpful when feedback focuses on a pattern of subpar performance rather than singular incidents or errors. Finding a trend in subpar performance also helps to clarify the reasons behind subpar performance.
- *Self-assurance in the worker.* Good feedback assures the manager that the worker can raise her performance level. The manager must convey this information to the staff member. This underlines even more that comments should focus on performance rather than the presenter. Before implementing this, just make sure the boss truly believes the employee can perform better. If an employee is fired due to persistent bad performance, this material might be utilized out of context later.
- *Guidance and concept development.* The supervisor's recommendations for enhancing performance are included in the feedback. However, the worker

should also actively participate in coming up with suggestions for future ways to improve performance.

Several suggestions above are constructive when feedback is provided to staff members who perform poorly on a personality trait known as core self-evaluation, which combines four traits: emotional stability, locus of control, self-efficacy, and self-esteem. Locus of control refers to how much an individual feels he can influence events and outcomes. In contrast, self-esteem measures how much a person feels he can act to regulate situations. Individuals with low-core self-evaluations are often unhappy with their personal and professional lives because they think they are less equipped to handle life's obstacles. Supervisors must, therefore, be aware that people with low vs high core self-evaluations will likely receive comments. For instance, employees with poor core self-evaluation could feel upset and powerless after hearing unfavourable criticism. Therefore, the advice regarding "confidence in the employee" is pertinent. In the same way, the suggestions on "advice and idea generation" are very beneficial in providing a clear plan of action as opposed to feelings of directionlessness and powerlessness.

8.3.2.1 PRAISE

Information regarding both good and bad performance is included in good feedback. Giving praise for a job well done requires adhering to specific rules, even though most people feel far more at ease critiquing a job well done than a poorly done one. This will ensure that the criticism is helpful for future performance. To begin with, compliments ought to be genuine and extended only when merited—employees who receive praise frequently and undeservedly become unable to recognize when a focus shift may be necessary. Second, to teach staff members what actions to repeat going forward, praise should be directed toward specific actions or outcomes and provided in the appropriate context. A manager might say, "John, we appreciate you giving our client such great service. Our agreement with them was extended for an additional two years thanks to your efforts. To meet our objective for this year, our group needs to exhibit these kinds of actions and outcomes. Offering exceptional customer service is the core of what our business does. Third, while thanking staff members, supervisors ought to spend their time and appear pleased rather than hurrying through the facts and seeming embarrassed. Lastly, refrain from complimenting someone by saying anything like "not bad" or "better than last time" in place of the negative. On the other hand, praise should highlight the good things and be expressed in sentences like "I appreciate how you handled that." or "I'm impressed by how you accomplished that."

8.3.2.2 NEGATIVE FEEDBACK

Information indicating that performance has not met expectations is included in negative feedback. Negative reviews are meant to help employees do better in the

future, not to condemn, humiliate, or reprimand them. Giving constructive criticism when it is due is crucial since failing to do so may adversely affect the company. For instance, Francie Dalton, president of Dalton Alliances, Inc., stated that high achievers will leave companies where there are no repercussions for subpar work since they don't want to work in an environment where mediocrity is accepted. However, poor performers won't go away because they are aware of their safety. Poor performance can impact the organization's reputation in the marketplace and its overall organizational culture..”

Despite addressing subpar performance, managers typically find it challenging to give unfavourable comments. Why is this the case? Take into account the following:

- *Adverse responses and outcomes.* Supervisors can worry that workers won't take it well. Defensiveness and even rage at the information heard are examples of adverse reactions. Furthermore, managers could worry that providing unfavourable feedback could erode their professional relationship—or even friendship—with their subordinates and might engender suspicion and resentment.
- *Adverse prior experiences.* Managers may have encountered hurt sentiments firsthand after receiving unfavourable evaluations at some point in their employment. It can be unpleasant and distressing to receive unfavourable criticism. Thus, managers might not want to place their staff in such circumstances.
- *Acting as the "god."* It could be unsettling for managers to assume the role of an all-powerful, judging deity. They can believe that providing unfavourable criticism places them in that situation.
- *The requirement for unquestionable and unequivocal proof.* Managers may reserve the right to offer unfavourable criticism until they have gathered sufficient evidence of a performance issue. Managers can avoid Giving negative feedback entirely if they feel it is an excessively burdensome responsibility.

However, constructive criticism is helpful if given early enough instruction to identify warning signs and ensure the performance problem remains controlled. When negative feedback focuses on behaviours that can be altered and make undesirable actions and their consequences clear, it can also be helpful. Since the employee is powerless to change the situation, there needs to be more sense in offering feedback on matters outside her purview. Furthermore, when a manager is seen as trustworthy and genuinely trying to raise an employee's performance, staff members are more likely to react positively to criticism. The boss must be seen as dependable and helpful in enhancing the worker's future performance. Lastly, unfavourable criticism is more likely to be taken seriously if it comes from a reliable source, is supported by concrete evidence, and is delivered without pretence. The manager needs to maintain her composure and emotional control.

Even if workers are not very receptive to getting negative feedback, they are more likely to gain from it if supervisors implement these recommendations. By implementing these recommendations, you can produce what has been called "actionable feedback," which enables staff members to react constructively and promotes learning and performance enhancement.

In general, the feedback session should address the following questions, regardless of whether it involves commendation or a discussion of areas that want improvement:

1. How is the work you do? Do you have what you need to do your work?
2. Have you received enough training? Do you have the abilities and resources required to perform your job?
3. How can the work, goods, and services you and your unit/organization provide improve?
4. How can you service your internal and external clients more effectively?

