

**Strategic Performance Management**  
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**Lecture – 26**  
**Performance Review**

Ok. So, welcome back to the sixth week lecture ok. So, far we have discussed about lot of issues related to performance management starting with strategic alignment, then planning about the performance looking at the prerequisites ok. Then we went on to discuss about planning performance, then executing performance and then see that how performance is evaluated properly without any error ok. And then ultimately also discussed about what kind of a skills would be required by the coaches.

So, now we have covered more or less major part of the process related to the performance management ok. Once performance evaluation is done and you have the performance data with your hand, then we move to the next step that is review and discussion. And how we are going to make use of this data or taking certain decisions related to hr right.

So, this topic sixth week topic basically we will discuss in much detail about the review process; how we go about analyzing the performance and discuss the performance related issues and then how we can make use of this data for making certain decisions related to hr.

So, the idea here is then once you are able to get the performance data what you are going to do with that one right are you going to review it, are you going to analyze why it happened, are we are going to make certain decisions based on this data. So, all these issues are going to be discussed here. So, the most important thing that once performance evaluation happens is that you are going for review and discuss the performance.

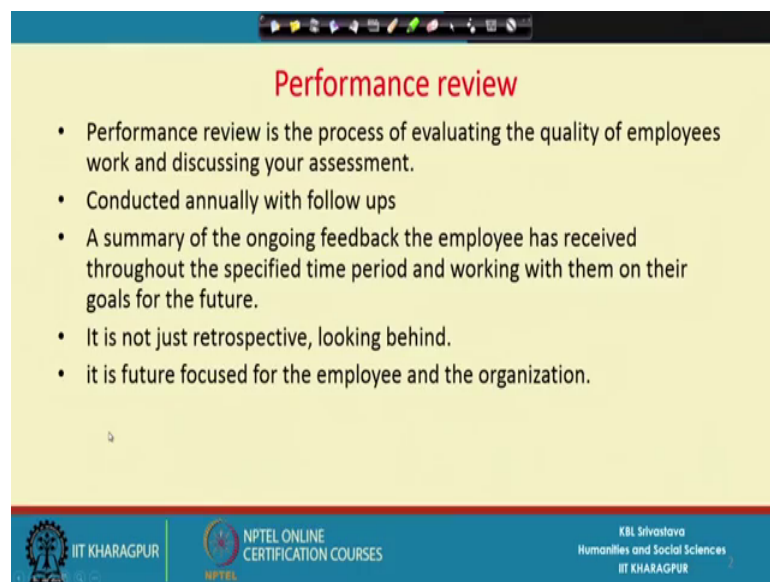
So, if you look at review analysis and discuss on these three things they basically takes place more or less simultaneously. When you are reviewing you also discuss the performance, you also try to find out the factors which have led to good performance and the factors which have not led to so, good performance right. But for the benefit of you what I have done we have segregated them into three major topics that is how we go

about performance review and then discussion which is actually a part of review, but we have separated it out.

And then how we know that what are the factor which led to good performance and what are the factors which led to bad performance right. And that is where performance review is taken care and then we will see that once you have reviewed the data and looked at the performance and you know that why this performance level happens, how we are going to make use of this data; whether you are going to use this data for taking certain administrative decisions or whether you going to make use of this data for developmental purposes right.

And how we are going to link this performance record with other hr factors maybe career, maybe promotions, maybe compensation rewards and all kind of things and what is the process of doing it ok. So, in this week we are going to cover all this and in this lecture probably we are going to start with discussing the basic issues related with performance review; what it is? What are the basic principles that we need to follow and then we keep on discussing about other issues related to performance review.

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**Performance review**

- Performance review is the process of evaluating the quality of employees work and discussing your assessment.
- Conducted annually with follow ups
- A summary of the ongoing feedback the employee has received throughout the specified time period and working with them on their goals for the future.
- It is not just retrospective, looking behind.
- it is future focused for the employee and the organization.

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So, we progress with this performance review and see that what does it mean to say when we are talking about performance review right; what does it mean now if we look at the definition of performance review it says there is a process it means that you are going through another process to see the level of performance that is achieved by the

employees right. And then you are going to discuss it. So, it has two part review and discussion ok.

