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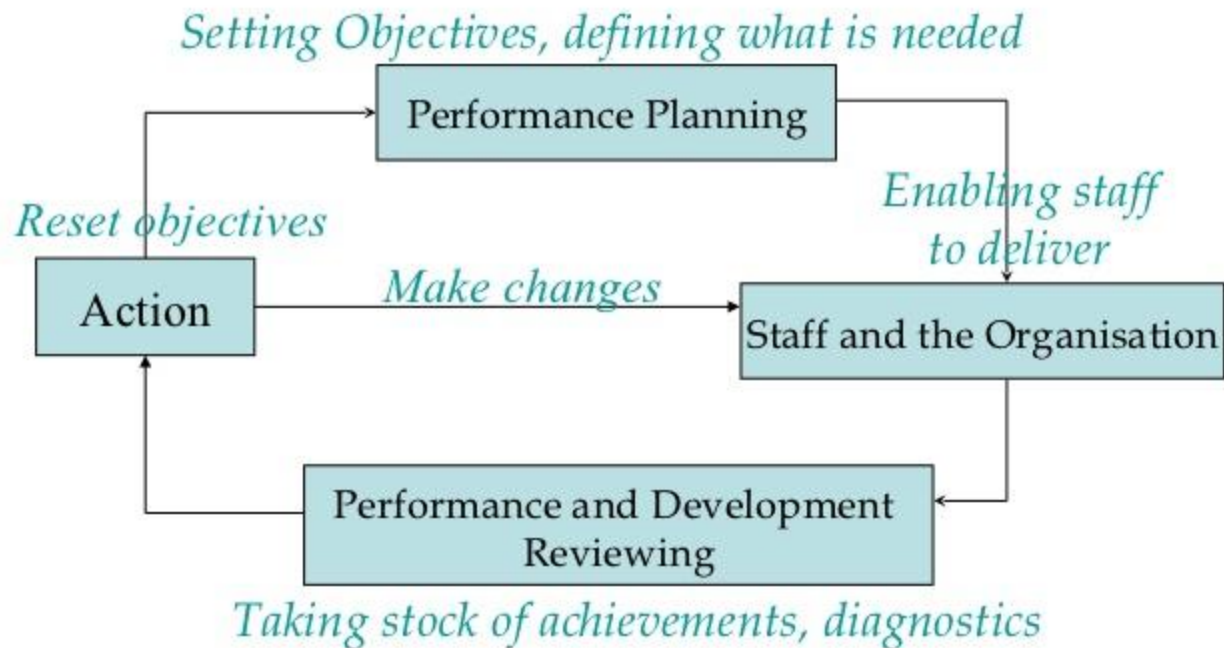
PPTs on
PERFORMANCE MANAGEMENT
MBA – III SEMESTER
(ELECTIVE – I)

Prepared by,
Ms. K. Mamatha,
Assistant Professor

UNIT-I

- **PERFORMANCE MANAGEMENT AND REWARD SYSTEM**
- Performance management and reward systems in context, performance management process, performance management strategic planning.

Performance Management Cycle



What Is “Good Performance”



- More than just activities, effort, good intentions, or results
 - **Working hard and staying busy are not necessarily high performance**
 - **Attending training sessions and studying hard does not necessarily lead to good performance**
 - **Strong commitment may not lead to good performance**
 - **Even accomplishing some goals may not be high performance**

Performance Management a Cascading Process



- **Mission, goals, and strategies should be defined, and clearly understood by everyone**
- **How do all tasks contribute to overall plans for the organization?**

Performance Appraisal

- **We all measure our subordinates' performance whether we do it formally or informally**
- **Very important to document what we evaluate**
- **Also necessary to show a clear link between what we evaluate and job requirements**

How Frequently Should Performance Appraisal Be Done?

Why?



Performance management

Definition:

Employee performance management is the process of involving employees in accomplishing your agency's mission and goals.

Employee performance management includes: planning work and setting goals, monitoring performance, developing capacity, reviewing performance, and rewarding good work.

Designing the performance management system

- What will be the purpose?
- What will be the sequential stages?
- What performance will be measured?
- Who will assess employee performance?
- What will be on the form?
- Will a rating scheme be used?
- What support systems need to be in place?

Managing performance for ...

Accountability

Performance target
setting and
outcome/results
review

AND / OR



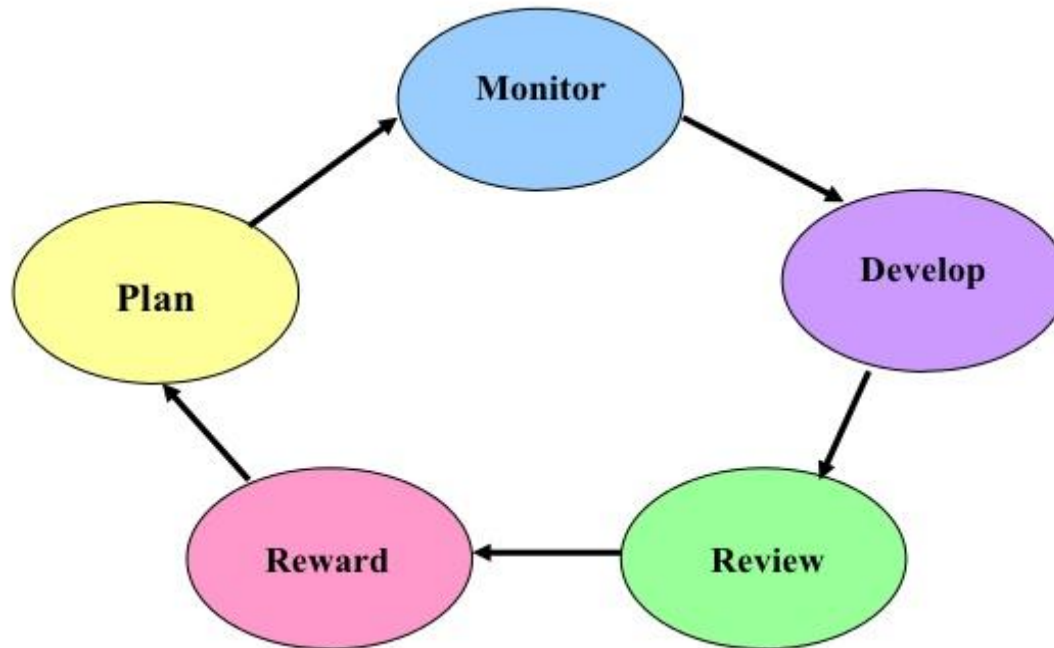
Managing performance for ...



