



*Performance Management Systems*  
**School of Business Management**

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# ANURAG GROUP OF INSTITUTIONS

SCHOOL OF BUSINESS MANAGEMENT

COURSE FILE

2018-19

Course Name : **PERFORMANCE MANAGEMENT SYSTEMS**

Course Number : **A93008H**

Credits : 4

II MBA – I Semester

(2019-20)

Course Coordinator:

Dr.Syed Mansoor Pasha

<b>Name of Faculty</b>	<b>Academic Year/Regulation</b>	<b>Section</b>
Dr.Syed Mansoor Pasha	R18	A & B

## Syllabus

<b>Unit – I</b>	<b>Introduction to Performance Management:</b> Definition of Performance Management, Evolution of Performance Management, Definitions and Differentiation of Terms Related to Performance Management. What a Performance Management System Should Do? Importance of Performance Management, Linkage of Performance Management to Other HR Processes.
<b>Unit – II</b>	<b>Reviewing&amp; Managing Performance:</b> Performance Review Discussion, Using Performance Management Systems, Data for HR Decision and Performance Improvements, Performance Management Systems, Personal Development Plans
<b>Unit – III</b>	<b>Performance Management and strategic planning:</b> Definition and Purposes of Strategic Planning, Process of Linking Performance Management to the Strategic Plan, Building Support Alternative models for Assessing Performance-Balance score card
<b>Unit – IV</b>	<b>Performance Management &amp; Employee Development:</b> Personal Development Plans, Direct Supervisor’s Role, Performance Management Skills- Coaching, Coaching Styles, Coaching Process, Performance Review Meetings
<b>Unit – V</b>	<b>Management of Rewards-</b> Traditional and Contingent Pay (CP) Plans, Reasons for Introducing CP, Putting Pay in Context, Pay Structures Reward Management, Components of Reward Management, Linkage of Performance Management to Reward, Ethics in Performance Management

### Text Books:

1. T.V.Rao, Performance Management and Appraisal Systems, Response, 2008.

### References

2. Herman Aguinis, Performance Management, Pearson Education, 2009.
3. T.V.Rao, 360 Degree Feedback and Assessment and Development Centres, Excel, 2005.
4. Kandula, Performance management, PHI, 2009.
5. Michael Armstrong, Performance Management, Kogan Page, 2007.

6. A.S.Kohli, T.Deb, Performance Management, Oxford Higher Education, 2008.
7. Dinesh K Srivastava, Strategies for Performance Management, Excel, 2005.
8. Prem Chedda, Performance Management Systems, MacMillan, 2008.

### **MBA PROGRAM EDUCATIONAL OBJECTIVES (PEO's):**

1. To teach the fundamentals of the key elements of a business organization.
2. To provide a critical perspective on theoretical knowledge and practical approach to various functional areas of management and decision making.
3. To develop analytical skills to identify the link between the management practices in the functional areas of an organization and business environment.
4. To establish and realize a creative research culture among the student community.
5. To provide insights on latest technology, business communication, management concepts and to built team work and leadership skills within them.
6. To inculcate the habit of inquisitiveness and creativeness aimed at self actualization and realization of ethical practices.

### **PROGRAM OUTCOMES (PO's)**

On completion of this course, the graduate should be able:

1. ***Business Environment and Domain Knowledge(BEDK)***: Graduates are able to improve their awareness sand knowledge about functioning of local and global business environment and society.
2. ***Critical thinking, Business Analysis, Problem Solving and Innovative Solutions(CBPI)***: To develop skills on analyzing the business data, application of relevant analysis, and problem solving in other functional areas.
3. ***Global Exposure and Cross-Cultural Understanding(GECCU)***: Demonstrate a global outlook with the ability to identify aspects of the global business and Cross Cultural Understanding.
4. ***Social Responsiveness and Ethics(SRE)***: Developing responsiveness to contextual social issues/problems and exploring solutions,understanding business ethics and resolving ethical dilemmas
5. ***Effective Communication(EC)***: To develop effective oral and written communication especially in business Communication,Social network platforms and so on.
6. ***Leadership and Teamwork(LT)***: To acquire team management skills and to become acompetent leader.