8.3.3 Procedure for Discipline and Termination

The performance of an employee may not improve even after receiving helpful criticism. A phase can be reached when a worker is subject to a legal disciplinary action procedure. Written and verbal cautions and dismissal are all possible in such a scenario. Once throughout their career, an individual can receive a leave of decision-making. Throughout this paid "day of thought," the employee can spend time at home determining whether or not this company is a suitable fit for them. According to the adult learning concept, which is based on this method, people should take ownership of their actions. In contrast to a formal disciplinary action, choosing to take leave has no financial ramifications for the employee. " Problem children and employees alike frequently anticipate being penalized for their misbehavior," noted Tim Field, Los Angeles, California principal, contacting the company. " Most individuals are surprised to learn that you may hold them responsible without having a detrimental effect on their salary or personnel file," Field added.

The decision-making leave is an effective part of a performance monitoring system that can help troublesome employees get back on track. On the other hand, disciplinary action against the employee may be necessary if this instrument fails to produce the expected results. Consider that a transfer or demotion would be the better course of action if it is proven that the employee is making genuine efforts to improve their performance but is still unable to do so. On the other hand, firing the worker is appropriate if their performance doesn't improve and they continue to make mistakes or don't live up to expectations. Terminating an employee is the proper course of action when they commit severe legal offences, including stealing, fraud, document forgery, or other crimes.

If an effective performance management system is in place, both the supervisor and the employee should be prepared for the disciplinary process. This is because both parties have ample opportunity to address performance issues and receive feedback and support from the supervisor. However, when disciplinary action appears to be the only option, there is a process to follow to avoid legal trouble. Also, no employee, even a fired one, is above receiving humane treatment. The following are some of the most common mistakes that managers make and the steps they may take to prevent them, even when a first-rate performance management system is utilized:

1. *First Pitfall: Embracing Subpar Results.* Many supervisors may choose to disregard subpar performance in the hopes that the issue will go away. Regrettably, performance issues tend to worsen and intensify with time.
Advice: Don't brush the issue under the rug. Dealing with it promptly can help the individual get back on track with his professional goals and prevent any harmful effects on him, his coworkers, or his clients.
2. *Pitfall 2: The message needs to be conveyed.* The underperforming worker can claim ignorance of the severity or existence of the problem. The recommended next step is to detail the performance issue and the repercussions of ineffectively addressing it outside the decision-making leave that was previously outlined. Verify that you have obtained the employee's consent before documenting the action plan.
3. *Pitfall 3: The third pitfall is that performance criteria are either "unequal" or "unattainable."* According to the individual, standards and expectations for performance may be unjust or unrealistic. The recommended next step is to reassure the worker that his expectations align with those of his peers in the same role. Additionally, it is essential to inform the employee that performance criteria have been carefully crafted with their input. You may also provide them with proof from previous review meetings, such as assessment sheets that bear their signature.
4. *Pitfall 4: The fourth pitfall is unfavourable emotional responses.* The employee's emotional response could range from sobbing to yelling or even violent threats. The supervisor's emotional response could be a result of this. The recommended line of action is to describe the problem's existence, the necessary steps, and the consequences of inaction without letting emotional reactions derail you. Show empathy and allow the worker space to collect himself if he starts crying. You can either reschedule the meeting later or give the employee time to compose themselves before continuing. Notify security immediately if an employee reacts violently or threatens violence. Communicate with the HR division if such threats materialize.
5. *Pitfall 5: Fifthly, not consulting HR is a pitfall.* Companies that haven't followed proper termination protocols have lost millions of dollars in wrongful

termination lawsuits.

Action plan recommendation: Get the lowdown from HR on what's required by law before you institute any disciplinary or termination procedure. If your performance management system is solid, you should be able to cover all your bases. Nonetheless, checking with HR is wise to ensure you're doing everything correctly. Avoiding the traps above will lessen the likelihood of issues throughout the formal disciplinary process. There has to be a termination meeting if the objectives aren't met. This encounter is incredibly uncomfortable for everyone involved. Still, that is the right and appropriate move to perform right now. The following ideas are for the last session:

1. *Define respect.* It is imperative to treat the laid-off employee with dignity and honour. Although others will probably find out about the termination in the coming days, you must keep the details secret.
2. *Speak without elaboration.* It is best to remain silent at this point. Please provide a brief overview of the issues with performance, the steps done to address them, the results of those steps, and the conclusion you have reached regarding termination.
3. *Send well wishes to the worker.* Please do not use this meeting to review the employee's lousy performance and why you terminate their employment. The meeting provides a better opportunity to express your gratitude for her time and support as she moves on to new opportunities.
4. *Refer the employee to human resources.* The employee should visit human resources to get details about his legal rights and benefits (such as vacation pay). Consult an attorney if you own a small business and are trying to figure out what to tell a fired employee.
5. *Remove the worker from the premises without delay.* If the fired worker is kept on the premises, disgruntled workers may resort to sabotage, which might cause rumours and disputes.
6. *Schedule the termination meeting for the day's last hour.* It should occur after the workday when fewer people are present so the employee can depart at the same time as everyone else.

The employee failed to take corrective action during a formal performance review meeting. Consequently, the information that follows regarding disciplinary action and dismissal may be used for monitoring. Now that we've covered the possibility of termination and disciplinary action let's move on to performance review sessions.

8.4 PERFORMANCE REVIEW MEETINGS

Since monitoring performance necessitates passing judgment and providing guidance simultaneously, supervisors with this responsibility frequently experience discomfort in their roles. To rephrase, managers play the role of judges regarding performance reviews and pay raises. Supervisors also coach by assisting workers

in resolving performance issues, pinpointing weaknesses, and creating professional growth plans. On top of that, managers experience anxiety whenever they have to break the bad news to their staff since they worry about the possible unfavourable response. That is to say, some people are worried that performance management will inevitably bring about unpleasant surprises.