Employee Development

Competence assessment
and development

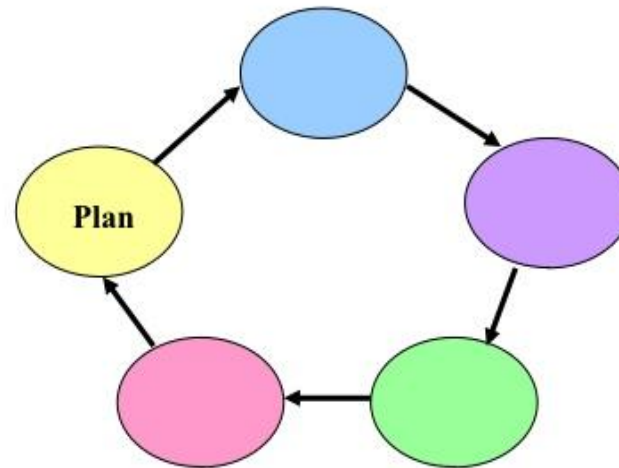
Stages of performance management



Stage 1 – Individual Performance Planning

Stage 1 – Planning

- Work goals
- Competencies
- Learning



Performance planning at the start of the year and then periodically is the core of the performance management process. The performance plan should be a written document.

Daily performance management

- Feedback and coaching – informal
- Monitoring and tracking performance against standards and progress toward goals.
- Quarterly performance planning and performance discussions
- Development through coaching, training, challenging or visible assignments, improving work processes



UNIT-II

PERFORMANCE MEASUREMENT

- Defining performance and choosing a measurement approach, measuring results and behaviors, gathering performance information, implementing a performance management system.

What performance will be measured?

- Behaviors – how the work is done
 - Performance factors / competencies
 - Required behaviors
 - Behaviors supporting desired organizational culture
- Results – what is achieved
 - Performance outcomes
 - Performance compared to job standards
 - Performance goals and/or objectives

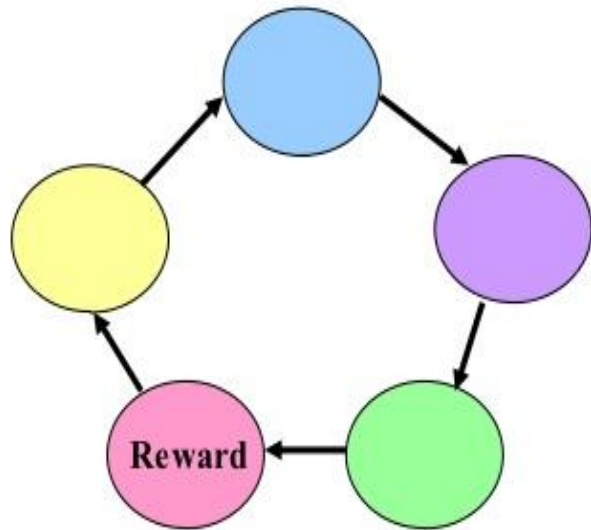
Who will assess performance?

Choices include:



- Immediate supervisor only
- In addition to the immediate supervisor
 - Employee (self)
 - Peers and coworkers
 - Internal and external customers
 - Subordinates

Stage 5 – Reward



Stage 5 – Reward

- Monetary
- Non-monetary
- Recognition

Good performance should be rewarded. Recognition and non-monetary rewards are an important part of the reward structure. These include job-related rewards such as visible project assignments. Even thank you and recognition for a job well done are rewards!!

Rewards, recognition, and compensation

- Recognizing employees for performance
 - Non-monetary rewards
 - Informal and ongoing acknowledgements of good work
- Compensation
 - Merit increases?
 - Pay to market?
 - Increases added to base pay or lump sum?