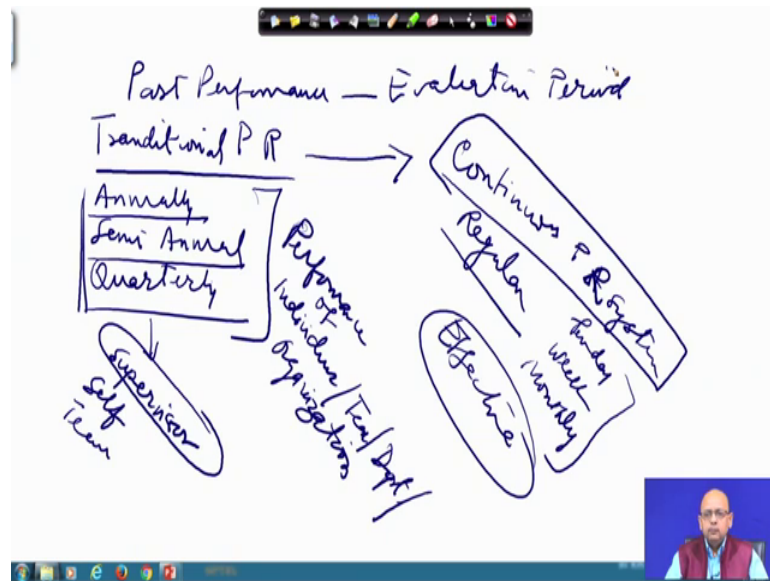
So, discussion we will talk about later, but in this case basically when we are going to review the performance basically we are evaluating the quality of performance or the quantity of performance which we call the level of performance that is achieved by the employees. And then we move on to discuss it to assess that how this level of performance has been achieved right and finally, we also discuss that why this level of performance is received.

So, there are three factors that is to be considered when you is a talking about performance review what is your performance how did you achieve it and what were the factors which facilitated or inhibited this level of performance right. Now if you look at this kind of performance review you will find that many companies traditionally go for annual performance reviews right. So, since evaluation takes place annually; so, this review also happens annually right.

So, but now there is a shift if you are going for semiannual performance evaluation then in that case you are going to evaluate performance semi annually. For new employees are those who are on probation it could be done on a quarterly basis also. So, first of all you also need to decide about what is your evaluation period because review is based on the evaluation period right. So, you need to decide about your evaluation period which is annual semiannual or quarterly traditionally.

But now there has been a significant change in the trend of evaluating the performance when you are moving from this traditional performance evaluation system to what you call the new are progressive performance evaluation systems and that is from annual performance system, you are moving to what we call a continuous performance evaluation system. So, it is something like this when you are talking about performance review you have a traditional performance.

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Review systems this is what we call as performance review happens either annually, semi annually or quarterly. And what we are going to review the performance of the individual or team are the department anything or even the organization also right.

So, basically you are going to evaluate the performance traditionally ok. So, appraisal happens right and then after that appraisal you are going for the review who is going to do this review? This will be done by the supervisor right mostly immediate supervisor is going to do this review right or it could be done by the individual also when you are going first self appraisal the you asking to review his performance; how well he has done it are there could be a team of people who is going to distribute the most traditional sense it is done by the supervisor.

So, this is the traditional performance review system now we are moving to a more what you call continuous performance evaluation right performance appraisal system it means that you are going for a regular evaluation it could be per day.

What is doing week or on a monthly basis you are going to observe and document of the performance ok. So, many companies are moving from annual regard systems sorry annual review system to what you call a continuous performance review system where they are going to review a performance on a regular basis as an input happens and this system has been found to be more effective right compared to this one.

But many company still find this kind of system more helpful because they need to devote lot of time what an resources for doing that and they are not able to afford it. So, cost and time could be certain factors which have companies led to this kind of traditional performance review system. Now when we are talking about performance review system and you are going to review? The past performance what we are going to remove basically the past performance which could be related to a evaluation period right.