Workers typically express dissatisfaction with their performance evaluations. According to a Gallup poll, less than 20% of Australian workers said they could enhance their performance due to their performance reviews. Managers' feedback and review frequency were the main points of dissatisfaction for most respondents. Keeping the different performance-related sessions apart is frequently good since supervisors play these seemingly contradictory duties. Separating the encounters reduces the likelihood of unpleasant surprises. In addition, it is simpler to keep the topic of compensation distinct from professional advancement when meetings are held in different locations. Workers can focus on a single problem at a time because of this.

There may be as many as six meetings for the performance management systems. Think of each of these gatherings as a work meeting; they all have a purpose and aim to accomplish something:

- *Initiation of system.* At this meeting, we will discuss the specifics of the performance evaluation system and the responsibilities of the manager and the worker.
- *Evaluating oneself.* The worker has brought their self-evaluation to this meeting so that they may go over it.
- *The traditional method of evaluating employee performance.* In this meeting, the supervisor and employee will talk about the employee's performance from their respective points of view.
- *Raise evaluation.* If the employee's performance changes during this period, we shall discuss it in this meeting.
- *We have a development plan.* Today's discussion aims to identify the employees' growth areas and plan for the next period when performance will be at its best.
- *Goal-setting.* We will meet for the next evaluation period to establish performance objectives focused on actions and outcomes.

There are six distinct kinds of meetings, although not all necessarily co-occur. It is possible, for instance, to consolidate various sessions under the banner of a "performance review meeting," such as those for self-evaluation, traditional performance reviews, merit/salary reviews, developmental plans, and goal-setting. To ensure that the employee and supervisor pay attention to each component individually, it is best to break the material into its categories, as mentioned earlier. But remember that performance should always be at the centre of the compensation discussion (workers need to know that their performance directly impacts their pay).

Regardless of its nature, several things need to be done before any meeting. In particular, it is helpful to provide the employee with at least two weeks' notice so that she can prepare for the meeting and understand its objective. Set up enough time for the meeting and find a quiet, undisturbed place to hold it. Doing so makes it very apparent that the meeting and, by extension, performance management are essential.

Most companies combine many gatherings under the guise of a "performance review meeting," as mentioned earlier. The following is the usual order of business at a meeting of this kind:

- *Explain the purpose of the meeting.* The first step includes a description of the purpose of the meeting and the topics to be discussed.
- *Conduct self-appraisal.* The second step includes asking the employee to summarize her accomplishments during the review period. This is more easily accomplished when the employee is given the appraisal form to be used by the supervisor before the meeting. This portion of the meeting allows the employee to provide her perspective regarding performance. The role of the supervisor is to listen to what the employee has to say and to summarize what he hears. This is not an appropriate time for the supervisor to disagree with what the employee says.
- *Please provide ratings and the reasoning behind them.* The supervisor then describes his reasoning for rating each performance dimension. To get things rolling, it's best to talk about the aspects of performance where the employee's self-evaluation and the supervisor's evaluation agree. This will show the employee that there is consensus, and the meeting is not hostile, which should alleviate stress. Also, while discussing performance, it's best to begin with the dimensions that received the highest marks and work your way down to the ones that received the lowest. When a supervisor's rating differs from an employee's self-rated performance, they must carefully explain the reasoning behind it and offer concrete examples to back it up. The supervisor needs to be especially cautious in sensitive areas, and there needs to be an attempt to reconcile disputes. It is essential to provide the employee a chance to express her perspective in detail. Clearing up expectations for performance is the result of this fruitful conversation. When addressing dimensions with low scores, it is important to address possible causes of poor results. Are the reasons, for instance, associated with the employee's ignorance, a lack of desire, or external, uncontrollable circumstances??
- *Come up with a plan.* Once the worker and their manager have agreed upon the scores given for every achievement dimension, they should meet to discuss the growth plan. Now is the time for them to sit down and figure out what the employees need to grow to perform better going forward.

- *Have the worker rephrase it.* After that, the worker needs to put her spin on the meeting's key takeaways, including which aspects of performance are good, which could use some work, and how those aspects will be addressed. This part of the meeting is crucial for the supervisor to know if he and the employee are on the same page.
- *Discuss the benefits.* Discussing the connection between performance and any incentive allocation is the next agenda item for the meeting. The employee should ask their supervisor about the criteria for awarding bonuses and how they can advance to higher levels of bonuses if their performance continues to improve.
- *We will meet again to discuss the matter.* Please be sure to schedule the next official meeting regarding performance before the meeting concludes. The employee should know that performance management entails more than just a yearly meeting with their supervisor and that a formal follow-up will be conducted. In most cases, the following meeting will be held a few weeks down the road to assess the efficacy of the development plan's execution.
- *Approval and appeals procedures will be covered.* At last, the supervisor has the employee sign a document confirming that they have discussed the evaluation with him. The worker can also use this space to provide any further information or remarks he would want to have included in the form.
- *Perform the last review.* The manager should employ the "past-present-future model" at the end. This means that the supervisor will review the employee's performance levels across all dimensions, how their rewards will be adjusted based on these levels, and what they can do to maintain or improve their performance in the coming year.

Important reasons are served by discussing performance reviews. First, employees can enhance their performance by examining performance issues and potential solutions. Secondly, they contribute to a positive supervisor-employee relationship by demonstrating that the supervisor values the employee's professional development and is prepared to devote time and resources to fostering that development.