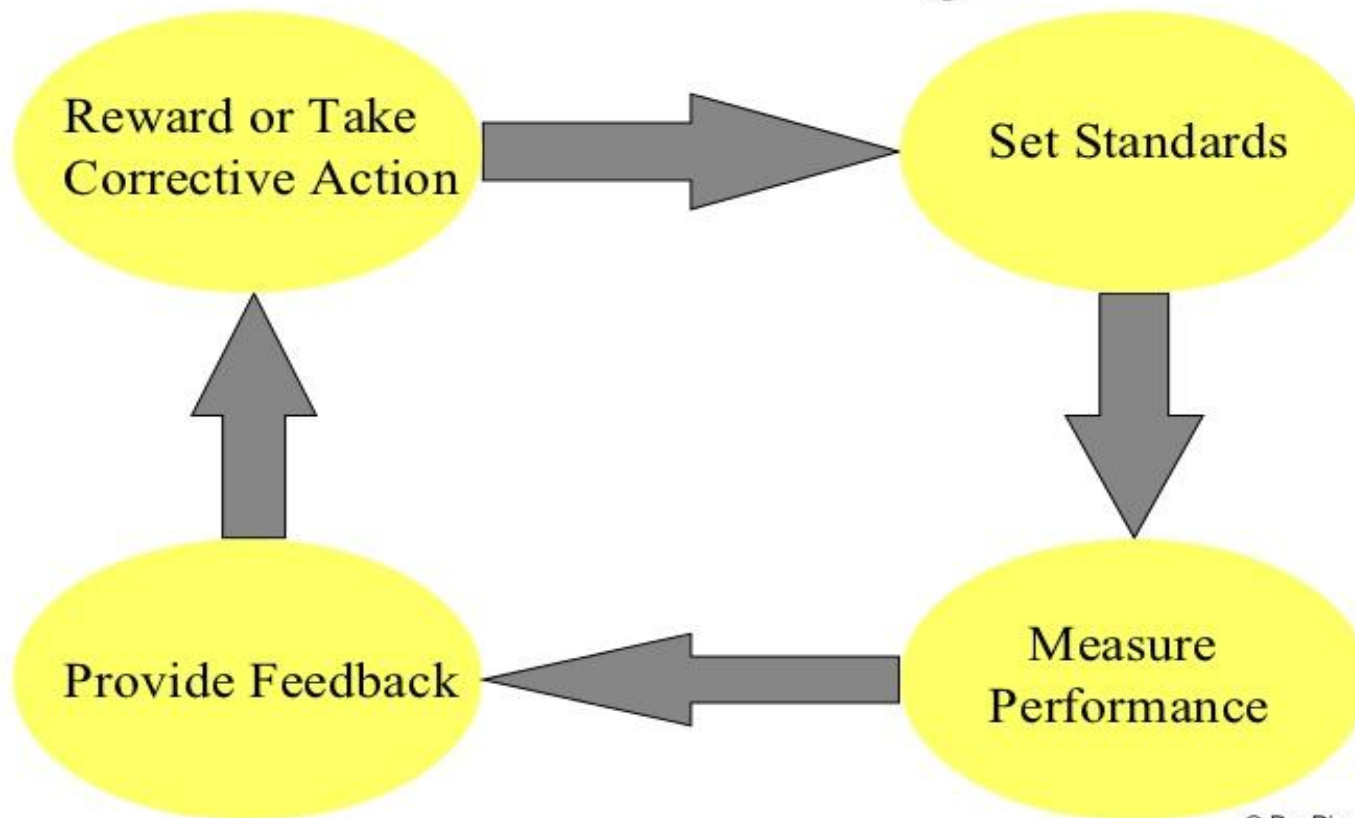
Separate conversation about pay from conversation about performance!!!!

Performance Appraisal

Purpose

- Control Behavior
 - Set Standard
 - Measure Performance
 - Compare Performance Against Standard
 - If Discrepancy Exist, Take Corrective Action
- Used to Provide Feedback
- Used as Basis of Reward & Punishment Systems
- Used for System Improvement

Performance Management



Performance Standards



- Managers assume standards are clear
- Communicate -
What is to be done?
- How well should it be done?

Performance Measures

- **Subjective Measures** - Performance Measures
- Who Rates? Supervisors, Peers, Subordinates, Self
- Errors & Biases
 - Halo Error
 - Central Tendency
 - Leniency (Positive & Negative)

Goal is to Accurately Appraise Performance

Methods

- **Ranking** - Rank order rates from highest to lowest
- **Behavioral Checklist** - Series of Descriptive Statements of Job-Related Behavior

Example: ___ Comes to class on time
 ___ Courteous with clients
 ___ Sleeps on the job

- **Forced Distribution**

10%	20%	40%	20%	10%
Poor	Below Average	Average	Above Average	Excellent

Methods

- Advantages (Forced Distribution) : Decreases Central Tendency & Leniency Errors
- Disadvantages (Forced Distribution): May not be accurate reflection of performance

- **Graphic Rating Scale** - Most Widely Use

Quality

(1)	(2)	(3)	(4)	(5)
Poor	Below Average	Average	Above Average	Excellent

- **Behaviorally Anchored Rating Scale** - Based on critical incidents, Behaviors are anchors

UNIT-III

PERFORMANCE MANAGEMENT SKILLS

- Performance management and employee development. Performance management skills. Case on Implementation of 360 degree feedback system

MEANING OF THE TERM “PERFORMANCE”

The term “**PERFORMANCE**” is both distinguishing and similar to the term “**PRODUCTIVITY**”:

SIMILAR:- effective and efficient use of resources to achieve outcomes

DISTINGUISHING:- it is guided and assessed by multiple, equally important standards of effectiveness, efficiency and equity.



SCOPE OF PERFORMANCE MANAGEMENT SYSTEM

- Identifying the parameters of performance and stating them very clearly;
- Setting performance standards;
- Planning in participative ways where appropriate, performance of all constituents;
- Identifying competencies and competency gaps that contribute/hinder to performance;
- Planning performance development activities;
- Creating ownership;
- Recognizing and promoting performance culture;



OBJECTIVES OF PERFORMANCE MANAGEMENT

Performance management is the process of identifying, evaluating and developing the work performance of employees so that the company's goals and objectives are more effectively achieved. Effective performance management is designed to enhance performance, identify performance requirements, provide feedback relevant to those requirements and assist with career development.

The primary objectives of performance management are:

- to assist in the achievement of enhanced standards of work performance of an employee or class of employees;
- to assist employees to identify knowledge and skills to perform their job efficiently;
- for employees to work towards defined goals;
- for employees to receive regular feedback on performance; and
- for employees to achieve personal growth through acquiring relevant knowledge and skills and attitudes.

The management of medical incapacity, inability to discharge duties and disciplinary processes are separate from a company's performance management system and are to be seen as separate.



WHY MEASURE PERFORMANCE ?

Because

- What you cannot measure you cannot improve.
- If you cannot improve you cannot grow.
- Measurement helps in objectively differentiating between performers and non performers.
- Pay for performance is possible only through metrics.

Objective of PMS

- To confirm the services of probationary employees upon their completing the probationary period satisfactorily
- To check the effective & efficiency of individuals, teams & organization
- To effect promotions based on competence and performance
- To assess the training and development needs of the employees
- To decide upon the pay rise
- PM can be used to determine whether HR programmes such as selection, training, and transfer have been effective or not.

Performance Cycle



UNIT-IV


REWARD SYSTEMS:

- Reward systems and legal issues, managing team performance.

