

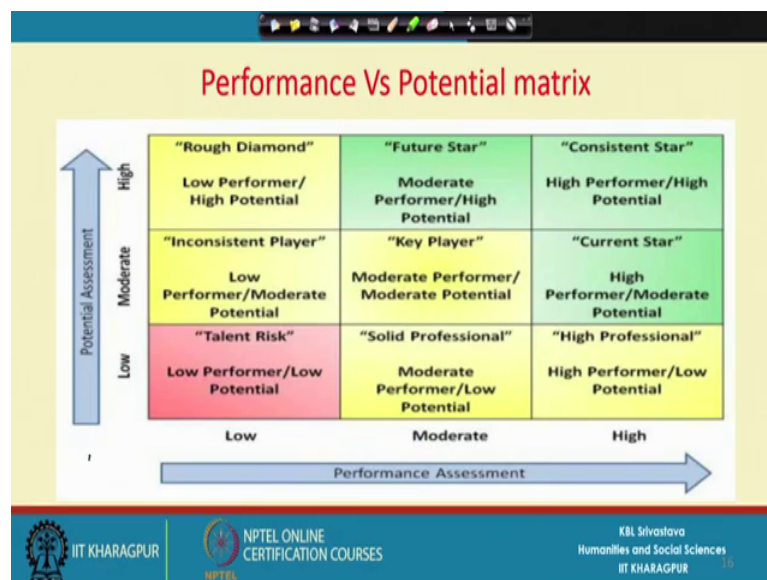
Strategic Performance Management
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Lecture - 32
Potential Appraisal – 2

So, welcome to the next lecture that is 32 number lectures and this is a continuation, what we have been discussing about potential appraisal right. We remember we talked about potential appraisal and we said that in order to indentify the potential, we need to use some kind of assessment to see whether the person has the potential are not. It is not only the question of potential, but it also a question of; whether the person has the right kind of potential are not right.

So, we will talk about some of the potential appraisal methods and also how it is linking with other char systems. Now when we going to talk about potential appraisal methods, we need to see that what needs to done in order to see that these potential is evaluated properly. Now, we will continue our discussion with this seems like that we have shown earlier that performance version put versus potential matrix.

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Now, if look as this we need to assess both performance as well as potential of the employees. Now, when we are talking about performance assessment, we try to see that how well the a person is going to performing the current job.

Now, the objective of potential assessment is that, how a person is likely to perform in a given future identified job right and, that is why; we go for assessment of the potential right so that they can up take up leadership positions. Now, if look at this nine box model, the problem is with the first three boxes where the person is not able to perform well right; it means you have to see what needs to be done, even if a performance having a very high potential.

Now, if you look at it says rough diamond right. Now if you look at this part rough diamond it means that these people have the potential, but they are not able to perform well and; that is, why they have been termed as rough diamond right. Rough diamond means the diamonds on the; it that it means that it is something that is not a visible right. It means that if the person is not able to realise his potential, it does not know was kind of potential he has so, that that needs to be polished through grooming, to coaching, to mentoring and that is why; that actually helps him to realise his potential right.

Now coming to the second box two where you have, low performance and moderate potential right; it means the person has some potential, but is not the able to perform well it means that is a inconsistent player. Inconsistent players, but sometimes is performance is good, sometimes we based performance is not very good ok, but on average his performance is being termed as low.

Sometimes is showing potential; sometimes is not showing the potential right. So, paper. So, the top management does not get any signal, whether he is really having the potential, because his potential is not visible. Similarly, if his performance is low she is not able identify whether the person has the; has been able to perform well are not ok. So, they need to be taken care otherwise what will happen? They will continue to be inconsistent so, far as their performance is concerned right.

Now coming to the last box that is the talent risk it means this kind of individuals, what to do with them; right because neither they have this the potential not they are able to perform well. So, now, you look at the; this third box that is talent risk what to do with them because you cannot groom them and since they are not able to perform. So, you need to take certain administrative decisions like; going for separations asking them to resign, because they actually would became burden there neither the talented nor there able to perform well.