## Blooms Taxonomy

Definitio	I. Remembering	II.	III. Applying	IV. Analyzing	V. Evaluating	VI. Creating
<b>Verbs</b>	<ul style="list-style-type: none"> <li>• Choose</li> <li>• Define</li> <li>• Find</li> <li>• How</li> <li>• Label</li> <li>• List</li> <li>• Match</li> <li>• Name</li> <li>• Omit</li> <li>• Recall</li> <li>• Relate</li> <li>• Select</li> <li>• Show</li> <li>• Spell</li> <li>• Tell</li> <li>• What</li> <li>• When</li> <li>• Where</li> <li>• Which</li> <li>• Who</li> <li>• Why</li> </ul>	<ul style="list-style-type: none"> <li>• Classify</li> <li>• Compare</li> <li>• Contrast</li> <li>• Demonstra te</li> <li>• Explain</li> <li>• Extend</li> <li>• Illustrate</li> <li>• Infer</li> <li>• Interpret</li> <li>• Outline</li> <li>• Relate</li> <li>• Rephrase</li> <li>• Show</li> <li>• Summarize</li> <li>• Translate</li> </ul>	<ul style="list-style-type: none"> <li>• Apply</li> <li>• Build</li> <li>• Choose</li> <li>• Construct</li> <li>• Develop</li> <li>• Experiment with</li> <li>• Identify</li> <li>• Interview</li> <li>• Make use of</li> <li>• Model</li> <li>• Organize</li> <li>• Plan</li> <li>• Select</li> <li>• Solve</li> <li>• Utilize</li> </ul>	<ul style="list-style-type: none"> <li>• Analyze</li> <li>• Assume</li> <li>• Categorize</li> <li>• Classify</li> <li>• Compare</li> <li>• Conclusion</li> <li>• Contrast</li> <li>• Discover</li> <li>• Dissect</li> <li>• Distinguish</li> <li>• Divide</li> <li>• Examine</li> <li>• Function</li> <li>• Inference</li> <li>• Inspect</li> <li>• List</li> <li>• Motive</li> <li>• Relationships</li> <li>• Simplify</li> <li>• Survey</li> <li>• Take part in</li> <li>• Test for</li> <li>• Theme</li> </ul>	<ul style="list-style-type: none"> <li>• Agree</li> <li>• Appraise</li> <li>• Assess</li> <li>• Award</li> <li>• Choose</li> <li>• Compare</li> <li>• Conclude</li> <li>• Criteria</li> <li>• Criticize</li> <li>• Decide</li> <li>• Deduct</li> <li>• Defend</li> <li>• Determine</li> <li>• Disprove</li> <li>• Estimate</li> <li>• Evaluate</li> <li>• Explain</li> <li>• Importance</li> <li>• Influence</li> <li>• Interpret</li> <li>• Judge</li> <li>• Justify</li> <li>• Mark</li> <li>• Measure</li> </ul>	<ul style="list-style-type: none"> <li>• Adapt</li> <li>• Build</li> <li>• Change</li> <li>• Choose</li> <li>• Combine</li> <li>• Compile</li> <li>• Compose</li> <li>• Construct</li> <li>• Create</li> <li>• Delete</li> <li>• Design</li> <li>• Develop</li> <li>• Discuss</li> <li>• Elaborate</li> <li>• Estimate</li> <li>• Formulate</li> <li>• Happen</li> <li>• Imagine</li> <li>• Improve</li> <li>• Invent</li> <li>• Make up</li> <li>• Maximize</li> <li>• Minimize</li> <li>• Modify</li> </ul>

**Course Outcomes: At the end of the Course students will be able to**

1. Explain the concepts & importance of Performance management system.
2. Apply the Performance management system for personal development.
3. Evaluate the strategies for assessing the performance of an employee.
4. Assess employee involvement for effective performance and coach employees for individual development.
5. Apply the strategies for Rewards & Performance management

**MAPPING OF COURSE OUT COMES WITH PO's & PEO's**

Course Outcomes	PO's	PEO's
CO1	1,2,4	1,2,5
CO2	2,4,6,	2,3,6
CO3	3,5,6	2,3,5
CO4	2,3,4,6,	3,5,6
CO5	2,4,6,	2,3,6

**Articulation matrix of Course outcomes with PO's & PEO's**

	Program Outcomes						Program Educational objectives					
	PO 1	PO 2	PO 3	PO 4	PO 5	PO 6	PEO 1	PEO 2	PEO 3	PEO 4	PEO 5	PEO 6
<b>CO1</b>	1	2		3			3	2			2	
<b>CO2</b>		2		3		3		2	2			2
<b>CO3</b>				3	2	2		2	3		2	
<b>CO4</b>		3	3	2		2			2		2	2
<b>CO5</b>			2	3		2		2		3		2

## Course Schedule

Distribution of Hours in Unit – Wise

Unit	Topic	Total No. of Hours
I	Introduction to Performance Management	9
II	Reviewing& Managing Performance	8
III	Performance Management and strategic planning	9
IV	Performance Management & Employee Development	8
V	Management of Rewards	11
Total Classes		45

### Lecture Plan:

SUBJECT	PERFORMANCE MANAGEMENT SYSTEM		
CT	Topic	Lecture Method	No of classes
S.NO			
1	<b>Unit-I: Introduction to Performance Management:</b> Definition of Performance Management	Chalk and Board	<b>1</b>
2	Evolution of Performance Management,	Case Study	1
3	Definitions and Differentiation of Terms Related to Performance Management	Chalk and Board	<b>2</b>
4	What a Performance Management System Should Do	Group Discussion	<b>1</b>
5	Importance of Performance Management	PPT	<b>1</b>



6	Linkage of Performance Management to Other HR Processes.	Case Study	2
7	Cases		1
8	<b>Unit-II: Reviewing&amp; Managing Performance:</b> Performance Review Discussion	Group Discussion	2
9	Using Performance Management Systems	PPT	2
10	Data for HR Decision and Performance Improvements	Role play	1
11	Performance Management Systems	PPT	1
12	Personal Development Plans ,	Role play	1
13	Cases		1
14	<b>Unit-III: Performance Management and strategic planning:</b> Definition and Purposes of Strategic Planning		2
16	Process of Linking Performance Management to the Strategic Plan,		1
17	Building Support		1
18	Alternative models for Assessing Performance		2
19	Balance score card,		2
20	Cases		1
21	<b>Unit-IV: Performance Management &amp; Employee Development</b> Personal Development Plans:.,		1
22	Direct Supervisor's Role		1
23	Performance Management Skills		1
24	Coaching, Coaching Styles.		1
25	Coaching Process		2