Definition of Performance Management

According to Armstrong and Baron (1998), Performance Management is both a strategic and an integrated approach to delivering successful results in organizations by improving the performance and developing the capabilities of teams and individuals.

The term performance management gained its popularity in early 1980's when total quality management programs received utmost importance for achievement of superior standards and quality performance

The background of the lower half of the slide features a light green grid pattern. In the bottom right corner, there is a graphic showing three silhouettes of business professionals in suits standing on top of three vertical bars of increasing height, suggesting a bar chart or performance metrics.

HR Elements and Performance Management



What is Performance Management?



Means through which managers ensure that employees' activities and outputs are congruent with the organization's goals.



Parts of Performance Management System

1. Job Analysis (Define)

- specifies which aspect of performance are relevant to the organization**

2. Performance Appraisal (Measure)

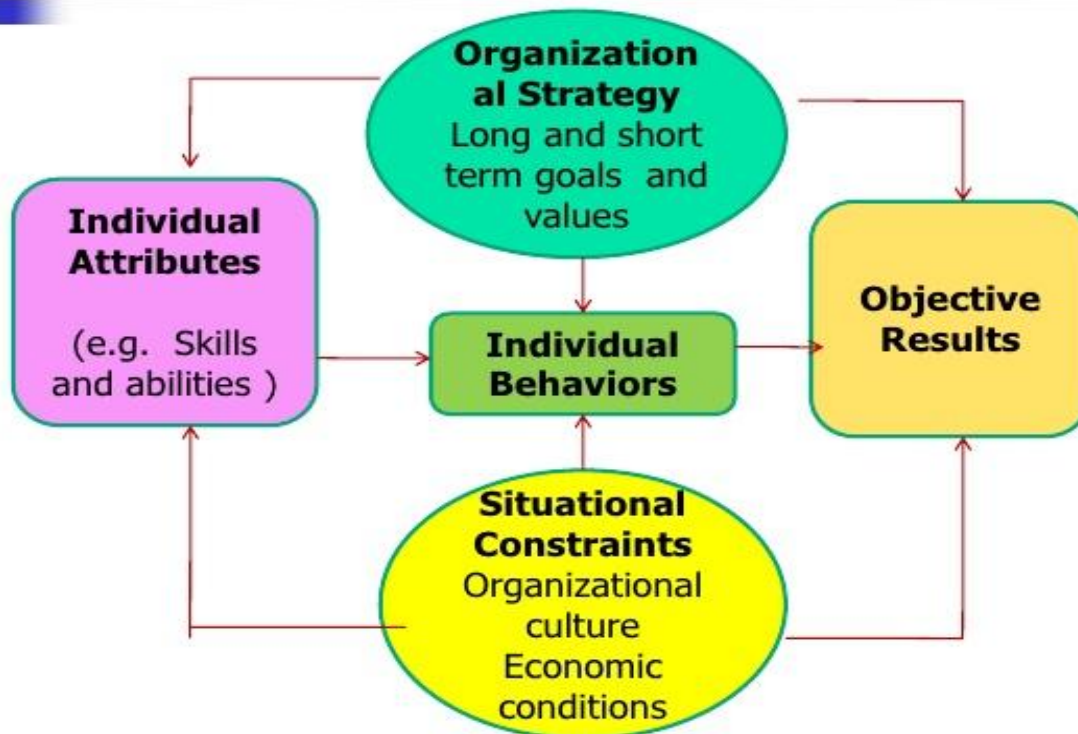
- measures aspect of performance, how well an employee is doing his job**

Parts of Performance Management System



- 3. Performance Feedback**
 - provides feedback to employee, tying rewards to performance through compensation system
 - employees effectiveness

Major Determinants of Individual Performance



PERFORMANCE MANAGEMENT AND EMPLOYEE DEVELOPMENT

Prof. Preeti Bhaskar
Symbiosis Centre for Management Studies, NOIDA

Developmental Activities 'On the job'

- On-the-job-training
- Mentoring
- Job rotation
- Temporary assignments

Developmental Activities

In addition to 'on the job'

- Courses
- Self-guided reading
- Getting a degree
- Attending a conference
- Membership or leadership role
 - in professional or trade organization

Performance Management and Employee Development: Overview

- Personal Developmental Plans
- Direct Supervisor's Role
- 360-degree Feedback Systems



PERFORMANCE MANAGEMENT SKILLS

PERFORMANCE MANAGEMENT

- ▮ Performance Management is the systematic process by which an agency involves its employees as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals.

PERFORMANCE MANAGEMENT

- Performance Management is the systematic process by which an agency involves its employees as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals.

Coaching: Definition

- Manager
 - Interacts with employee and
 - Takes active role and interest in performance
- Collaborative ongoing process
 - Directing employee behavior
 - Motivating employee behavior
 - Rewarding employee behavior
- Concerned with long-term performance