So, this becomes a problem for the management and what to do with such employees in the organization right, because they are not showing in the Indian indication of good performance. Similarly they do not have the potential which could be groomed and developed ok. So, management has to seriously think because they become a risk for the organization they become a liability for the organization and, that is; why it is termed as talent risk moving to the next two box next three boxes that is where you have performed a moderate potential as well as moderate performance.

Now there more or less what we call stable professionals if you have moderate professional, but high performance right? So, they could be future staff future leaders they could be developed in such a way. So, they could take up leadership positions, because they performance is also consistent good and at the same time there potential is very good at very good in the sense that they have all the relevant potential, which could be developed by the individual and the organisation with effort and ensure that they could take up leadership positions now most of the managers fall in this category, that is key players what I am trying to tell you here that they perform well and they also.

So, some potential a moderate level potential, you cannot question them, because they would be doing as of very well up to the mark other we would be meeting performance standards, but they are also. So, that is they have the potential to grow and up other right, but the problem with this is that you what to do with these individuals are we going to explode there potentials or the current performance for future performance, because they have been performing moderately as well as their potential is moderate.

So, what to do with them so, you need to retain such peoples because they would continued to perform well and. So, there potential right similarly if you have a such people who are performing well are added at the moderate level, but they do not. So, the potential it means moderate performance, but having low potential. So, they have been termed as a solid professional solid professional means what diagnosis is going to with do with these kind of professionals they need to continue in their jobs let them do what they are doing they will continue to do their job ok, but the problem is that they could not be promoted they could not be groomed and developed because they do not have the potential.

So, at the most they would be allowed to carry out or continue in their current job right now moving to the last three boxes which talks about high potential sorry high performance, but if you look at this that say box number 6 that is consistent star now high performer and high potential this is the risk category because those who are performing very well and those who are having the potential also very high potential. So, what are the risk; for the organisation because since they have been consistently performing well they have all the potential to be groomed and developed, but the same time you have risk of losing them.

So here you need to plan about their career growth you need to see that you have a high performance career growth for them you also need to see that there able there being retained and managed well otherwise there is always a possibility of such people being lived by other organisations and they would live ok. So, they could be though they are consistently performing well, but they could also be put in to the risk category like low performer and low potential you want do not want them.

So, you want to ensure that the live the organisation similarly high performance and high potential also put could be put in to the same category they are at risk because they could be lived and that attracted by other employers and they you are not going to leave them you want to leave do not want to leave them that there, but there are going to leave you the organisation. So, there again are going to be high risk category coming to the next one with their performing very well, but they have they moderate potential. So, they are the current stars.

So, especially if we will look if you look at the situation those who are in future stars and current stars they could be identified as future leaders right they could be groomed and developed to take up higher leadership positions right. Similarly if you look at the last one like if you look at low performer and high potential we say that they need to apolized. Similarly if you know that yes the high performer, but low potential again what you are going to do with them it means that in their current job they are performing very well right.

So, they would go through this normal career progression right you will you will retain them they would be continuing their career because they have been performing very well you cannot ask them to leave, but since they do not have the potential you cannot do

much better. So, let them continue in their current job right now if you look at this performance versus potential matrix the basic objective is to identify who could perform well who could be groomed. So, in this category you have identified future stars and current stars because they are people who could be groomed and developed in future leaders. So, for as the rough diamond is concerned you need to groom them and develop so that they could be need to be polished.

So, that they come out and not only has a high potential employees, but also high performing employees right the risk is with the talent low performing and low for potential as well as high performing high potential one you want to leave them the other they would leave you. So, they need to take you need to take care of these two categories and there is that is very very important right.

So, after discussing this performance versus potential matrix, let us see what are the some other techniques that could be used like; you remembered talks about psychometric testing right.