Sadly, these goals aren't always achieved because workers could get defensive, and many managers don't have the expertise to handle such an attitude when conducting a performance evaluation. How do we identify when a worker is putting up a fight? There are usually two distinct patterns of conduct that signify being defensive. Workers could first initiate a combat response. Things like silently glaring at the boss or even banging the desk are aggressive behaviours, such as blaming others for performance issues. Secondly, workers might react by running away. How can managers avoid employees' defensive reactions? Take into account the following recommendations:

- *Build and keep rapport.* The meeting must be held in an ideal environment. Selecting a quiet, undisturbed location and avoiding distractions are two ways to accomplish this goal. Additionally, the supervisor must prioritize open communication and immediately help the employee feel comfortable. One way to achieve this is to sit beside the employee instead of across the desk. Another way is to greet him by name and express gratitude for his presence. To ease any initial tension, start with a small chat. Once supervisors and employees have built rapport, they can fully immerse themselves in the work environment. They are both comfortable talking to one another and have no problem striking up a discussion. They can differ without hurting each other's feelings and are both open-minded. However, when there is a lack of connection, it's common for both parties to feel worried. Both parties may be too nervous to open up during this official discussion. The boss and the worker are prone to constantly cutting each other off and questioning each other's statements.
- *Have compassion.* Supervisors should try to understand their employees' perspectives and figure out why the employee did so well throughout the evaluation period. This includes not attributing any success to external factors (like a good economy) or any failure to internal ones (like staff incompetence).
- *Keep an open mind.* Maintain an open mind and have a frank conversation about the employee's viewpoint if they offer a different one. The worker may reveal important details about the situation you are unaware of. In that instance, you should demand concrete proof.
- *Pay attention to both vocal and nonverbal signs.* The ability to read the employee's verbal and nonverbal cues will help the supervisor decide if additional explanation is required. The manager must pay attention to how the worker feels and respond appropriately.
- *Keep dangers to a minimum.* Instead of viewing the performance review as an opportunity to punish the employee, it should be seen as a chance to help him improve.
- *Prompt involvement.* This worker requires a quiet place to herself where she may think and talk freely. Supervisors should not take the lead in meetings but instead listen attentively without cutting people off and stay out of heated debates.

Regardless of these guidelines, there are occasions where defensiveness is inevitable. Supervisors should be prepared for employees to get defensive in these situations and should give it a chance. Managers should confront the defensive attitude directly rather than brush it off. First and foremost, you must listen to the employee and validate their emotions. The boss can accomplish this by pausing to understand and accept the worker's emotions. Afterwards, the manager should ask the worker to elaborate or provide more details. Supervisors should consider postponing meetings until a more convenient time if they feel communication is

becoming increasingly difficult. The boss may tell the employee, "I get you're mad and think you've been mistreated. I must see things from your point of view, but when you're furious, it's hard for me to take everything in. This is a severe issue. Let's adjourn to 3 p.m. to resume our conversation. An employee's poor connection with their supervisor will undoubtedly come to light during the performance review meeting, which can be an uncomfortable and humiliating experience for both parties.

SELF-ASSESSMENT QUESTIONS

1. Examine the role of goal-setting skills in performance management. How can the ability to set SMART goals enhance performance management outcomes?
2. Examine the role of problem-solving skills in performance management. How can managers use problem-solving skills to address performance issues and improve outcomes?
3. Discuss the role of emotional intelligence (EI) in performance management. How can managers leverage EI skills to understand and support employees' emotions and motivations?
4. Discuss the importance of adaptability and flexibility in performance management. How can managers demonstrate these skills when managing diverse teams and changing performance expectations?

Unit: 9

MANAGING TEAM PERFORMANCE

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INTRODUCTION

Managing team performance is a critical aspect of organizational success. It involves overseeing, guiding, and improving the collective efforts of a group of individuals working towards common objectives. Effective team performance management ensures that all team members are aligned with the organization's goals, motivated to perform their best, and continuously developing their skills. This guide provides an overview of the key elements involved in managing team performance and the strategies to achieve optimal results.

Team performance management is the process of ensuring that a team works efficiently and effectively to achieve its objectives. It involves setting clear expectations, monitoring progress, providing feedback, and facilitating professional development. The goal is to create a cohesive and high-performing team that contributes significantly to the organization's success.

Managing team performance is essential for achieving organizational success. By setting clear goals, fostering effective communication, promoting collaboration, providing continuous feedback, and supporting professional development, managers can create high-performing teams. Effective team performance management leads to increased productivity, improved morale, and the achievement of organizational objectives.

LEARNING OBJECTIVES

After studying this unit, you will be able to:

- a) Define the importance of teams
- b) Describe types of teams and implications of performance management
- c) Explain the purposes and challenges of team performance management
- d) Understand team performance in the performance management system
- e) Describe rewarding team performance

9.1 DEFINITION AND IMPORTANCE OF TEAMS

So far, most of this book has been devoted to measuring workers who operate alone rather than in teams. Up until now, the focus of the book has been on individual performance, but it has made references to both personal and team performance. Given the growing prevalence of teams in businesses across the globe, the topic of team performance is significant and merits its chapter. It is hard to imagine a company that does not use teams to manage its operations. Evidence of this can be found in a recent Fortune 1000 company, which indicated that the organization's top priorities were teamwork and maximizing the effectiveness of teams.

When two or more individuals work together toward a shared purpose, aim, or mission in a dynamic and interdependent manner, they are said to be a team. Teams can take many different forms. For instance, a group of senior management may collaborate in person to achieve company objectives, or a group of programmers from the US and India may write code that will eventually be combined into a single software application. Team members may sometimes need to reside in different places or form permanent teams. Individuals can meet in person to be on a different team. They are regarded as part of the same team if they cooperate, rely on one another, and have similar objectives.

Why do teams enjoy such a high level of popularity? First of all, companies are under more pressure than ever before, including competition from around the world, and they think that utilizing teams could help them produce better goods and services and be more productive. Additionally, teams made up of individuals from all over the world are frequently needed to suit the needs of global consumers. Second, many companies have undergone reorganization and downsizing, which has made them flatter and resulted in fewer levels of hierarchy. These businesses can be more flexible when they use teams. Thirdly, due to the increasing complexity of products and services, multiple individuals must contribute their talents to a single project. Most of the time, no one person can outperform the aggregate skill of a group. Lastly, the fact that teams can adapt to changes faster and more successfully than people working alone is another factor contributing to the popularity of teams in quickly changing business contexts.