26	Performance Review Meetings		<b>1</b>
27	Cases		<b>1</b>
28	<b>Unit-V: Management of Rewards:</b> Traditional and Contingent Pay (CP) Plans,		<b>2</b>
29	Reasons for Introducing CP		<b>1</b>
30	Putting Pay in Context.		<b>1</b>
31	Pay Structures Reward Management.		<b>1</b>
32	Components of Reward Management,		<b>1</b>
33	Linkage of Performance Management to Reward		<b>2</b>
34	Ethics in Performance Management		<b>2</b>
35	Cases		<b>1</b>
36	Total		<b>45</b>

### Minutes of Course Review Meeting

Details of Meeting No -	
Date of Meeting	
Member's Present	
Signature of Member's	
Remarks	
Details of Meeting No -	

Date of Meeting	
Member's Present	
Signature of Member's	
Remarks	
<b>Details of Meeting No -</b>	
Date of Meeting	
Member's Present	
Signature of Member's	
Remarks	

**Unit Wise Questions (With different Levels of thinking – Blooms Taxonomy and Course Outcomes)**

**Unit-I**

**Short**

- 1) Explain the objectives and role of Performance Appraisal (CO1-L2)
- 2) Explain the role of Performance Appraisal in Organizational effectiveness? (CO1-L2)
- 3) Illustrate the linkage of performance management to other HR process? (CO1-L2)

- 4) Define Performance system?
- 5) Explain about the concepts KPA and KRA? (CO1,L2)

### **Essay**

- 6) Differentiate between Performance Appraisal and Performance Management? (CO1-L4)
- 7) Define Performance system? what are the characteristics of performance system?(CO1-L1)
- 8) Illustrate different methods of Performance Appraisal? (CO1-L2)
- 9) Explain the Evolution of Performance Management ?(CO1-L2)
- 10) Explain the importance of Performance Management Systems in the organization effectiveness(CO1-L2)
- 11) Discuss the Linkage of Performance Management to Other HR Processes?(CO1-L6)
- 12) Evaluate the Performance management cycle? (CO1-L5)

## **Unit-II**

### **Short**

- 1) List the elements of PRD. .(CO2-L2)
- 2) Explain the guidelines for effective PRD? .(CO2-L2)

### **Essay**

- 3) Explain the role of Performance Review Discussion in Employee Development.(CO2-L2)
- 4) Discuss the importance of Using Performance Management Systems? (CO2-L6)
- 5) Analyze the application of Performance appraisal data for HR decision and Performance Improvements, (CO2,L4)
- 6) Discuss the statement” Employees and supervisors should both evaluate employee performance during the performance assessment phase.”? (CO2-L6)
- 7) Write about Performance Management Systems and Appraisal Practices in India(CO2,L1)
- 8) Explain about the Performance Management Systems(CO2,L2)

- 9) Outline about Performance Management Systems and Appraisal Practices in some Asian Countries.(CO2,L3)
- 10) Explain the various steps in implementing an effective performance appraisal system? (CO2-L2)
- 11) Explain the role of Psychometric tests in the performance management? (CO2-L2)
- 12) Discuss about the concept 'Rating less appraisal for the future of performance management'? (CO1-L6)

### **Unit-III**

#### **Short**

- 1) Explain about Strategic Planning(CO3-L2)
- 2) Discuss about Balanced Score card(CO3-L2)
- 3) Explain the 360 degrees appraisal(CO3-L2)

#### **Essay**

- 4) Explain the concept and Purposes of Strategic Planning?( CO3,L2)
- 5) Examine the 'Linking Performance Management to the Strategic Plan'?(CO3-L4)
- 6) Illustrate how to Build Support Alternative models for Assessing Performance?(C03-L3)
- 7) Explain the concept Balanced Score Card for the development of organization?(CO3,L2)
- 8) Outline the importance of performance management planning? (CO3-L3)
- 9) Explain in detail about 360 Degree performance appraisals? (CO3-L2)
- 10) Discuss the difficulties in aligning organizational goals to individuals?( (CO3-L6)
- 11) Analyze how Balanced Score Card used in measuring employees performance? (CO3,L4)
- 12) Examine different steps involved in Strategic planning? (CO3,L4)
- 13) Illustrate the components of Balanced score card?( (CO3,L3)

### **Unit-IV**

#### **Short**

- 1) Explain about performance review meetings? (CO4,L2)
- 2) Discuss about Coaching?(CO4,L2)
- 3) Outline the Necessity of Personal Development Plans?(CO4,L3)

### **Essay**

- 4) Explain Direct Supervisor's Role in employee development?(CO4,L2)
- 5) Analyze the steps involved in Coaching Process?(CO4,L4)
- 6) Discuss the different skills manager required to manage the performance of employees? (CO4-L6)
- 7) List different types of coaching styles in performance management? (CO4-L4)
- 8) Explain the role of Performance review meetings in performance improvements(CO4,L2)
- 9) Illustrate the steps need to be taken to make review meetings effective? (CO5,L2)
- 10) Relate the importance of Coaching in development of employees performance? (CO4,L2)
- 11) Interpret the coach role in making coaching effective? (CO4,L2)
- 12) List different types of performance development plans? (CO4,L4)

### **Unit-V**

#### **Short**

- 1) Explain the concept Reward Management?(CO5,L2)
- 2) Explain Traditional and Contingent Pay (CP) Plans?(CO5,L2)
- 3) Discuss about Fringe benefits?(CO5,L2)