Now, evaluation period has to be specified; whether it is annual, semiannual or quarterly and are whether you going for a continuous evaluation ok. The kind of, review system that we are going to adopt in both the systems are going to be different right. So, we have to see that when you are going for performance review; how we move further or move ahead and that is where you are going to discuss about these kind of issues right.

Now, so, when we are talking about performance review basically we look at the quality of performance which is produced by the employee's right. And you remember when we are trying to measure the performance what are the, what were the criteria? We used four criteria right the criteria was quality, quantity, efficiency and time right. So, productivity is measured in terms of effectiveness and efficiency right that is one criteria; second was quality right third was time.

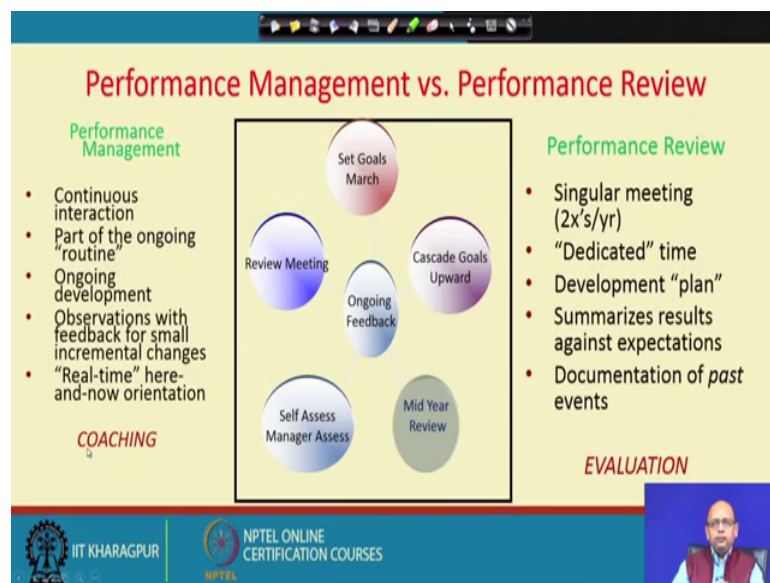
So, using this criteria we are going to evaluate the performance and once you are able to review the evaluate the performance and then you are going for review right; the review is basically was looking at each of these criteria see whether the person has been able to achieve what he was supposed to achieve and how he has a achieve.

So, what why and how are very important when it comes to a review of the performance and it is a very significant step otherwise employees feel that whatever they have done is not being recognized are considered further for any other purposes right. So, the job of evaluating performance is limited to see that this is the performance level, but when you move further and try to have a some kind of review and discussion; basically you make employees sensitive and aware that is whatever performance level you have achieved we are really concerned with it and we want to see that what needs to be done with that one right in the review session will also provide feedback to the employees right.

So, the idea of review is that you look at the each and every performance on each and every criteria that you have and you discuss it with them right. So, the basic idea of review is to see that what they have done, how they have done and why they have done right it is not simply looking at past performance. So, it is not just retrospective that you are going to look at past performance and see what they have done, but the idea is to see that based on this what needs to be done in the future ok.

So, you are not just looking behind, but you are looking at the future what you are supposed to do, what are the things that need to be done in the future right. So, it is a future based activity of the employee and the organization and that is why we move to review. So, that employees get the feedback and can plan about the development right and the future of future courses of action which would be required by the employee and that is why performance review is an important step in the process.

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Now, if you look at performance review it is definitely a part of the entire performance management system right. Now if you look at this we talked about coaching and evaluation both right. So, coaching what happens you are going to have a regular interaction with their employees; on a regular basis to ensure that he develops his performance, he develops those competencies which is required for higher performance, you give him feedback on a regular basis.

And coaching is real time real time means with then and there give feedback that could we see this is how we are doing and this is how it should do right it means real the a perspective in coaching is real time here and now right it means that you have to do it there and I will tell you how to do it and then you show me how we are going to do it right.

And the feedback is also in real time terms evaluation what happens after which you go for review is that in evaluation, you are going to evaluate the past performance after the performance has happened right, but it is nothing else, but the summary of your performance for the evaluation period. So, it is documentation of the past events right where you have documented results against certain expectations; what you have achieved and what are the criteria that your supposed to achieve right.