Although many businesses opt to be formed around teams—both autonomous work teams and more traditional forms of teamwork, there is no guarantee that teams will provide better results than other types of organizations. Team performance isn't always up to scratch; hence, it's prudent for performance management systems to broaden their scope beyond measuring individual outcomes. More specifically, the system ought to aim for three things:

1. Individual performance
2. team performance (including how an individual contributes to one or more teams), and
3. team performance overall

Therefore, monitoring individual and team performance would benefit every firm that uses any team.

After a performance management system has concentrated on individual performance, it is only logical to incorporate team performance as well. Everything we've covered in this book on broad concepts remains relevant today. For instance, we strive to create and execute the most optimal system design. In particular, the system must be complete, workable, significant, dependable, morally sound, and so on. It should also have strategic congruence. Any structure that takes teamwork into account should take into account the possible consequences of a poorly implemented system, such as false or misleading information, time and resource loss, relationship tension, and so forth. While team performance does increase the sophistication of performance management systems, the underlying concepts that govern their design and implementation, which are covered in this book, continue to apply.

Team performance management can only improve team performance under specific circumstances, for instance:

- Other tasks or organizational requirements impose few constraints on the processes engaging in the team's performance. For instance, the team members' ability to devote the maximum amount of time and effort to a given team project should be unrestricted by the organization. Competitive goals on an individual and team level can be an example of a limitation.
- The organizational framework supports team performance, and the team is well-designed. As stated differently, components within the organization facilitate team success, such as incentive programs and training initiatives.
- Team processes that team members manage are the main focus of performance feedback. Giving comments on performance issues out of the team's control is useless.

9.2 TYPES OF TEAMS AND IMPLICATIONS FOR PERFORMANCE MANAGEMENT

Teams can be categorized according to their membership configuration (static versus dynamic) and work complexity (routine versus nonroutine). Routine jobs are readily specified, rarely involve deviations in method, and allow for simple evaluation of results upon completion. In contrast, nonroutine jobs typically have poorly defined objectives, more precise instructions on how to do the work, and outputs that are difficult to evaluate and have a significant time horizon. The membership configuration comprises the duration of the team's projected collaboration as well as the stability of its composition. Committees, task forces, and product development teams are a few examples. The three primary team kinds are depicted in Figure 11.1 according to the characteristics of membership configuration and work complexity.

- *Groups dedicated to tasks or customer service.* These groups are going about their daily business, including production or customer service. The assembly line workers at a Saturn or Saab assembly factory illustrate this well. Members of the work or service team are familiar with one another due to their long history of collaboration. Almost everyone on the team has the same skill set.
- *Various groups are working on a single project.* These groups come together for a specific reason and are supposed to split apart after their mission ends. Compared to work or service teams, these duties are less routine because they are less essential to the organization's core production or service. The group responsible for creating the first personal computer at IBM and the original Taurus/Sable at Ford are two such examples. Project teams often consist of individuals from diverse functional areas who cannot become more familiar with one another's areas of expertise. As a result, team members rely heavily on their teammates' unique knowledge and often complex skill sets.

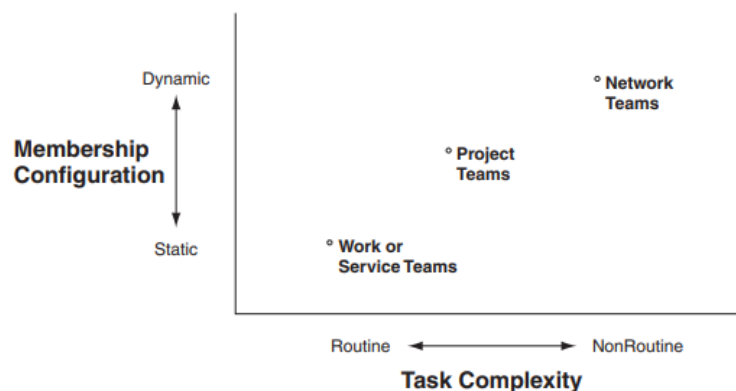


FIGURE 11.1 Types of Teams Based on Membership Configuration and Task Complexity Dimensions

Source: Adapted from S. G. Scott & W. O. Einstein. (2001). Strategic performance appraisal in team-based organizations: One size does not fit all. *Academy of Management Executive*, 15, 107–116, Figure 1. p. 110.

- *Network teams.* These teams consist of individuals not restricted by time, location, or organizational restrictions. Teams typically consist of geographically scattered individuals who communicate with each other via telecommunications tools like email, videoconferencing, and, of course, the phone. They do incredibly atypical work. Customers, vendors, consultants, and both temporary and permanent employees are frequently included in network teams. For example, consider the team of Russian and American astronauts and scientists who trained together virtually for months before performing various tasks nearby close to the Mir space station.

To correctly manage team performance, it is necessary first to identify the team type. The kind of team being assessed dictates the most suitable performance evaluation tool. Peer ratings benefit work and service teams, as members constantly observe each other's performance. Additionally, because team members' roles are identical, everyone knows the skills required to complete the job. Since project teams typically only remain together for a short time, the end-of-project results metric may not contribute to the team's growth if the team breaks up soon after the project ends. Instead, the team should take measurements regularly while the project progresses to identify problems and implement solutions before the project is finished. Hewlett-Packard's project teams responsible for product development employ precisely this kind of assessment method. Network teams are temporary and only take on specific assignments as needed. Measuring exact results is challenging.