#### **Essay**

- 4) Discuss different types of Pay Structures in Reward Management.?(CO5,L6)
- 5) Explain the need of the evidence Pay for Performance Plans?(CO5,L2)
- 6) Linkage of Performance Management to Reward & Compensation Management is essential to motivate employees', Discuss the concept?(CO5,L6)
- 7) Outline the importance of Contingent pay plans? (CO5,L2)
- 8) Explain about Ethics in Performance Management ?(CO5,L2)
- 9) Identify about different monetary and non-monetary rewards to employees? (CO5,L4)
- 10) Explain about the ethical issues in performance management and how to build ethical culture? (CO5,L2)
- 11) Analyze different components of Components of Reward Management? (CO5,L4)

12) Explain the importance of rewards in developing and sustaining the talent in the organization? (CO5,L2)

**Previous Question papers**

**Subject Code: R12E22MB03**

## **ANURAG GROUP OF INSTITUTIONS**

**(Autonomous)**

**School of Business Management**

**II-M.B.A-II-Semester End Examinations, Sep- 2014**

**Subject: Performance Management**

**Time: 3 Hours**

**Max.Marks:60**

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**Section – A** (Short Answer type questions) (10\*2 =20 marks)

• **Answer all questions**

**Write a short note on the following:**

1. Performance analysis.
2. Self appraisal.
3. Performance management
4. 360 degree appraisal.
5. Accountability and effectiveness.
6. Role clarity.
7. Potential appraisal.

8. Competency mapping.
9. Benchmarking.
10. Performance counseling

**Section – B (Essay type questions)      (5 x 8= 40marks)**

**Answer all questions, each question carry equal marks**

11. a) What is Performance Management? Outline the methods and importance of Performance Management

**OR**

- b) Discuss the Linkage between Performance Management & Performance Appraisal

12. a) What are performance ratings? What are the Common Rater's Problems? How can they be overcome?

**OR**

- b) State the purpose and significance of performance review discussion and feedback.

13. a) State the different steps involved in performance planning analysis. What are the factors to be borne in mind while setting performance monitoring and development systems?

**OR**

- b) What are the common approaches followed by the manager to build the team performance for better results? Outline the role coach and team leader in developing high performance teams.

14. a) "Rating less appraisal is the future of performance management system" - Discuss

**OR**

- b) Elucidate the performance management journey From Systems To Spiritual \ Approach.

15. a) Explain in detail about 3600 (multirater assessment) and Potential appraisal.

**OR**

- b) Discuss about different kinds of instruments of performance management using in the Indian



companies.

**Subject Code: R14E21MB05**

**ANURAG GROUP OF INSTITUTIONS**

**(Autonomous)**

**School of Business Management**

**II-M.B.A-I-Semester End Examinations,**

**Jan/Feb-2016 Subject: Performance and Compensation Management**

**Time: 3 Hours**

**Max.Marks:60**

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**Section – A (Short Answer type Questions) (10X2=20 Marks)**

- Answer all questions, each question carry equal marks.
- 1. Define Performance Management
- 2. Performance Review Discussion
- 3. Competency mapping and Bench marking
- 4. Rating-less Appraisal.
- 5. Reward management.
- 6. Self Appraisal
- 7. What are personal development plans?
- 8. 360degree appraisal
- 9. Define Competitiveness.
- 10. Statutory Benefits.

**Section – B (Essay Questions) (5X8=40 Marks)**

- Answer all the questions
- 11. a) What is performance analysis? Explain about Self awareness and understanding?

OR

b) Discuss about Role clarity, accountability and effectiveness.

12. a) Explain performance management systems and appraisal practices in India.

OR

b) Explain direct supervisor role and data for HR decision and performance improvements.

13. a) Explain about Multi rater assessment Performance management Systems in National Stock Exchange.

OR

b) How to monitor performance planning Analysis and development systems.

14. a) How the Performance management differ from Systems to Spiritual approach.

OR

b) What are performance ratings? Discuss rating less appraisals for the future of performance management systems

15. a) Explain about designing pay levels, mix and pay structures.

OR

b) Discuss about Government and legal issues in compensation and public sector pay management.

## **Tutorial Sheet**

<b>Unit-I Topics Revised</b>
<b>Topic Name</b>

<b>Unit-I Topics Revised</b>
<b>Topic Name</b>
<b>Unit-III Topics Revised</b>
<b>Topic Name</b>
<b>Unit-IV Topics Revised</b>
<b>Topic Name</b>
<b>Unit-V Topics Revised</b>
<b>Topic Name</b>


## **Course Assessment Report**

**Batch:**

**Academic Year/Sem:**

**Course Name:**

**Course Number:**

**Course Attainment (75 of Direct + 25 of Indirect)**

**Remarks and suggestions:**

**Course Coordinator**

**Direct Course Assessment Sheet**

**a) Internal Examination**

**Course assessment sheet Ass1**

<b>Hall Ticket No</b>	<b>S1</b>	<b>S2</b>	<b>TOT</b>
1			
2			
3			

**Course assessment sheet Mid1**

Hall Ticket No	S1	S2	S3	S4	S5	L1	L2	L3	L4	L5	TOT
1											
2											
3											

**Course assessment sheet Ass2**

Hall Ticket No	S1	S2	TOT
1			
2			
3			

**Course assessment sheet Mid2**

Hall Ticket No	S1	S2	S3	S4	S5	L1	L2	L3	L4	L5	TOT
1											
2											
3											

**b) External Examination**

Hall Ticket No	Total Marks

**Indirect Course Assessment Sheet**

**Tools:**

**a) Case Study**

S.No.	Hall Ticket Number	Rubric Assessment
1		
2		
3		

**b) Course End Survey Report**

**Add-ons**(Guest Lecture/Video Lecture/case study discussion /Poster Presentation.... etc.)

**Classroom Activities:**

1.Role play on 360 Degrees Appraisal method to understand how an employee performance will be evaluated.