So, you conduct a meeting with the employee and tell him this is your performance; this is what your performances, but review is not limited to that one right. Now the idea here is that when you go for review when you should do go for it right. So, it now if you look at this source that this is based on the financial here right starting with the March; March that it where because it is starts with the April right your financial here is the performance appraisal here. So, evaluation period is April to March.

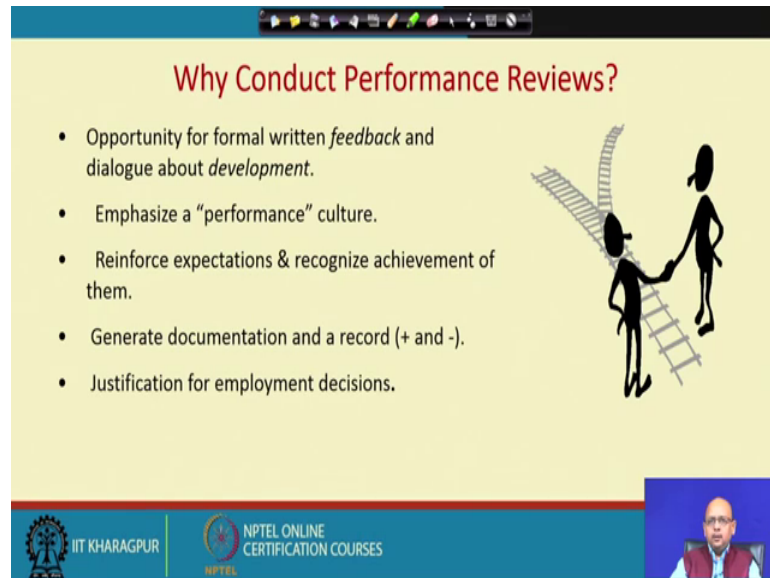
So, in the March you are going to set the goals for the next year cascade goals upward see that how we are proceeding further then you go far media review maybe sometime in September then you assess your managers assesses you sometimes in October, November then you have meetings, review meetings maybe the January and then finally, you look at your performance sometime in the March.

Now, why I am talking about this and the difference between coaching and evaluation the role of coaching is to give you feedback then, and there see how you are going to improve your performance right. So, there the review happens immediately that is real time, but here in evaluation what happens this is a documentation of the past events and it happens only after performance has happened.

So, based on your observation you go for documentation and then you conduct a meeting within a you have a dedicated time in scheduled time right; where you talk about the performance of the individual and see that how individual can grow and develop

functions right. So, that is how we differentiate and though performance review is very much a part of what you call performance management system.

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**Why Conduct Performance Reviews?**

- Opportunity for formal written *feedback* and dialogue about *development*.
- Emphasize a “performance” culture.
- Reinforce expectations & recognize achievement of them.
- Generate documentation and a record (+ and -).
- Justification for employment decisions.

The slide features an illustration of two stick figures on a ladder. One figure is at the bottom, and the other is at the top, holding the ladder. The ladder is curved, suggesting a path or a process. The slide also includes logos for IIT KHARAGPUR and NPTEL ONLINE CERTIFICATION COURSES, and a small video inset of a speaker in the bottom right corner.

Now, moving to the review process I mean how it happens right; why we are going to conduct performance review, what is the objective for conducting this right. The idea is that give feedback and talk about the development and that is the basic objective of review; otherwise why should we review or performance whatever you have achieved you have achieved based on that you will be rewarded or not rewarded ok. So, that is the administrative decision we will talk about later.

But here the idea here is that give you feedback about what is your performance level in terms of quality, time efficiency ineffectiveness right and then think about further what needs to be done next. Now if you look at this picture this talks about the employee and his manager. So, they are they have agreed to discuss their performance. So, they are going for a review; so, they set the path what is to be done what is to be achieved right further right.

So, and it becomes a part of the performance culture when you are talking about performance culture that everybody in the organization has decided or he is thinking about the value system where performance is very very important. So, it has become a set norm and it is the part of the value system of the organization to think about performance at each and every level.