9.3 PURPOSES AND CHALLENGES OF TEAM PERFORMANCE MANAGEMENT

Whether the system concentrates on team performance, individual performance, or both, its goals for managing performance are the same as those discussed in the preceding chapter: they are administrative, informative, developmental, organizational maintenance, and documentation. Holding each team member accountable will encourage them to take an interest in the team's success, an additional objective in a system that addresses team performance.

This new organizational reality of teams poses a distinct issue for many companies that still need to update their performance management systems to reflect this shift. Individual performance metrics and rewards will hurt team output in a team-based firm. Some personal incentives encourage individuals to undermine team efforts instead of concentrating on their achievements. Most companies should consider the following factors when implementing a performance management system with a team component:

- How can we determine how much each person has contributed? How can we determine how much a person has contributed to the team's outcomes? What is each member's contribution amount compared to the other members? Do you have any freeloaders or slackers on the team? Are certain members making up for the lack of contributions from others, or are all members giving equally?
- • How can we strike a balance between group and personal productivity? How can we motivate everyone on the team to collaborate to achieve a common goal? Furthermore, how can we inspire each team member to take personal responsibility and accountability? To rephrase, how can we balance individual performance evaluations and group incentives?
- How do we determine what counts as performance metrics for individuals and teams? Where can we find metrics that show how well a team is doing instead

of how well individuals are doing? At what point does an individual's performance cease to be separate from that of a team? Lastly, how do we divide the rewards amongst people and teams depending on these metrics?

Organizations do face these complex problems, according to a study that included structured interviews with 102 working adults in Hong Kong and 96 working adults in the Pearl River Delta. For instance, 38% of people took part in performance-based systems where teamwork was also a factor, 34% in systems where both teamwork and individual performance were factors, and 25% in systems where teamwork was the only factor. Adding a team element to a system for managing performance is the topic of the next section of this chapter. While doing so, we think about ways in which businesses may answer these issues.

9.4 INCLUDING TEAM PERFORMANCE IN THE PERFORMANCE MANAGEMENT SYSTEM

The questions posed may appear daunting, but if we stick to these six guidelines, creating a system for managing performance that takes team performance into account is a breeze:

1. *Verify that your group is indeed a group.* Several kinds of teams exist, and we need to verify that the company has teams before we add a team component to the performance management system.
2. *Put money into measuring.* It requires time and effort to measure team performance, just as it measures individual performance. The company needs to be prepared to make this kind of investment to obtain valuable data from the measures.
3. *Clearly define the measurement's goals.* Before creating team performance measures, it's essential to determine whether the information will be utilized for management, growth, or both purposes. Several elements of the goal of the measures (such as data sources, collection techniques, etc.) must be taken into account, much like when dealing with personal information discussed in the book.
4. *Implement a variety of measurement strategies.* Measuring a team's effectiveness is no easy task, so you'll need to use a variety of approaches and data sources.
5. *Keep both the process and the outcomes in mind.* Team performance management systems can benefit from behavioural/process-oriented measures and outcomes just as much as they do from individual ones. As a result, careful thought must be given to how both kinds of measurements will be applied when controlling team performance.
6. *Measure long-term changes.* While it may be simpler to quantify short-term procedures and outcomes, long-term performance metrics should also be

considered. It is necessary to sample team performance over time and in various settings.

Remember the steps in Figure 11.2 that make up the performance management process. Now that we've covered the six foundational concepts let's break down the process into its parts and apply them to the design of a system that considers team performance.

9.4.1 Prerequisites

The performance management method has two conditions for its first step. The organization's mission must first be thoroughly understood. This requirement exists whether or not team performance is prioritized. Employees can contribute in ways that will benefit the unit and organization by using this expertise in conjunction with their understanding of the team's unit's objective. Second, a solid understanding of the relevant field of work is required. When it comes to specific professions, a job analysis is carried out to identify the essential elements of that work, such as the activities that must be completed, the method by which they must be completed, and the knowledge, skills, and abilities (KSAs) required to complete them. Similarly, defining success criteria for teams is more straightforward when we have solid information about what and how a team is expected to accomplish. Apart from taking the team into account, we also need to find KSAs that will enable individuals to impact the team positively. These cover both KSAs that are particularly beneficial to team performance and KSAs that are directly relevant to the task at hand, such as a programmer who must be knowledgeable in the programming language. Some instances are as follows:

- *Communication.* Exchanging ideas and information, listening, and providing and accepting constructive criticism.
- *Making choices.* Supporting the group's decision-making.
- *Working together.* Resolving disagreements amicably, being dedicated to the group and its objectives, appreciating the variety and experience of other team members, and sharing responsibility.
- *Leading a team.* Assuming the position of team leader and bringing out the best in the group.
- *Self-control.* Controlling one's emotions and resisting the need to act negatively in the face of antagonism or even rejection from others.