2. Brief description: This exercise is designed to get undergraduates to experience a brief performance appraisal process. Class will be broke into three ‘conditions.’ Each group was to manufacture paper ‘roses’ using napkins (any novel task will do). Groups differed on two dimensions: 1) the type of rating system employed, and 2) dependences among the team members (i.e., in interdependent groups each member received specialized training on how to make only one part of the paper rose, and had to depend on the others to complete the product). The ‘supervisor’ of each group had the ability to allocate extra credit points on the basis of individual performance. (There were many opportunities for this kind of credit, so I wasn’t too concerned with student concerns about another student having control over such a small part of their grade, but I felt that the fact that part of their grade was dependent upon this rating process got the students more involved).

After the exercise was completed and managers made their ratings, I opened the class up for discussion about their reactions. I had them tie what we’d done back into the class concepts about performance appraisal, but we also discussed their reactions (i.e., what problems did managers have in each of the conditions? How fair did the employees think each process was?

3. Class will be divided into managers and Employees, mangers need to set the strategies to reach the targets in competition with other managers. Approximately 7-8 students will be assigned to mangers to direct. Managers may choose any appraisal method to evaluate the performance of the employees and align the strategic goals. After completion of the task students would able to understand need for aligning strategic goals and problems in evaluation(Rating) system



# PPT's & Lecture Notes

<h3>Unit 1</h3> <h2>Introduction to Performance Management</h2> <p>1</p>	<h3>Learning objectives</h3> <ul style="list-style-type: none"> <li>Definition of performance &amp; PM</li> <li>Characteristics of an ideal PM systems</li> <li>Aims and role of PM</li> <li>PM process</li> <li>PM &amp; HR</li> <li>Strategic planning in PM</li> </ul> <p>2</p>	<h3>What do Employees Expect in an org?</h3> <ul style="list-style-type: none"> <li>Be treated fairly and consistently</li> <li>Job/career enrichment opportunities</li> <li>Clear expectations</li> <li>Positive/constructive feedback on a regular basis</li> <li>Involvement in goal setting</li> <li>Economic reward</li> </ul>  <p>3</p>
<h3>Why Perform?</h3> <ul style="list-style-type: none"> <li>To reach organizational mission and goals</li> <li>Encourage and reward behaviors aligned with organizational mission and goals</li> <li>Curb or redirect non-productive activities</li> </ul>  <p>4</p>	<h3>Meaning of performance</h3> <ul style="list-style-type: none"> <li>The action or process of carrying out or accomplishing an action, task, or function can be termed as performance.</li> <li>Performance management includes the processes used to manage corporate performance, the methodologies that drive some of the processes and the metrics used to measure performance against strategic and operational performance goals.</li> </ul> <p>5</p>	<h3>What are Performance Standards?</h3> <p>Performance Standards are the benchmark against which performance is measured.</p>  <p>6</p>
<h3>Definition of PM</h3> <ul style="list-style-type: none"> <li>"It is a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization".</li> <li>PM contains two major components:             <ol style="list-style-type: none"> <li>It's a continuous process</li> <li>Alignment with strategic goals</li> </ol> </li> </ul> <p>7</p>	<h3>Performance management (PM) includes activities that ensure that goals are consistently being met in an effective and efficient manner.</h3> <ul style="list-style-type: none"> <li>Performance management focuses on the performance of an organization, a department, employee, or even the processes to build a product or service or any other areas in an organization.</li> </ul> <p>8</p>	<h3>Performance Management</h3> <p>An iterative process of goal-setting, communication, observation and evaluation to support, retain and develop exceptional employees for organizational success.</p>  <p>9</p>
<h3>Purpose of PM system</h3> <ul style="list-style-type: none"> <li>It serves the strategic purpose of the org.</li> <li>Provide information for reward system</li> <li>Facilitates HR decisions</li> <li>Enabling employees to learn about their performance as against org expectations</li> <li>It serves as a developmental purpose</li> <li>Serves org maintenance purpose</li> <li>Support HR decision to meet legal</li> </ul> <p>10</p>	<h3>Is performance Mgt &amp; performance appraisal same?</h3> <ul style="list-style-type: none"> <li>Both are different concepts.</li> <li>PM is a broader term &amp; includes appraisal as a part of the performance system.</li> <li>Performance appraisal is the systematic description of an employee's strengths and weakness.</li> <li>Thus, performance appraisal is an important component of performance management.</li> </ul> <p>11</p>	<h3>Contributions of Performance management to an organization</h3> <ul style="list-style-type: none"> <li>Motivation to perform is increased</li> <li>Increases self esteem</li> <li>Managers gain insight about subordinates</li> <li>Jobs are simplified</li> <li>Organizational goals are clear</li> <li>Employees become more competent</li> <li>Differentiation b/n good &amp; poor performance</li> <li>Performances are communicated</li> <li>Change can be possible</li> </ul> <p>12</p>

### Disadvantages of poorly implemented PM system

- Increased turnover
- Use of misleading information
- Wasted time & money
- Lowered self esteem
- Damaged relationships
- Decreased motivation to perform
- Employee job burnout & dissatisfaction

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### Contd....