So, whatever you are doing you are thinking that how it is going to contribute either to my performance or the unit performance or the organization performance. The moment you start thinking about it you are creating a culture of performance. So, in each and every activity you see whether it is redundant, whether it is significant and in what it is going to contribute to performance of the organization right.

So, the idea is that once you go for performance review basically you are going to reinforce the expectations. Reinforce the expectations means now my supervisor will discuss my performance after the review and then I am going to get something out of it maybe reward maybe promotion or something like that ok. And that is also way to recognize the performance of the individual those your performance very well you are going to recognize them by linking it with an appropriate reward right ok

So, in performance review what happens you are going to generate a document having both the positive and the negatives. In the sense that you are also going to document everything right whether he has met expectations and though on what criteria he has met expectations and on what criteria he has not been able to met expectations.

So, the idea here is that when you are going to conduct performance review, you are going to write both the positive aspects of the performance and the negative aspects. And that it also has to justify your decisions right relate to your employment, your career, your profession, your growth, your development and that is why performance review is an essential part of the system right.

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**Importance of Performance Reviews**

- Gives an employee a summary of how they have performed and goals for the future.
- Provides clear and objective feedback based on organizational and employee goals.
- Stating the areas the employee needs to improve in and whether they are meeting the expectations of the position.
- Is a written record of employee performance

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So, looking further when we are talking about the performance; so, what does it provide it gives you a summary how you well you have done in terms of achieving performance standards and what kind of goal you are going to set further next cycle right. But in a performance review it is very very important that when you are giving feedback to the employees about their performance get a very clear and objective feedback depending upon the goal.

So, make sure that feedback is related to the goals and objectives of the performance right nothing else. Based on that you can also identify the strength and weaknesses of the employees; we areas with the person has to improve and areas where they are meeting the expectations are exceeded expectations night.

So, when we are going to review the performance after the evaluation. In the evaluation you are not saying that whether it is good performance or bad performance you are you are simply documenting the performance level of the employees. In evaluation you see whether this performance level has made the expectation that is standard that has been set or not right. So, and that is why it happens after the evaluation right. So, it provides a written record of employee's performance and this performance is used for certain decisions and that happens only after the review has happened.

So, without review who are not going to take any decision related the employees now what are the issues that may come up.

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The slide is titled "The problem with performance review" in red text. It features two columns of bullet points and a central cartoon character. The left column, titled "According to Supervisors.", lists: "Take too long to write.", "People only want good news.", "It's about 'Show me the money!'", and "Don't improve performance." The right column, titled "Employees say. . .", lists: "Never get one or it's late.", "All checkmarks and no examples.", "No guidance about what to do differently.", and "No link between performance and pay." The cartoon character is a white figure with a yellow face, wearing a white lab coat and a white hat, holding a clipboard and looking stressed. The slide footer includes the IIT Kharagpur logo, the NPTEL Online Certification Courses logo, and a small video inset of a man in a red vest.

### The problem with performance review

**According to Supervisors.**

- Take too long to write.
- People only want good news.
- It's about "Show me the money!"
- **Don't improve performance.**

**Employees say. . .**

- Never get one or it's late.
- All checkmarks and no examples.
- No guidance about what to do differently.
- **No link between performance and pay.**

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Now we have two perspectives since both of them are party employers as employer's supervisors because they are part of the process of review right; what are the problems with the review that happens normally right. See it depends upon the level of performance that is achieved by the employees and what kind of attitude and behavior is reflected by the supervisors related to the performance management system right.

Now, if you look at this example what does it suggest? It means that the kind of attitude the employers sorry the employees and supervisors have towards each other, which may not be favorable. For example, when you go for a review session and you tell employees that you have not been able to improve your performance ok. And you want to tell him that tell me how much you have improved; in what way we have contribute with the performance right.

So, as a manager if you have an attitude that you think that it is a ritual, you have to write it at the end of the review appraisal session right because it is important; because the certain decisions that is to be taken then it is not good. It is not a very positive attitude on the part of the supervisor's right. Because they think that it is a perfunctory ritual activities which they have to perform every year right; being the manager of the subordinate right. Then another issue is supervisor said that supervisor think that employees want to know about the good things only, they want to hear about the positive aspects not about the negative aspects.