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Potential Appraisal & Psychometric Tests

- The three types of psychometric tests:
 1. Aptitude Test
 2. Ability Test
 3. Personality Test
- Interviews:
 1. Background interview (information about past experiences)
 2. Situational interview (job knowledge)
 3. Behavior event interview (behavioral description)

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Psychometric testings are basically used to identify certain traits and characteristics related to the individual including a personality right. So, the basic idea of using psychometric tests is to identify what are your aptitudes abilities and personalities right they are lot of test, which are available standard tests which are available, which could be identified whether you have this specific attitude what you will what is your ability what

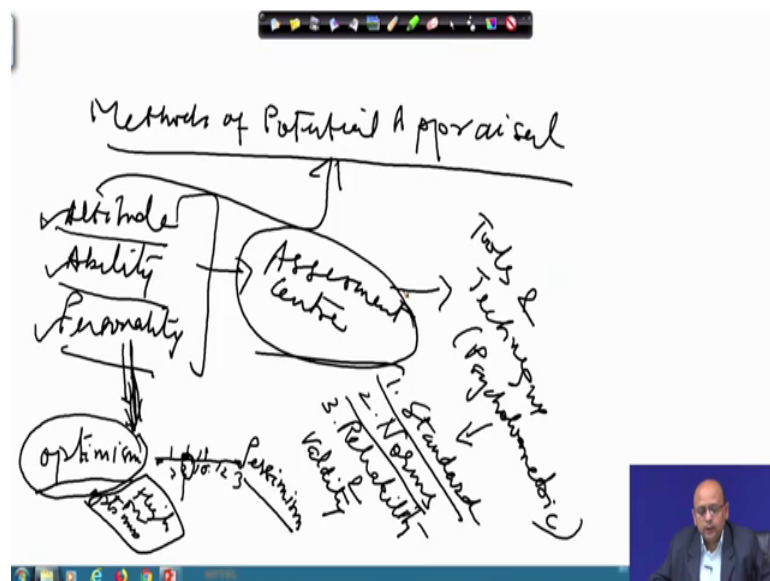
kind of ability you have which may not be visible though a knowledge in a skill, your qualifications and your personality right. For example, the kind of personality that is required to be there in a lower level job would differ from a higher level job right.

So, when you take up leadership position so, what kind of appropriate personality characteristics would be required for that leadership position? And whether these personality characteristics are there with you; so that need to be exploited, that is why the role of these psychometric tests are very important, when it comes to identifying the potential of the employee's right.

Similarly, you can also go for interviewing them is instead of using psychometric test, you can identify their potential by interviewing the employees looking into their past experiences, what kind of knowledge and experience they have right situational interviews, how will they perform in a given job related to your future positions right or you can ask for the go for behavioural interviews behavioural event interview in fact, where you ask for certain behavioural descriptions related to a future agreement job. See most of this test saying interviews are held in assessment centres.

So assessment centres are having a very important role in the process, when we are talking about the method of appraising potential. So, what we are going to talk about is methods of potential appraisal right.

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So, when we are talking about methods of potential appraisal and we are talking about assessing their attitude, abilities, personality ok. So, this is done through assessment centre. Now you should not be confused with what is an assessment centre assessment centre is not a centre where we are going to assessment basically it is a tool and it is a set of tools and techniques that could be used to assess your future potential to identify whether you have the right kind of attitude abilities and personalities or not ok.

So, in assessment centre we are using lot of tools and techniques I mean these tools and techniques could be basically psychometric in nature and when we are talking about psychometric test it means these tests are psychological in nature and these psychometric test must have certain characteristics like they should be standard test there should be norms against which you also look into these factors like reliability and validity these are the essential conditions which need to be met when you are going to use any kind of psychometric tests for assessment of individual attitude ability or personality right.

So, you must meet these three conditions that is standards norms and reliability and validity issues ok. So, make sure that when you are going to use a standard test administration and measurement of the personality is uniform in nature that is first that is related to standard second is norms it means that you are going to use a norm to compare the behaviour of the employees with these norms.