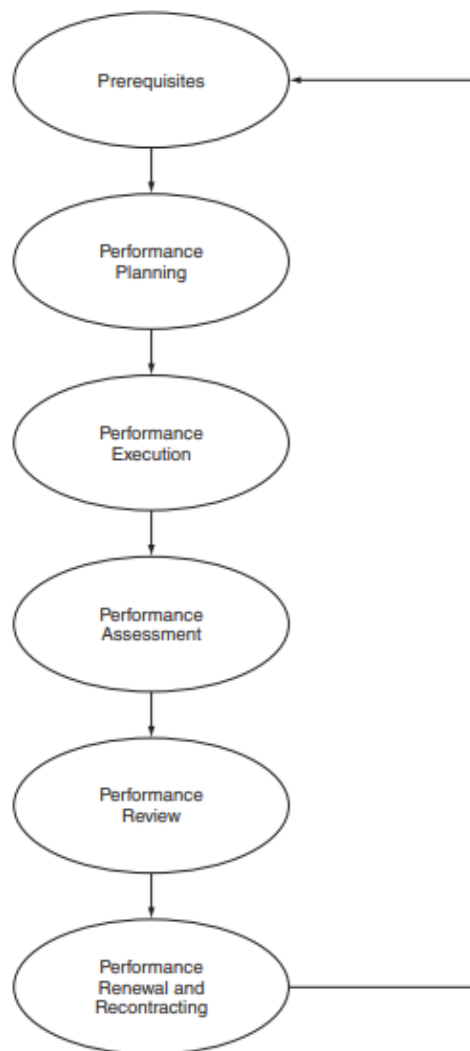


FIGURE 11.2 Performance Management Process

Figure 11.2 shows the implementation of the requirements component at UC San Diego (UCSD). Like many other universities across the globe, this one is organized into departments that serve as both academic and administrative entities. We can think of each of these divisions as a team. As for the requirements portion, each UC San Diego department writes its mission statement that ties directly to the university's overarching goal. Everyone on the team can learn more about the university's overarching goal through this process. Once the department's purpose has been defined, further discussions about job descriptions will centre on how they relate to the department's and the university's overarching goals. Competencies required for success in the role and the organization as a whole are detailed in job descriptions.

9.4.2 Performance Planning

Planning for future performance is the second step in performance management. Planning for performance involves taking behaviour and results into account. The preparation of a developmental plan is another aspect of performance planning. At the team level, you should think about the following:

- The outcomes you want the team to achieve.
- The behaviours you wish team members to exhibit.
- The growth objectives you hope the group and everyone involved will accomplish

Any discussion of results should include the following:

- The team's primary responsibilities.
- Measurable goals for each responsibility.
- Criteria for what is considered good and bad performance.

Competencies, or groups of KSAs, must be part of any discussion of behaviours. Competencies (i.e., groups of KSAs) must be included in a discussion of behaviours. Lastly, a summary of the areas that require improvement and the objectives for each are included in the developmental plan. Together with overall team goals, the plan also outlines personal performance targets that will advance team performance. For instance, the group's objective might be to enhance internal decision-making procedures, and individual team members would want to focus on honing their listening techniques to contribute to the group's improved decision-making.

Take into consideration the following suggestions for promoting and expediting team learning and development:

1. *Encourage flexible learning.* It is possible to encourage team members to try new behaviours as part of the team growth plan. Process modifications can also be thoroughly examined after the team finishes a task or project to see what worked and what didn't.
2. *Make generative learning easier.* Teams can benefit from learning about the strategies that have worked for other teams, both within and outside their company. Giving teams ample time to practice new abilities can help them become second nature.
3. *Promote transformational learning.* One strategy to help teams overcome their fears of change is to encourage them to try out different approaches to teamwork. A great approach to bringing new ideas and perspectives into a team is to allow members from different teams to join in on performance reviews or even to fill in as temporary team members.

Examine the planning process at Duke University in Durham, North Carolina. Duke views its planning process as the cornerstone of its system for managing performance, laying the framework for the individual's expectations and those of the team during the performance year. There are two components to the Duke

process: (1) comprehending the required actions and (2) specifying the desired work outcomes.

9.4.3 Performance Execution

Performance execution is the third step in performance management. In the absence of a supervisor, the onus for the team's performance execution falls squarely on the shoulders of the autonomous team. Otherwise, autonomous teams are alone accountable for carrying out their tasks. For instance, team members must be dedicated to achieving their objectives and proactively seek input from the supervisor (if any) and from one another. It is the team's responsibility to speak honestly and frequently with its supervisor. Additionally, team members are in charge of doing frequent, practical peer evaluations to prepare for the performance assessment. Team members can meet with the supervisor fully informed on how other team members view their performance. Aside from monitoring and recording team performance and member contributions, the supervisor's duties include keeping the team informed of any changes to the organization's objectives, providing resources and encouragement to ensure team members' success, and more.

9.4.4 Performance Assessment

Performance assessment is the fourth step in the performance management process. Every team member is responsible for assessing the group's performance as a whole and for each other. Peer reviews are essential to the assessment phase since they promote increased performance, collaboration, and burden sharing. Peers who keep an eye on each other's performance inside the team also enhance teamwork and feedback. This ultimately results in the identification of mistakes and the prompt correction of such errors. Team members may also nominate another person as the most valuable performer (MVP) of the review period in peer evaluations. Furthermore, the team's overall performance is assessed by the supervisor in addition to that of each member. Lastly, team members from different teams can also assess the team's performance. This would only apply if players from other teams have direct knowledge of how the team in issue performs.

Team members are more invested in the system and take pride in its performance when involved in its evaluation. An individual's self-evaluation can yield valuable insights that can be shared during a performance review. When employees take the time to evaluate themselves, managers can quickly know if their teams truly grasp their responsibilities.

There is a high potential for bias during the assessment phase, just as when teammates analyze each other's performance in settings other than teams. According to a study, members of 34 teams, each consisting of approximately four people, rated one another more leniently after receiving positive peer evaluation

and more severely after receiving negative feedback. It follows that getting a good rating from a peer makes you feel good, and getting a bad rating from a peer makes you feel bad, making you rate your peers more positively and negatively.

A brief overview of the three performance evaluation forms is necessary:

1. one's capacity to carry out the particular duties of one's employment or task performance, for example, a programmer's skill in producing high-quality code.
2. Personal efficiency, sometimes called performance in the context, describes activities such as team member collaboration that enhance teamwork. Team performance overall.