But reality what happens that is employees have both positive examples a positive feedback at they might be having certain negative things also, but when you tell them negative things they become defensive or aggressive right. Because they have a tendency to think about the positive tendencies on this right and then when sometimes supervisors try to measure the performance in a very quantitative hard way which is not possible because not every employee is going to contribute in monetary terms right. And when you are giving this kind of feed that you are not improving your performance. So, these kind of feedbacks on a doing right.

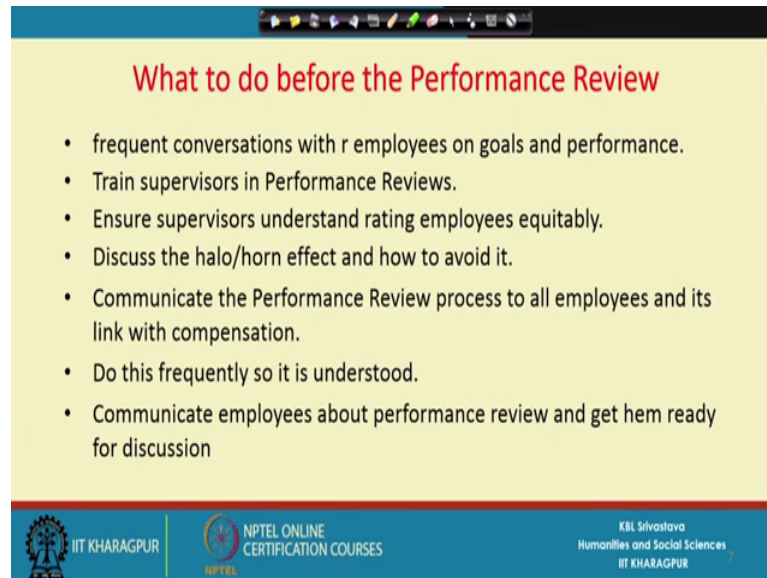
Similarly, if you look at the employees perspective they think that their performance is not reviewed or they are reviewed very late, the system is over; it should be evaluated in march, but now it is September they have not been evaluated and their rewards are at stack right. All checkmarks, but and no example they say that you have done you have not done this you have not done this you have not done this, but without any substantial evidence approve ok. And employee also; say that supervisor has not been helpful, they have not been provided the kind of support that would be required for them to perform ok.

So, they did not tell me how to do well and now they expect me to perform well are they want me to have good performance. And if you are not linking it with reward then that becomes another problem. Employees think that was simply reward reviewing their performance to know what they have done why they have not done in order to take certain administrative decisions which could be negative in their approach right.

So, make sure that you are able to differentiate on the basis of performance, you make sure that you are doing it with justice or fair, you are transparent, you are not making any error, you are giving both positive and negative feedback as a supervisor and you are not translating in everything into monetary terms; in terms when it comes to its contribution right.

Similarly, employees should also be aware that their performance is being evaluated; for certain things and they are getting all the support and it is linked with the reward. And if this happens, probably we will be able to overcome certain problems related to review.

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**What to do before the Performance Review**

- frequent conversations with employees on goals and performance.
- Train supervisors in Performance Reviews.
- Ensure supervisors understand rating employees equitably.
- Discuss the halo/horn effect and how to avoid it.
- Communicate the Performance Review process to all employees and its link with compensation.
- Do this frequently so it is understood.
- Communicate employees about performance review and get them ready for discussion

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Now, with the review process starts; how it happens right. So, there are three phases before the review happens during the review and after the review. So, we will discuss what are the issues that need to be looked into at this at these three stages; Before you start you have very frequent conversations with the employees about the goals and performance so, that you are able to assess what their performances says right.

You also need to train supervisors in reviews; so, that these biases are not there and the kind of error that you have been talking about the rating error and this kind of things are not there.