- Increased risk of litigation
- Unjustified demands on managers & employees resources
- Varying & unfair stds & ratings
- Emerging biases
- Unclear rating systems

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### PM Process

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### 1. Prerequisites

- Two important prerequisites before PM system are:
  - Knowledge of the org's mission & strategic goals
  - Knowledge of the job in question (this is done through job analysis)

### 2. Performance Planning

- Employees should have a through knowledge of the PM System.
- Planning discussion includes :
  - Results
  - Behaviours
  - Developmental issues

### 3. Performance Execution

- At the execution stage, following factors must be considered:
  - Commitment to goal achievement
  - Ongoing performance feedback & coaching
  - Communication
  - Collecting & sharing performance data
  - Preparing for performance reviews

### 4. Performance Assessment

- It is important for employee as well as the managers to take ownership of assessment process.
- It helps the org to use the information obtained in a productive manner for the future requirements.
- Inclusion of self appraisal is also beneficial in all manner.

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### 5. Performance Review

- Review stage involves meeting between employees & the manager.
- This meeting is called Appraisal Meeting.
- Review meeting helps employee and manager to design developmental plans.

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### 6. Renewal & Recontracting

- Its identical to planning stage.
- Manager uses the insights & information gained from other phases to reset performance goals for employees

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## CASE 1- Performance Management at Network Solutions, Inc.

Network Solutions, Inc., is a worldwide leader in hardware, software and services essential to computer networking. Until recently, Network Solutions, Inc., had over 50 different systems to measure performance within the company, many employees did not receive a review, fewer than 5 per cent of all employees received the lowest category of rating, and there was not a recognition programme in place to reward high achievers. Overall, there was recognition that performance problems were not being addressed, and tough pressure from competitors increased the costs of not managing human performance effectively. In addition, quality initiatives (Six

Sigma) were driving change in several areas of the business, and Network Solutions decided that these initiatives should also apply to 'people quality'. Finally, Network Solutions wanted to improve its ability to meet its organisational goals, and one way of doing this would be to ensure they were linked to each employee's goals.

Given the situation described above, in 2001 Network Solutions' CEO announced he wanted to implement a forced distribution performance management system in which a set percentage of employees are classified in each of several categories (e.g., rating of 1 to the top 20 per cent performers, rating of 2 to the middle 70 per cent performers, and rating of 3 to the bottom 10 per cent performers). A global cross-divisional HR team was put in place to design and implement the new system. The first task for the design team was to build a business case of the new system by showing that, if organisational strategy was carried down to team contributions and team contributions were translated into individual goals, then business goals would be met. Initially the programme was rolled out as a 'year round people management system that raises the bar on performance management at Network Solutions by aligning individual performance objectives with organisational goals by focusing on development of all employees'. The desired outcomes of the new system included raising the performance level of all employees, identifying and retaining top talent, and identifying low performers and improving their performance. Network Solutions also wanted the performance expectations for all employees to be clear.

Before rolling out the programme, the design team received the support of senior leadership. They did this by communicating that the performance management system is the future of Network Solutions, and by encouraging all senior leaders to ensure that their direct reports understood the process and also bought into it. In addition, they encouraged senior leaders actually to use the system with all of their direct reports, and to demand and utilize output from the new system. Next, the design team encouraged the senior leaders to stop the development and use of any other performance management systems, and pushed for standardization of Performance management across all divisions. Finally, they had senior leaders call attention to the new programme by involving employees in training about talent management and assessing any needs in their divisions that the new system would not address.

The Network Solutions global performance management cycle consists of the following process:

1. Goal cascading and team building
2. Performance planning
3. Development planning
4. Ongoing discussions and updates between managers and employees
5. Annual performance summary

There are training resources available on Network Solutions' intranet for managers and individual contributors, including access to all necessary forms. In addition to the training available on the intranet, 1–2 hour conference calls took place before each phase of the programme was rolled out.

Part of the training associated with the performance management system revolves around the idea that the development planning phase of the system is the joint year-round responsibility of managers and employees. Managers are responsible for scheduling meetings, guiding employees on preparing for meetings, and finalizing all development plans. Individual contributors are responsible for documenting the developmental plans. Both managers and employees are responsible for preparing for the meeting, filling out the development planning preparation forms, and attending the meeting.

With forced distribution systems, a set number of employees must fall into set rating classifications. As noted above, in the Network Solutions system employees are given a rating of a 1 (given to the top 20 per cent of employees in the performance distribution), 2 (given to the middle 70 per cent of employees in the performance distribution), or 3 (given to the bottom 10 per cent of employees in the performance distribution). Individual ratings are determined by the execution of annual objectives and job requirements as well as a comparison rating of others at a similar level at Network Solutions. Employees receiving a 3, the lowest rating, have a specified time period to improve their performance. If their performance does improve then they are released from the plan, but they are not eligible for stock options or salary increases. If performance does not improve, they can take a severance package and leave the company, or they can start on a performance improvement plan that has more rigorous expectations and timelines than the original action plan. If performance does not improve after the second period, their employment is terminated without a severance package. Individuals with a rating of 2

receive average to high salary increases, stock options and bonuses. Individuals receiving the highest rating, 1, receive the highest salary increases, stock options and bonuses. These individuals are also treated as 'high potential' employees and given extra development opportunities by their managers. The company also makes significant efforts to retain all individuals receiving this rating.

Going forward, there is a plan to continue reinforcing the needed cultural change to support forced distribution ratings. HR centres of expertise continue to educate employees on the system to ensure that they understand that Network Solutions still rewards good performance; they are just measuring it differently. There is also a plan to monitor for and correct any unproductive practices and implement correcting policies and practices. To do this they plan on continued checks with all stakeholders to ensure that the performance management system is serving its intended purpose. Consider Network Solutions' performance management system in light of what we discussed as an ideal system.