So, that you know that on these tests where an employee's stand right for example, as a part of the personality test you are having a measure of say optimism and pessimism right this is a trade or characteristics of what you call personality right. So, when you are going to measure optimism and pessimism on a bipolar dimension right and you are using a psychological test a personality test to measure this you need to follow all these three characteristics which are important and based on that suppose you find that the person is here what does it mean? So, there you have zero point. So, 1, 2, 3 something like this it means on it is 6 point scale or 7 point scale; there the person here it means that he and what is the standard that you expect thus?

So, you have a norm right. So, this is used as a norm. So, you say that s you say that the person is high or optimism how do you say that is based on the norm that you have identified right. So, if you are not able to identify the norm you should not be able in a position to say what is the level of optimism? Or purpose prism pessimism is there since

you think that this is a trade that is required as a potential by the candidate, then you are going to measure it ok.

So, assessment centres you are using a lot of tools and techniques which are basically psychometric in nature having certain characteristics and you are going to make use of this to measure attitude abilities and personality of an individual and basically this is done to identify their potential of the employees right. So, it is very very important to see that how we are going to make use of this is that is what you know as assessment centre in identifying the potential of the employee's right.

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Potential Appraisal & Psychometric Tests

- The three types of psychometric tests:
 1. Aptitude Test
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- Interviews:
 1. Background interview (information about past experiences)
 2. Situational interview (job knowledge)
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So, moving to the next part let us see that how we are going to do it.

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Potential Appraisal & Leaderless Group Discussion

- Consists of 4 to 6 participants given to solve a problem & instructed to derive a group solution within a specified period.
- Real life problems are taken into considered.
- No chairperson is assigned.
- It is helpful to identify the team playing quality.
- It is helpful to determine the ability of decision making & leadership quality.

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So, one such technique that could be used in the assessment centre is leadership less group discussion right. Now let me discuss about what is a leaderless group discussion? Leaderless group discussion is that where you are having certain participants may the participants may vary from 5 to 6 right, and then you are given a situation or you are given a problem to be solved right and then the as a group you are supposed to come out with a solution and then time is a specified that may be 30 minutes 35 minutes within which you are going to identify the problem right.

Now, the problem could be related to a real life situations right then, but the most important think with the leaderless good discussion is that you do not have a cheer person or a leader, that is identified well in advance right. So, in a leaderless group discussion what happens; that either you are given a problem and then you are asked to come out with a solution or the group is supposed to identify a problem himself. So, that is there is another var variation also in a leaderless group discussion.

So, the group is going to identify a problem relevant to the job and then they are going to identify a leader. So, it involves two tasks: identifying a problem that is relevant for the job it could be for the given job or a higher level job and then the most important aspect of this kind of group discussion is that leader is not identified in well in advance ok. So, the idea here is that let the group discussion and identify; who is going to lead them ok?

So they need to identify the leader. So, here they need to identify the leader and then they are going to follow the norms and values of the group in order to identify a problem or if the problem is given to solve the problem right. So, the task in a leaderless group discussion is that whether you are able to identify as a group a problem that is relevant for the job and whether you are able to reach to a consensus. So, far as identifying a leader is concerned similarly another concern that is very very important is that whether you are able to solve the problem if you are not able to identify a leader right.

So, there could there are lot of variations that happens in a leaderless group discussion sometimes you are asked to identify a leader sometimes you are not asked to identify leader and then everybody works equally well right it means that there is no leader also that could be a third situation where you are going to has identify a leader or you are not suppose to identify leader. So, there could be different kind of variations in this kind of group discussion where you are going to select a problem or not where you are going to select a leader or not and whether as a group you are able to reach to a consensus to identify the solution of the problem or not ok.