Coaching Styles

More Assertive

Less assertive

Task & Fact
oriented

Driver

Analyzer

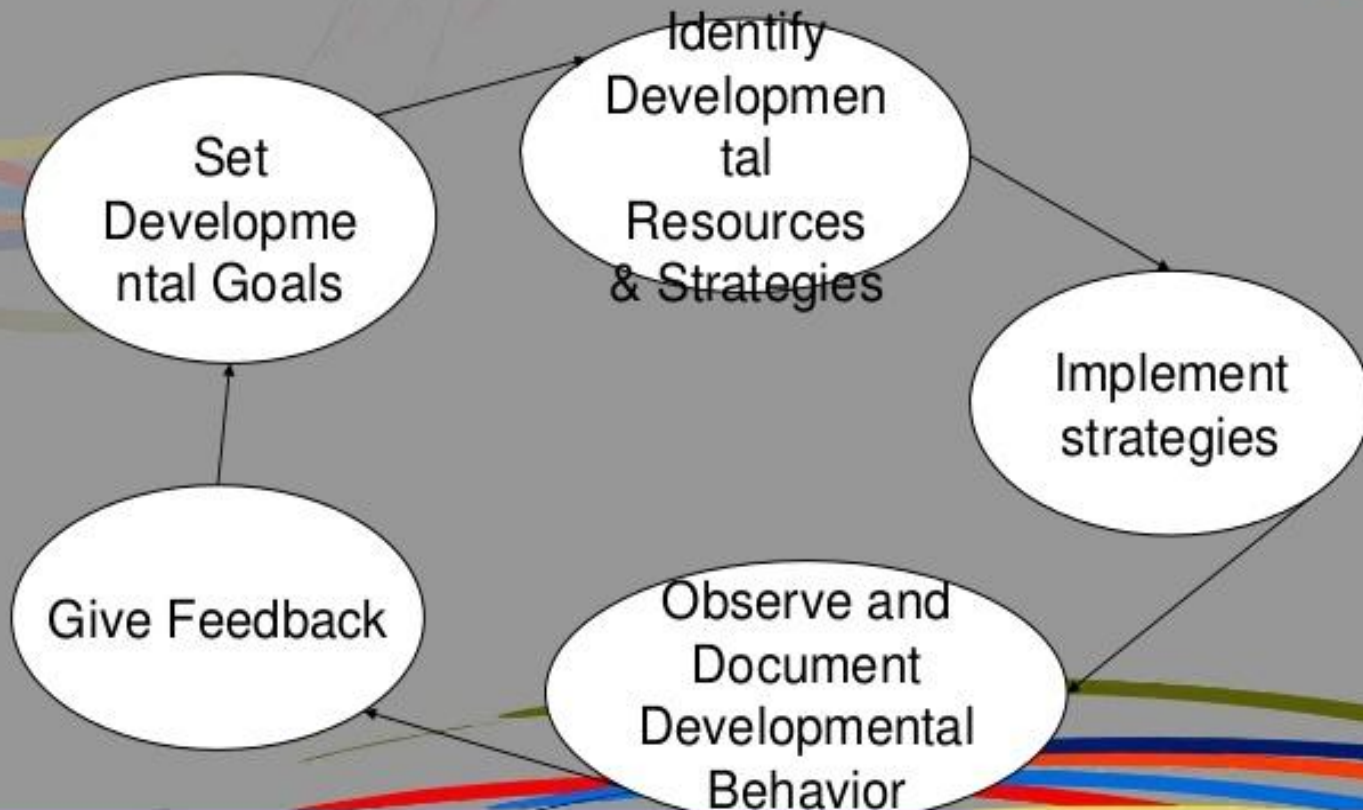
People oriented

Persuader

Amiable

Task & Fact oriented	Driver	Analyzer
People oriented	Persuader	Amiable

Coaching Process



Performance Management Skills: Overview

- Coaching
- Coaching Styles
- Coaching Process
- Performance Review Meetings

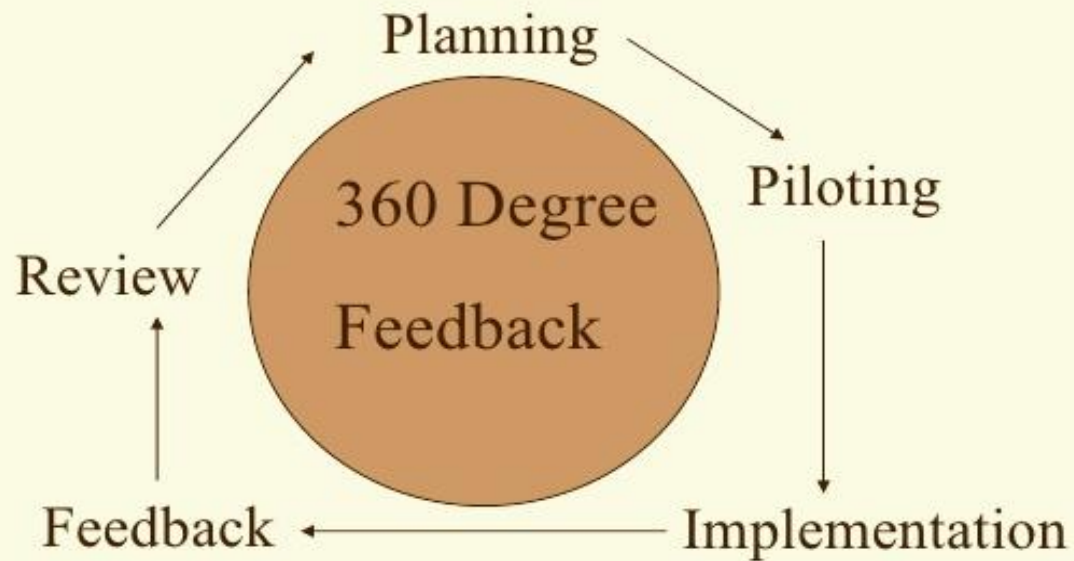
Coaching: Definition

- Manager
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Major Coaching Functions:

- Give advice
- Provide guidance
- Provide support
- Give confidence
- Promote greater competence

How to Implement 360 Degree?






360 Degree Feedback

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Course Objectives

- Explain What is 360 Degree Feedback
- Describe the History of 360 Degree Feedback
- Explain the Uses of 360 Degree Feedback
- List the Advantages 360 Degree Feedback
- List the Disadvantages of 360 Degree Feedback
- Describe What is an Effective 360 Degree Feedback Appraisal
- Describe the Components of 360 Degree Feedback
- Explain the Process of 360 Degree Feedback
- Describe the Problems of 360 Degree Feedback Appraisal
- Describe the Sources of Errors in Performance Appraisals
- Explain the Development Options after Feedback
- Explain What is 720 Degree Feedback

What is 360 Degree Feedback?



360-degree feedback is an appraisal or assessment process used to improve managerial effectiveness by providing the manager with a more complete assessment of the employee's effectiveness, his performance and development needs.