**Questions:**

- 1 *Overall, what is the overlap between Network Solutions' system and an ideal system?*
- 2 *What are the features of the system implemented at Network Solutions that correspond to what the module described as ideal characteristics? Which of the ideal characteristics are missing? For which of the ideal characteristics do we need additional information to evaluate whether they are part of the system at Network Solutions?*
- 3 *Based on the description of the system at Network Solutions, what do you anticipate will be some advantages and positive outcomes resulting from the implementation of the system?*
- 4 *Based on the description of the system at Network Solutions, what do you anticipate will be some disadvantages and negative outcomes resulting from the implementation of the system?*

**CASE-2 Reward Management in Corporation Bank**

The 1992's were a watershed for the Indian Banking Industry, and particularly for Nationalized banks which hitherto had a monopoly in the Industry. Following the deregulation of the financial sector, the Bank has faced increased competition from other financial institutions like Canfin

Home Ltd., LIC Housing Corp. and Foreign Private Sector Banks. These specialised financial institutions were giving a tough competition for Corp. Bank resulting in an intense squeeze on profit margins and the need to make considerable efforts to retain its clientele. Under such pressure, Corp. Bank introduced new technology and new financial products and new reward system for bank managers and staff. Information and communication technologies (ICTs) enabled the bank to process much larger volumes of business and just as importantly, the new ICTs themselves facilitated the development of new, technically based products and services (such as home banking, smart cards and debt cards) which Corp. Bank started to market to its customers. Running parallel with these technical changes was the dismantling of the paternalistic Human Resource Management System. In essence, Corp. Bank bureaucratic culture and its associated belief system for managers and staff of appropriate behavior being rewarded by steady promotion through the ranks was swept aside. The new culture in the past changing environment, emphasized customer service and the importance of measuring and rewarding staff according to their performance. The new performance related reward system was introduced at the board meeting held in June, 2002. Mr. N.K. Singh, Chairman and Managing Director of the Bank said that the proposed reward system would be a key strategy to —maintain our reputation and market share. He outlined that in future, the salary of bank managers would be tied to their leadership skills and the quality of customer service. Accordingly, the reward system would link manager's pay to behavior traits that relate to leadership and customer service. The variable pay for both managers and staff would be based on what is accomplished because customer service is central to Corp. Bank's strategic plan, a three category rating system that involves \_not meeting' customer expectations, \_meeting' them or \_for exceeding' them is the essence of the new reward system.

**Questions:**

- 1. Outline the merits and limitations of Corp. Bank's proposed reward system for the managers and staff.**
- 2. Development an alternative reward system for corp. Bank's employees and explain why it is superior than the proposed reward system.**

## ***Case studies of 5 Companies which implemented Performance Management***

### ***1. Adobe introduced continuous performance management in place of annual reviews***

Adobe were the forerunners of change when they abandoned annual performance appraisals back in 2012. They replaced them with regular check-ins, supported by frequent feedback – both positive and constructive. There are no performance ratings or rankings and they allow different parts of the organisation to determine how frequently they should hold check-in conversations, according to their work cycles.

The result has been a marked increase in employee engagement, with voluntary turnover decreasing by 30% since check-ins were introduced.

### ***2. Deloitte saved 2 million working hours per year with weekly check-ins***

Deloitte was the first big name to announce in 2015 that it was scrapping once-a-year performance reviews, 360-degree feedback and objective cascading. This was after it calculated that these processes were consuming a remarkable 2 million hours a year across the organisation.

Deloitte's new process requires every team leader to check in with each team member once a week to discuss near-term work and priorities, comment on recent work and provide coaching. To ensure these check-ins take place frequently, the check-ins are initiated by the team members, rather than the team leaders.

These weekly check-ins are supported by quarterly reviews in which team leaders are asked to respond to four future-focused statements about each team member. Rather than asking team leaders what they think of the team member, which is what traditional performance ratings do, they ask what the team leader would do with the team member.

### ***3. General Electric put an end to 'rank and yank' performance management***

Under the reign of its former CEO, Jack Welch, General Electric was the most well-known proponent of annual performance ratings and forced distribution curves. For decades, GE operated a 'rank and yank' system, whereby employees were appraised and rated once a year, following which the bottom 10% were fired. Not exactly a recipe for employee engagement.

In 2015, GE announced that it was replacing this approach with frequent feedback and regular conversations called 'touchpoints' to review progress against agreed near-term goals. This is

supported by an online and mobile app, similar to our own Clear Review performance management tool, which enables employees to capture progress against their goals, give their peers feedback and also request feedback.

Managers will still have an annual summary with employees, looking back at the year and setting goals, but this conversation will be more about standing back and discussing achievements and learnings, and much less fraught than annual reviews.

#### ***4. Accenture abandoned ratings for performance development***

As of September 2015, Accenture, one of the largest companies in the world, disbanded its former ranking and once-a-year evaluation process. Like GE, Accenture has decided to put frequent feedback and conversations at the heart of its new process and focus on performance development, rather than performance rating.

As Ellyn Shook, Chief HR Officer at Accenture, stated: “Rather than taking a retrospective view, our people will engage in future-focused conversations about their aspirations, leading to actions to help them grow and progress their careers.”