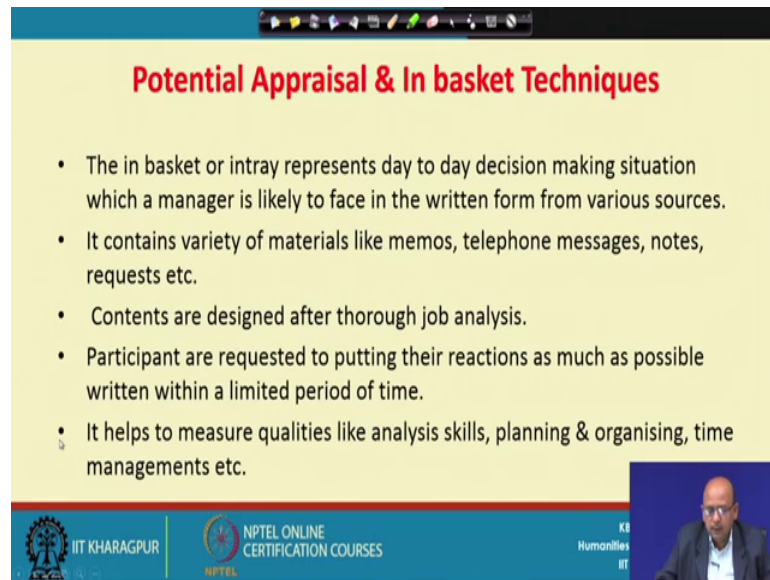
Now, how this is related with the potential appraisal right. So, what are the qualities that you are looking into the people right? So, suppose you have identified the problem and going by a leaderless group discussion and you said that you do not need to identify leader, but everybody is going to work for this problem. Now, you have to see that out of this group discussion who is emerging as a leader ok. .

You will find that somebody in the discussion taking up the leadership role dominating the discussion taking the certain decisions which are accepted by others right. Now, if are able to find out that somebody out of this group is emerging as a leader having the qualities to of leadership and being at is being accepted by others as the leader of the group at a later stage who is going to help you or the group to take a decision then you can very well identify, but whether that this person has the leadership quality or not.

Now, in leaderless less group discussion the idea is that want to identify the potential of leadership right and decision making. So, if you are giving a problem ok. So, naturally when the discussion goes on somebody emerges as the leader. So, that could be identified as a potential leader or you can identify that this person has the potential of leadership or this person has the quality of leadership right. So, this kind of leaderless group

discussions helps you to identify the potential and specifically this kind of discussions are used to identify leadership and the quality of leadership and how they are going to take decisions right.

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Potential Appraisal & In basket Techniques

- The in basket or intray represents day to day decision making situation which a manager is likely to face in the written form from various sources.
- It contains variety of materials like memos, telephone messages, notes, requests etc.
- Contents are designed after thorough job analysis.
- Participant are requested to putting their reactions as much as possible written within a limited period of time.
- It helps to measure qualities like analysis skills, planning & organising, time managements etc.

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Now, moving further another technique that is used is known as in basket exercise right. So, this is at also a technique this is a experiential technique actually that is used to identify the potential of the employee that who could be groomed and developed as future managers in the organisation right. So, in basket is a different kind of exercise it is also kind of simulated exercise where you are go going to trying to judge the potential of a employee related to doing a job.

So, suppose there is a individual who needs to be promoted to a manager. Now you want to assess that this person has been able to perform very well his current job, but whether he will be able to manage his future job effectively or not. So, you bring him for the assessment centre and you are going to use this tool that is in baskets technique to see whether he can work effectively as future manager or not. So, you are going to create a situation where he is going to act like a future manager it is a kind of simulated exercise that you are going to plan right.

Now, coming to the exercise basically when we are talking about in the basket exercise it is nothing else, but there is a basket in front of you on the table whether you are going to work as a manager and this basket may be containing lot of files which need to be

disposed by you it could be related to decision making problem solving or certain other activities that is to be carried up by a future manager in a given job right. So, when you are going to act as a future manager in this kind of exercise you are supposed to take care of all the files that is there in the basket or tray ok. So, there is a tray and then you are going to dispose of all the files that is given in that tray, tray and then it seen that how well you have been able to perform of a manager which you are likely to succeed in the future ok.