How can the "we" aspect of performance be evaluated? Similar to how individual performance is measured, team performance should be measured regarding both behaviors and results. The following four performance dimensions can be used to gauge the overall performance of a team:

1. *Efficient*. This measures the level of satisfaction felt by team members, encompassing the inside and outside clientele. . The outcomes may be the same as those assessed through individual performance measurement. In particular, these can incorporate time, money, quantity, and quality metrics..
2. *Improved efficiency*. This measures how well the team's internal processes facilitate the attainment of goals, the team's development, and the team members' happiness. This may include decision-making, coordination, communication, and teamwork measures.
3. *Growth and learning*. This is the extent to which the group can pick up new abilities and perform better over time. Innovation, recorded learning, best practices, and process enhancements are a few examples of specific metrics.
4. *Satisfaction among team members*. This represents team members' satisfaction with being a part of the team. One way to quantify specifics is to ask team members how much teamwork helps them grow and improve personally.

A maximum of 15 measures should be used to assess the team's overall performance; if more, team members may find themselves spending too much time documenting and tracking their activities, leaving them with little time to complete the tasks they have been given.

9.4.5 Performance Review

The performance review is the fifth step in performance management. Employees meet with their manager or supervisor to review their work from the previous several weeks. Managers and supervisors may not exist in firms organized around autonomous teams. In that scenario, a performance evaluation board comprising members from every team would meet with a team leader or representative.

There must be two meetings required.

- First, the team as a whole meets with the supervisor. This gathering aims to review the team's overall performance, including the outcomes attained.

Information for this meeting is gathered from the supervisor's appraisal, other teams' evaluations of the team in issue, and team members' overall performance assessments.

- Second, the manager has one-on-one meetings with every team member. This discussion concerns how each person's actions affected the team's performance. Individuals' self-evaluations, ratings from coworkers, and feedback from the supervisor all contribute to the data used in this meeting.

The focus of both meetings is on the history, present, and future. In the past, performance throughout the review period has been discussed. Compensation is subject to change based on performance at present. In the future, the objectives and plans for growth the team and its members are expected to meet in the upcoming review period will be discussed.

9.4.6 Renewal of Performance and Recontracting

Recontracting and renewal of performance are the last steps in performance management. Performance renewal and recontracting are similar to performance planning, except they use data collected during review to tweak things as necessary. For instance, there might be a few new core skills and accountabilities. On the other hand, some objectives need to be changed, either upward or downward.

To put it briefly, a performance management system's fundamental elements encompassing individual and team performance are the same. The approach takes into account both individual and team performance, which is a key distinction because team performance impacts the efficiency and effectiveness of the individual's role within the team.

9.5 REWARDING TEAM PERFORMANCE

Every aspect of working in an organization involves teams. As a result, companies that employ team performance in their performance management systems need to update their incentive programs to recognize and reward team performance. Consider the dramatic increase from 59% of Fortune 1000 companies using a team-based compensation system in 1990 to 80% in 1999. It is essential to clarify that this figure does not imply that team performance is rewarded across the board in the firm. The survey suggests that some organizations' units recognize and reward teamwork. However, this data shows that a rising proportion of businesses employ some form of team-based incentive program. For instance, in Motorola's Tianjin, China facility, teams of workers receive bonus pay if they maintain a specific error rate below a certain threshold. As a second illustration, a recent research at a multinational information technology corporation looked into the impact of team-level pay-for-performance implementation. There were seven or eight people on each team. Specific, yet team-specific, team-level performance targets were set for each team. Reward distribution was determined by team performance targets (50%), individual performance targets (25%), and organizational performance targets (25%).

Similar to how they reward individual achievement, organizations can also reward team performance. Phelps Dodge Mining Company is a good case in point. More than 4,200 workers across six North American sites are now part of a team-based compensation program. One of the primary goals of the company's transition from a unionized to a nonunionized structure in the 1980s was to assist workers in transitioning from hourly to salaried wages. Team performance was evaluated and rewarded to achieve this aim. For instance, reducing the time trucks were out of commission for maintenance was one of the team's objectives in a truck repair business. Together with the active engagement of all team members, goals are defined, and employees receive bonus pay based on reaching team-based targets. When team-based rewards are applied with the same guiding principles as individual prizes, they can be pretty successful. For instance, awards ought to be transparent, contingent, and reversible and be available to all employees. We must also consider why some team rewards don't work when adopting them. For instance, incentives that encourage team members to work together are more likely to boost precision than speed. Giving incentives for teamwork could be another case of the "folly of rewarding A while hoping for B." if the objective is to get people to work quickly.

A company may implement a variable pay plan wherein workers receive bonuses if their team meets predetermined goals. In addition to any performance-based awards given out based on individual performance, whether a task or contextual performance, this reward would also be eligible. The group may also decide how much of a bonus is awarded: Teams that successfully reduce expenses and increase productivity may get a portion of these savings in the form of bonuses. The awards are referred to as self-funded in this instance. On the other hand, the incentive could be derived from a company-wide pot that changes annually about the firm's overall performance.

SELF-ASSESSMENT QUESTIONS

1. Discuss various strategies for managing team performance effectively. How can managers foster collaboration, accountability, and motivation within their teams to achieve optimal performance? Provide examples of successful team performance management approaches.
2. Analyze the impact of different leadership styles on team performance. How do leadership approaches such as transformational, democratic, and servant leadership influence team dynamics and outcomes? Provide examples of how each leadership style can affect team performance.
3. Discuss the role of monitoring and feedback mechanisms in managing team performance. How can managers use performance metrics, regular check-ins, and constructive feedback to track team progress and address performance issues proactively? Provide examples of effective monitoring and feedback practices.

4. Evaluate the importance of promoting team cohesion and collaboration for enhancing performance. How can managers build a supportive team culture, encourage knowledge sharing, and foster trust among team members to optimize performance outcomes? Discuss strategies for promoting a collaborative team environment.

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