360 degree feedback is also known as Multi-rater feedback, Multi-source feedback, Full-circle appraisal or Group performance review.

Uses of 360 Degree Feedback

There are several uses of the 360 degree feedback system, such as for:

Self-development and individual counseling

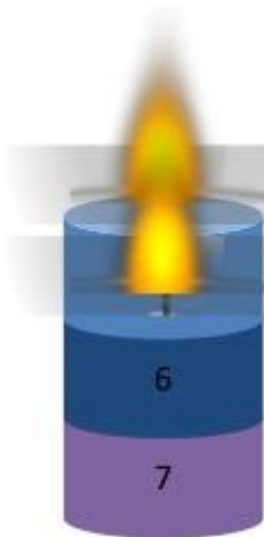
Part of 'organized' training and development

Team building

Performance management

Strategic or organization development

Validation of training and other initiatives



Traditional Feedback vs. 360 Degree Feedback

Traditional Feedback



360 Degree Feedback



Components of 360 Degree Feedback

Self appraisal

Superior's appraisal

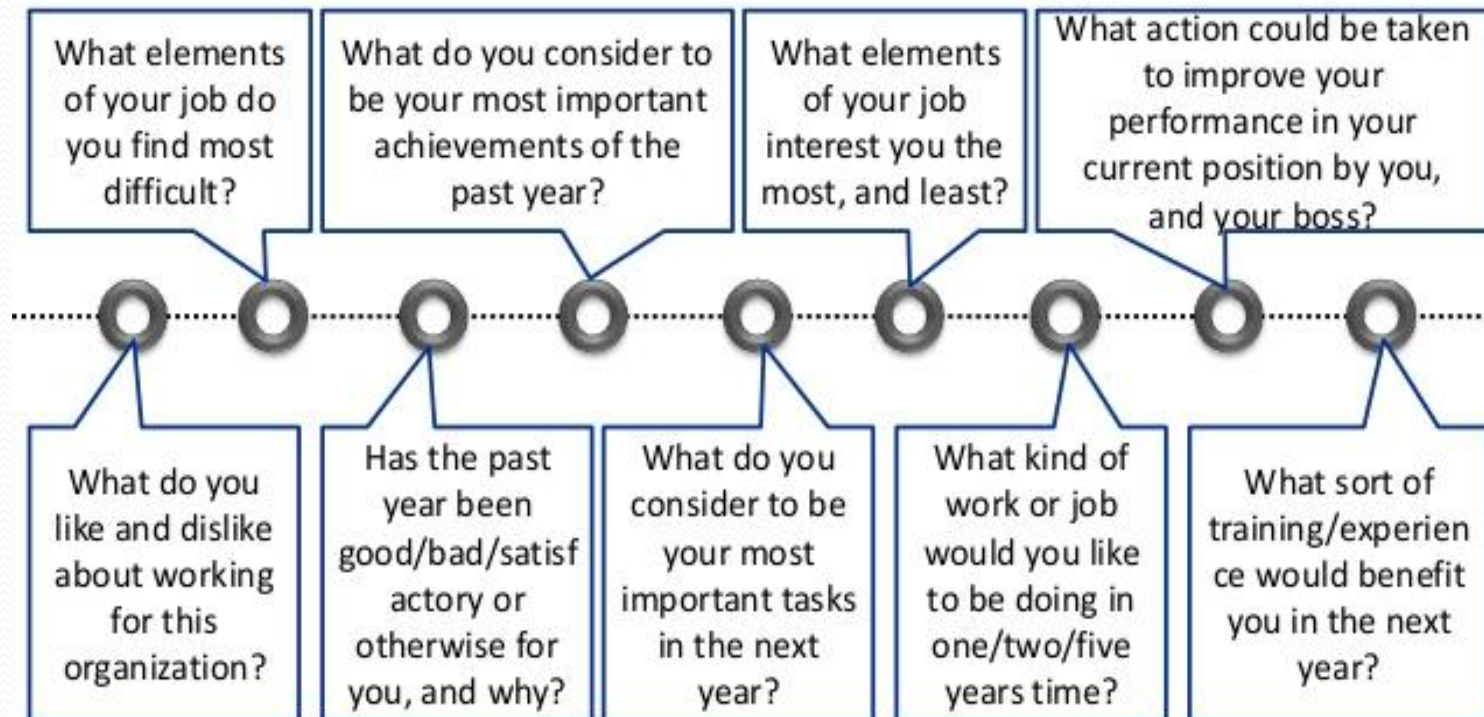
Subordinate's appraisal

Peer appraisal

Subordinate's Appraisal

Subordinate's appraisal gives a chance to judge the employee on the parameters like communication and motivating abilities, superior's ability to delegate the work, leadership qualities etc.

Feedback Questions



What is 720 Degree Feedback?

- In traditional 360 degree feedback, the raters include:
 - Superior
 - Peers – immediate & functional colleagues
 - Subordinates/Direct reporters
 - Internal customers
- In a 540 degree appraisal we add more external customers and suppliers. Whereas, in a 720 degree would we also take the feedback from external sources such as stakeholders, family, suppliers, communities.



What is 360 Degree Appraisal?

360-degree Appraisal is an **assessment process** used to improve **managerial effectiveness** by providing the manager with a more **complete assessment** of their effectiveness, and their performance and development needs.