#### ***5. Cargill introduced on-the-job conversations in place of annual appraisals***

Like Adobe, Cargill, the US food producer and distributor, started to transform its traditional performance management processes back in 2012, when it introduced ‘Everyday Performance Management’. It removed performance ratings and annual review forms and instead focused on managers having frequent, on-the-job conversations and giving regular, constructive feedback. They have made this work by:

- Regularly rewarding and recognising managers who demonstrate good day-to-day performance management practices.
- Sharing the experiences and tips of their successful managers.
- Holding teams accountable for practising day-to-day performance management.
- Building the skills needed to succeed at Everyday Performance Management, including effective two-way communication, giving feedback, and coaching.

The outcome has been impressive, with 70% of Cargill employees now saying they feel valued as a result of their ongoing performance discussions with their manager.



### *Summary*

When we look at what these five organisations have implemented, we can see some very clear trends emerging which are likely to form the basis of performance management for the years to come. These trends are:

- Regular one-to-one performance conversations, or ‘check-ins’, initiated by the employee.
- Frequent, in-the-moment feedback from peers and managers, both positive and constructive.
- Near-term objectives rather than annual objectives. Setting and reviewing objectives regularly, rather than once a year.
- Forward-looking performance reviews, focusing more on development and coaching and less on assessment.
- Dropping performance ratings.
- Performance processes supported by mobile-friendly online performance management software.

### **Case -4**

It is January. You are the regional manager of a chain of stores selling computer equipment and accessories, mainly based on out-of-town retail parks. Following promotion, a new manager has just been appointed to the Preston store which employs 20 staff. The store is currently experiencing a number of challenges which you wish the new manager to address. Among the store’s problems are the following:

- A growing absence problem among the store’s staff.
- Deterioration in staff morale, largely due to the unpopularity of the previous manager who left suddenly about a month ago.
- Sales have been falling since a rival opened up a store on the same site. It is well known that the rival chain’s products are not only cheaper, but much more unreliable.
- The lease on the current property expires in July. The company has an option on a store of similar size on the far side of town. The rent on the alternative store would be cheaper,

but it is unlikely that all the current employees would be prepared to transfer to the new store. You need to get your manager to investigate this issue.

- The newly-appointed manager, although highly competent as a team manager has admitted that financial management is not his strong point.
- The company has a formal appraisal process for all staff, but the previous manager is known to have neglected this area. As regional manager you wish to address this issue.
- Although many of the in-store employees have long service, there is still a problem in retaining newly-appointed staff. Labour turnover currently stands at 15% although the norm for the retail sector is 10%.
- The company operates an annual employee opinion survey. In the last survey, employees in the Preston store collectively raised concerns over lack of training. You have allocated £10,000 for employee development for the store.
- The telephone bill for the store is twice that of other stores in the chain. Occasional personal calls from the employee rest area are allowed, providing that permission has been given by the store manager.
- The manager of the smaller Blackpool store is currently on sick leave and you, the regional manager, have agreed that a suitable temporary replacement will be provided from the Preston branch.

Based on the above issues, select which you think are the six most appropriate to be included in an annual performance management plan, and compile a suitable set of performance objectives for your newly appointed manager, complete with measures and timescales.

#### **Case -5:**

Pratham Cements is a 25 – year – old company that has been following the traditional methods of performance appraisal. But with the changing business environment, the CEO, felt that the company should change its performance appraisal system. The Company's employee strength was 5000 plus and implementing an appraisal system that catered to employees across different areas was not a simple task. The company held its monthly review meetings at which all the

departmental heads discuss their current problems and future strategies. These meetings provided a forum for the managers in various departments to interact.

During one such meeting, the CEO emphasized the importance of changing the appraisal system to sustain in a highly competitive industry, it needed to appraise its employees effectively so that they would put in their best efforts. He felt that HR department must change its functioning to more strategic functions like resource planning, organization planning etc. apart from the traditional functions like recruitment, selection etc., The new initiative was proposed in a meeting. For the effective implementation of these initiatives HR manager suggested that

- The company need to change the base of its variable pay incentives
- The processes in their operations had to be standardized and so the HR department had to play a vital role in training incentive plan, etc., The HR goals had to be in congruence with organizational goals so that performance management could be effectively designed.
- The management had to be flattened and a culture of empowerment brought in so that it could change the corporate culture.
- The employees had to be made more competitive and individual goals aligned with organizational goals.
- The HR department had to play an important role in reengineering the firm, as it had to create the base for all the staff and development activities.
- The promotion system had to emphasize on internal hiring so that employees would get the opportunity to apply for the job of their choice. This would also encourage the employees to make themselves marketable and overcome their shortcomings so as to qualify for particular vacant positions.

The CEO asked all the departmental heads to go through the above recommendations and suggest any changes.

### **Questions**

a) The case suggests that the HR manager was interested in implementing a performance management system. What is the difference between a performance appraisal system and a performance management system and how it will be useful for the firm?

b) What steps should the management take to convince the employees about the implementation for the performance management system?

**Case-6:**

A senior executive, middle aged was expecting promotion for the past 4 years, which is due for him as he is with the organization from its inception. The performance appraisal methods are changing every year, as HR manger is highly curious and adventurous in testing many new methods. The middle aged executives cannot cope up with the gradation of software's related to performance appraisals. He is sincere in his job, not very high performing or low. He accomplishes his targets and have been loyal to the organization

When every time his promotion is denies based on performance rankings and his juniors move up the later, he felt cheated and victimized. He curse and loath the system of performance appraisals and recently, his behavior is changing on the negative side, not cooperating with his superiors(once juniors),absenteeism increasing and performance still going low.

**Questions**

1. What is the major issue in this case
2. Is this performance evaluation system in the company not good
3. who is responsible for the poor performance of the executive