So, they are able to rate employees very well ok; you are able to ensure that they are not going to be affected by halo horn effect. It means that not only looking at the positive traits and the negative traits ok; they are looking at both and make sure that you communicate that is the review is going to happen to all the employees and it has to be linked with the compensation; it will be linked with the compensation, it means everybody will believe would forest performance irrespective of what your level is there in the organization right.

And then whatever decisions will be taken it would happen only on the on the basis of this performance review. And try to do it as frequently as possible so, that you can understand what are the; processes and what are the factors which are affecting or not

affecting right. You also communicate employees about performance review and get them ready further discussion right.

So, if you communicate employees; so, they would be ready further discussion. So, all these steps need to be taken that way to the training of the supervisors, understanding these issues ok, communicating employees that everybody would reviewed; it would be linked performance it would be done as frequently as possible right.

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**During the Performance Review**

- Cover each areas with the employee in a conversational manner, asking questions and listening to their feedback throughout the process.
- Give thorough examples on the review to make the employee understand of what is being communicated to them.
- Focus on strengths.
- Do not ignore the areas they can improve upon

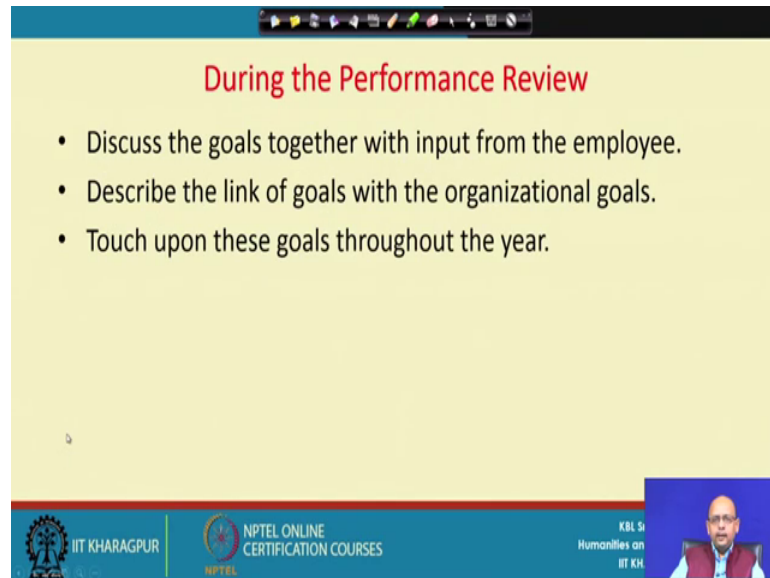
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So, this basically creates a ground for the performance review right; then during the performance review try to see that each and every area performance is covered. So, whatever dimensions you have identified in the performance appraisal form against which the person is evaluate it is taken care right and it is to has to has in a conversational manner; you ask questions listen to their feedback throughout process; then you give examples on the review that so, that the he is able to understand what he has done right.

And then you communicate this is what you have done and this is what you should have done right. During the review you are not though you are talking about both positive and negative aspects, but focus more on positive strength because that would give some kind of confidence and self esteem to the employees.

But if you focus more on negatives and more less on positives then he might become defensive right he will either he will try to defend or become aggressive right. Then you also talk about the area; so, you can improve right. So, that based upon the kind of feedback and you are giving and how you are giving this feedback. So, giving feedback is very very important.

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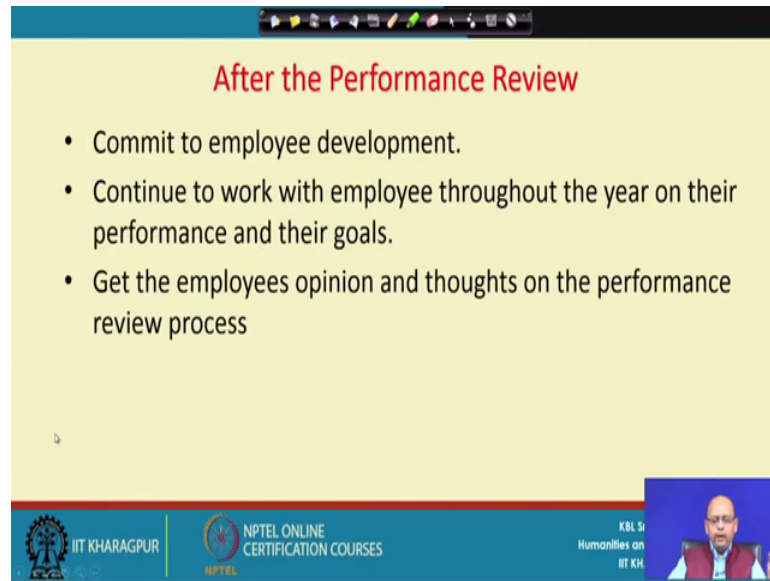
**During the Performance Review**