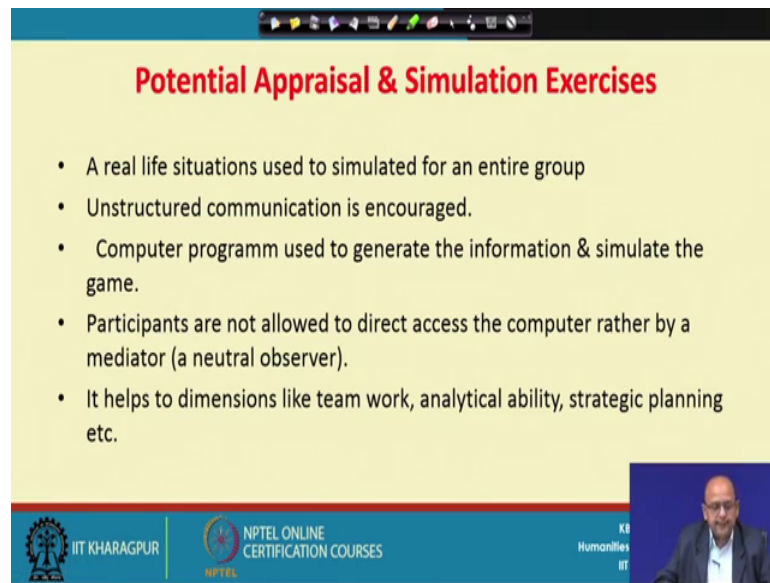
So you may be asked to take certain decisions there could be certain problems related to certain things in the organisation which you are supposed to solve right. So, all this ability is reflected by you in taking decisions and problem solvings right and if you are able to do well it means that through this assessment it can be identified that yes you could be a future manager right.

So, it may include lot of memos telephone messages notes request all kind of things right and then there could be interruptions from visitor's telephone calls; so because the job of the manager requires. So, so you are going to take care of a everything within the given time frame and it is seen that how well you are able to dispose of everything right and then it is seen that what is the level of your performance in the given job right.

So, their certain qualities that could be measured like analytical skills, how a plan organise activities; how will you manage your time, because that would be requirement of the future managers job right. So, based on the job analysis you are going to have a job description of a future manager job you put all the jobs job description in the tray including memos phones messages; and then you are going to manage effectively within the given time frame and then your performance is evaluated in the assessment centre to see how well you have been able to perform as a future manager using this exercise ok.

So, at the effectiveness of at the quality of decision making your time management and other kind of activities, that you perform could be an indicator that yes you have the potential to perform as a future manager and, that is; how it becomes an indicator of your performance in future.

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Potential Appraisal & Simulation Exercises

- A real life situations used to simulated for an entire group
- Unstructured communication is encouraged.
- Computer programm used to generate the information & simulate the game.
- Participants are not allowed to direct access the computer rather by a mediator (a neutral observer).
- It helps to dimensions like team work, analytical ability, strategic planning etc.

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There could be other simulated exercises that could be taken up like role plays games, and sometimes it is computer generated right or computer mediated when you are going to perform a job. So, in all kind of a simulated exercises that we discuss like in a role play exercise you are going to perform the role of a manager and then it see that how to perform there right; sometimes you are going to have games that is known as management games and then it is seems that how will you play those games, because these kind of situation are going to arise on a regular basis in a future job and see that how you are going to take it up.




So, simulated games using computers role plays right and another kind of structured exercises can be planned to see that identify and examine the level of potential that you have, but you must see that it should be relevant to the job right. So, the basic idea of these simulated exercise that; I have been talking about is to see that, whether you are able to handle the jobs very well for a future managers or not and whether you have the potential to take up the jobs or not.