Reward Systems: Overview

- Traditional and Contingent Pay (CP) Plans
 - Reasons for Introducing CP Plans
 - Possible Problems Associated with CP
 - Selecting a CP Plan
- Putting Pay in Context
- Pay Structures

Traditional Pay

- Salary and salary increases are based on
 - Position
 - Seniority

Contingent Pay (CP)

- Salary and salary increases are based on
 - Job performance
- Also called: **Pay for Performance**
- If not added to base pay, called:
 - Variable pay

Rewards can include:

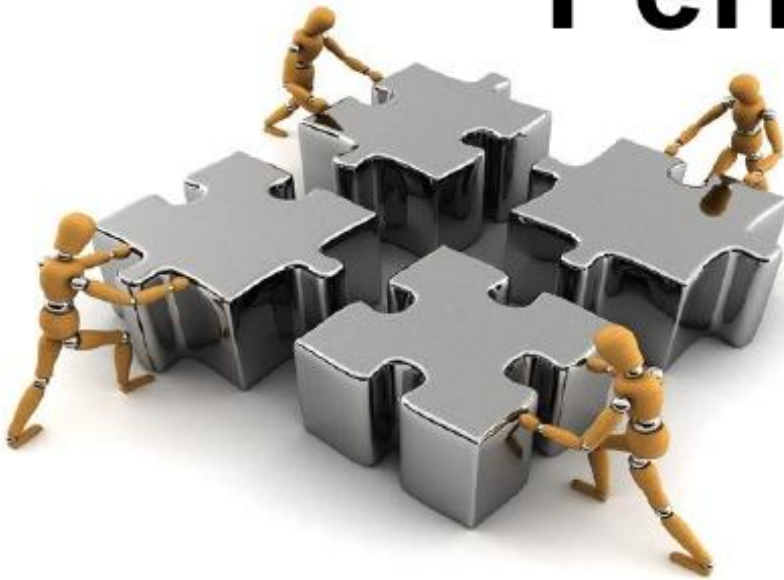
- Pay
- Recognition
 - Public
 - Private
 - Status
- Time
- Trust & Respect
- Challenge
- Responsibility
- Freedom
- Relationships

How to Make Rewards Work

- Define and measure performance first and then allocate rewards
- Only use rewards that are available
- Make sure all employees are eligible
- Rewards should be both
 - Financial
 - Non-financial

(continued)

Effective Team Performance





**How do you
define**

TEAM?

TEAM

A group of people organized to work together to accomplish a common purpose for which they share accountability





**How do you
define**

TEAMWORK

Teamwork is....



**Cooperative effort
by the members of
a group or team to
achieve a common
goal**



What are the characteristics ?

- ✓ Team members share leadership roles
- ✓ They develop their own scope of work
- ✓ The team schedules work to be done and **commits** to taking time allotted to do work
- ✓ They develop tangible work products
- ✓ They are mutually accountable for work products
- ✓ Individual performance is based on achieving team products
- ✓ Problems are discussed and resolved by the team



Why Build an effective team?

- Building and maintaining effective teams is a time consuming and sensitive process particularly in businesses where the pressures of the moment are often intense.
- Most attempts at team building don't work well, simply because managers and staff fail to appreciate the effort that has to be invested in time and attention to detail. There is little doubt, however, that when done well teamwork contributes considerably to greatly improved productivity and reduced costs.

The Stages of Team formation

Psychologist Bruce Tuckman first came up with the memorable words:

forming, storming, norming and performing

In 1965 to describe the path to high-performance that most teams follow.

Later, he added a fifth stage that he called "adjourning" (and others often call "mourning" – it rhymes better!)



UNIT-V

PERFORMANCE RELETED CONCEPTS:

- Relevant performance related concepts: benchmarking, six sigma, competency mapping, balance scorecard, coaching and mentoring Pygmalion effect, job analysis.



BENCHMARKING



Benchmarking is the practice of being humble enough to admit that someone else is better at something and wise enough to try and learn how to match and even surpass them at it.

Benchmarking - is the process of determining who is the very best, who sets the standard, and what that standard is. organizations evaluate various aspects of their processes in relation to **best practice**

- Benchmarking is a powerful management tool because it overcomes **paradigm blindness**
- Benchmarking gets people out of their comfort zones and generates closed loop change processes

Steps for benchmarking

- Identify your problem areas
- Identify organizations that are leaders in these areas
- Scope definition
- Determine measurement methods, units, indicators and data collection method
- Data collection
- Analysis of the discrepancies
- Present the results and discuss implications / improvement areas and goals
- Make improvement plans or new procedures
- Monitor progress and plan ongoing benchmark



Benchmarking :- Stages of improvement

World Class

Recognized as the best.

Benchmarked by others even in other sectors

Best in Class

Exceeds customer expectations, outperforms all competitors and has clear competitive edge

Efficient

Meets all internal requirements for cost margins, asset utilization, cycle-time and measures of excellence

Effective

Satisfies all customer requirements

Incapable

Is ineffective, inefficient and at the risk of failing.

Needs major redesign

WHAT IS BENCHMARKING?

- ❖ Benchmarking is the process of improving performance by continuously identifying, understanding, and adapting outstanding practices found inside and outside the organization.



What is Benchmarking?

- ◆ Benchmarking is the process of comparing one's business processes and performance metrics to industry bests and/or best practices from other industries.

- Why are others better ?
- How are others better ?
- What can we learn ?
- How can we catch up ?
- How can we become the best in our industry ?



Benchmarking Definition:


Benchmarking is the practice of being humble enough to admit that someone else is better at something and wise enough to try and learn how to match and even surpass them at it.”

American Productivity and Quality Center-1988


BENCHMARKING FEATURES

- ◆ Benchmarking has three main features:

Continuous method of measuring and comparing a firm's business processes against those of another firm.



Discover performance gaps between one's own processes and those of leading firms.



Incorporate leading firm's processes into one's own strategy to fill the gaps and improve performance.

Benchmark

- A benchmark is an organization recognized for its exemplary operational performance.
- There are many benchmarks in the world including:

Toyota for

Processes

Intel for

Design

Motorola for

Training

Scandinavian Airlines for

Service

Honda for

Rapid product development

Why Benchmarking?

- ▶ Traditional performance improvement trends seem not to be sufficient for the highly competitive markets. In other words external environment and market conditions change rapidly
 - ▶ Customers' expectations are highly liquid and are driven by standards set by best performer. Any product or service just below these standards may not catch the eyes of customer.
 - ▶ Prevents the “Re-inventing the wheel”.
-

Why Benchmarking?