- Discuss the goals together with input from the employee.
- Describe the link of goals with the organizational goals.
- Touch upon these goals throughout the year.

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Make sure that you develop the art of giving feedback right. Then you discuss the goals with the input that is given by the employees you also get employees feedback, see how to link with the organizational goals in what way is contributing and also see that whatever the individual has done through the evaluation period if it is annual evaluation make sure that is evaluated for the entire period not just a part of it right.

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**After the Performance Review**

- Commit to employee development.
- Continue to work with employee throughout the year on their performance and their goals.
- Get the employees opinion and thoughts on the performance review process

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Then finally, after the performance review what happens? Make sure that you are able to develop a commitment about the development of the employees right, make sure that employees work on a regular basis not on a part of it because sometimes employees does not work and few segments of the year, but in few segment they work more to compensate; the work that they are supposed to do.

So, if they are working continuously throughout the year on the performance and goals then you could easy for them to achieve and provide whatever support and resources that is required by them and then gets the support of the employees for the this process right.

So, if you make sure that whether it is before or during after the review; you create a ground, conduct it properly and after the review think about the development plan. So, that it helps employees to grow and develop and finally, these are the guiding principles for the supervisor.



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**Guiding Principles for Supervisors**

1. Gather information on employees throughout the year
2. Include the "Small Picture" (vs. Big Picture)
3. Offer Constructive Feedback
4. Stop Holding Feedback Hostage
5. Accept Feedback
6. Remember that Employees are Unique
7. Keep Reviews Positive
8. Know Thy Employees

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Because since supervisors are involved in the process of review; so, they are supposed to get the information for the entire year. So, that they are not affected by the either primacy effect or resistance effect it means that they are not looking in the first few month performance of the last few month performance ok.

So, get data on the entire year for each and every dimensions of the performance ok, include the small picture ok. So, then these are the things that you have done, but you show them the big picture means that this is what has been done they have this is what you should have done, but this is what you have done right. So, they are able to relate it similarly they are able to visualize the big thing this is how they have been able to do it in a better way right.

Give them feedback, but more constructive feedback that is that is what I have been talking about because constructive feedback help employees to improve their performance, stop holding feedback hostages what does it mean? It means do not make them hostage in the never feedback, create an environment of openness right where everybody is able to concern or express their voice so, that this becomes a good session right. Whatever feedback is given by the employees you also accept it; maybe he would be talking about certain things which did not help them to achieve the goals and objectives.

So, unless you listen them right you will not be able to understand it right that and that is why listening and these kind of things are very very important for supervisors ok. And do not compare employees with each other because each employee is unique in terms of its temperament, in terms of knowledge and skill based in terms of its personality.

So, do not expect everybody to a like and make sure that variable performance is likely to happen not everybody is going to performance at the same level somebody is going to performance very well; somebody is going to performance and average, somebody is going to performance below average also right. It depends upon a number of factors related to the knowledge and skill based and relate to their motivation and emotion relate to their personality that is what makes an individual unique.

So, consider these factors when you are going for evaluation and review both and make sure that it is positive in the sense that even in the certain negative things, you tell them this is how you should have done it in order to be more effective right. And then you try to understand your employee that is very very important in terms of their motivation, in terms of their knowledge and skill in terms of their behavior and competencies and that would help you to do a better job of review ok.

So, if you follow these principles concepts and principles probably the review process would be much more effective and you will be able to do justice with that one right

Thank you very much.