- Benchmarking gives us the chance of gaining:
 - ❖ Better Awareness of Ourselves (Us)
 - What we are doing
 - How we are doing it
 - How well we are doing it
 - ❖ Better Awareness of the Best (Them)
 - What they are doing
 - How they are doing it
 - How well they are doing it

THREE MAJOR ADVANTAGES OF BENCHMARKING

Product and Process Improvement:

By implementing benchmarking activity, organizations can improve their operation process

Time & Cost Reduction:

Bench marking is time and cost efficient because it involves imitation and adaptation rather than pure invention.

Competitive Strategy

By implementing benchmarking activity, organizations can improve their operation process.



What is six sigma..????

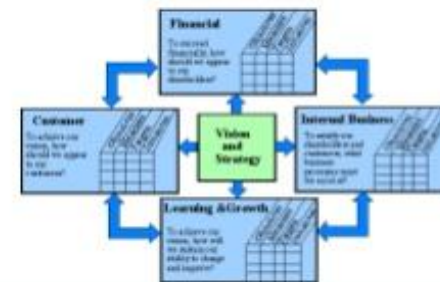
- Six sigma is a business statistical Strategy.
- Is to identifying defects and removing them from the process of products to improve quality.
- A defect is defined as any process output that does not meet customer specifications.
- Statistical measure to objectively evaluate processes.

Six Sigma Definition

- Quality management program developed by Motorola in the 1980s.
- Management philosophy focused on business process improvements to:
 - ✓ Eliminate waste, rework, and mistakes
 - ✓ Increase customer satisfaction
 - ✓ Increase profitability and competitiveness

What is a Balanced Scorecard?

The Balanced Scorecard is a strategic planning and management system used to align business activities to the vision and strategy of the organization by monitoring performance against strategic goals.



Balanced Scorecard Concept

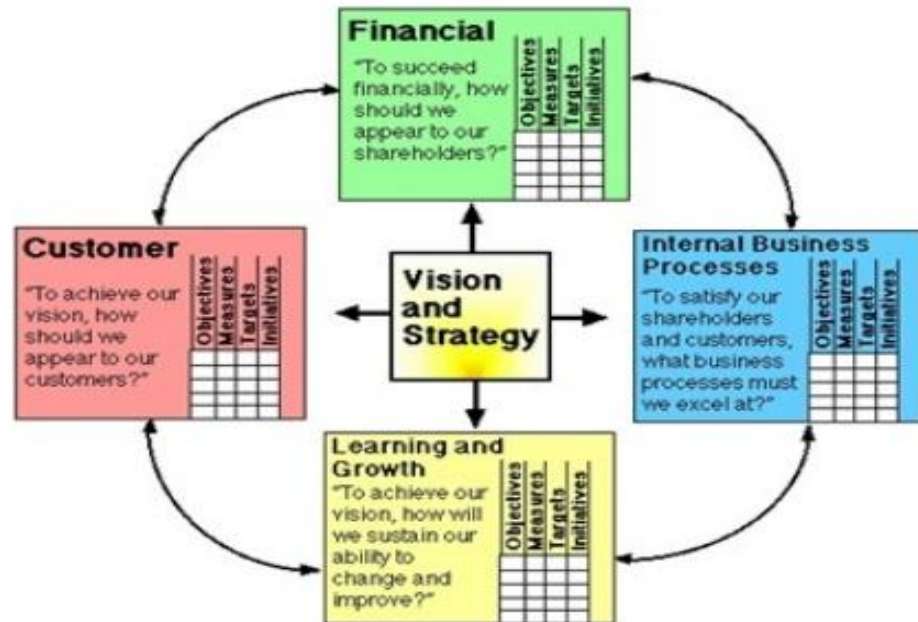
- Was first published in 1992 by Kaplan and Norton, a book followed in 1996.
- Traditional performance measurement that only focus on external accounting data are obsolete.
- The approach is to provide 'balance' to the financial perspective.

Why Use a Balanced Scorecard?

- Improve organizational performance by measuring what matters
- Increase focus on strategy and results
- Align organization strategy with workers on a day-to-day basis
- Focus on the drivers key to future performance
- Improve communication of the organization's Vision and Strategy
- Prioritize Projects / Initiatives

4 Original Business Perspectives

- The Balanced Scorecard model suggests that we view the organization from 4 perspectives.
- Then Develop metrics, collect data and analyze it relative to each of these perspectives



Adapted from The Balanced Scorecard by Kaplan & Norton

Why are companies Adopting BSC?

- Change.
- Growth.
- Implementation.

What is the Pygmalion effect?

- The phenomenon in which the greater expectation placed upon people (often children/students/employees), the better they perform.

Ohhhhh and WHO is **Pygmalion** ?

- **A Cypriot sculptor in a story by Ovid in Greek mythology, who fell in love with a female statue he had carved out of ivory.**



Job Analysis

Job

- A job may be defined as a “collection or aggregation of tasks, duties and responsibilities which as a whole, are regarded as a regular assignment to individual employees”.

Job Analysis

- It is a systematic analysis of each job for the purpose of collecting information as to what the job holder does, under what circumstances it is performed and what qualifications are required for doing the job.

Definitions of Job Analysis

- Edwin Flippo: “Job analysis is the process of studying and collecting information relating to the operations and responsibility of a specific job”.

Uses of Job Analysis

1. Human resource planning
2. Recruitment
3. Selection of personnel
4. Training and development
5. Organization audit

Uses of Job Analysis

6. Job evaluation
7. Job design
8. Performance appraisal
9. Career planning
10. Safety and health

Steps/stages/process/ procedure in Job Analysis:

1. Collection of background information
2. Selection of representative job to be analyzed
3. Collection of job analysis data
4. Job Description
5. Developing job specification

Components of Job Analysis

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graph TD; A[Components of Job Analysis] --- B[Job Description]; A --- C[Job Specification]
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Job Description

Job Specification