So, when you are going for succession plan or other kind of activities these kind of exercises help in assessment centres to see and identify your potential very well; that is what I have been talking about like role, plays and presentations were also is used to see that; how well you play and then it is seen that how you behave in those roles right.

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Potential Appraisal & Roles plays and Presentations

- A method of studying the nature of certain roles by acting out its concrete details in a contrived situation that permits better and more objective observation.
- It helps to access qualities like conflict management, verbal & non verbal communication skills, flexibility, problem solving etc.







So, suppose a job requires certain qualities like conflict management communication flexibility problem solving. So, whether during the role plays these kinds of qualities are exercised by you or not; if these qualities are indicated and shown by you it means that you have the potential and if it is not shown then it means; that you do not have the potential. So, assessment centres also use these kinds of tools and techniques to identify these kinds of situations where you play a role and then it is identified.

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Career Planning & Potential Appraisal

- It plays the role of the link between the organization and the employees' personal **career** goals.
- It acts as a tool for organisation to retain/ deal with the critical resources.
- It plays a critical role in future employee/ talent engagement.

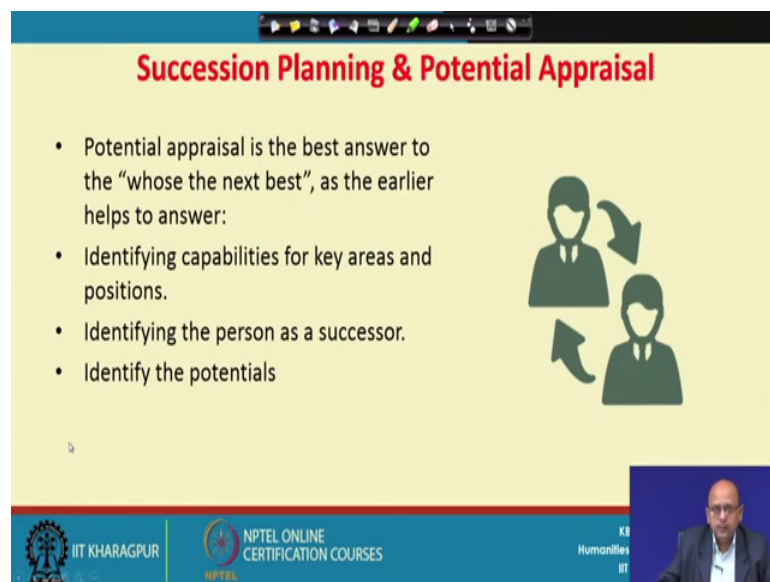


Now, the basic idea as I told you that in any career planning setting is to sorry any potential appraisal to see that you need to be groomed to take up senior level positions. So, it is related to directly your career development right. So, we need to link potential appraisal and career development right.

For example, if you look at to performance versus potential matrix and we identified current stars and future stars right. So, for them you can go for carrier planning and development, because you need to retain and deal with these critical resources, because if a person is a star right; it means that he is high performing high potential employees right.

So, you identified their potential right and he has been performing well that it means that you need to deal with them you need to retain them with the organisation, because he becomes a critical resource right. So, make sure that this potential appraisal is used for better career planning ok. So, that you are able to engage employees or engage talent and for that you need to have a good carrier plan, because that is going to help you to motivate them to continue with the job.

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Succession Planning & Potential Appraisal

- Potential appraisal is the best answer to the “whose the next best”, as the earlier helps to answer:
- Identifying capabilities for key areas and positions.
- Identifying the person as a successor.
- Identify the potentials

The slide features a diagram of two stylized human figures. The top figure has an arrow pointing down to the bottom figure, and the bottom figure has an arrow pointing up to the top figure, illustrating a cycle of succession or potential.

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Another thing is succession plan ok. So, career planning and succession planning can be linked with each other right. So, based the basic idea of a potential appraisal is that who is going to be the next best ok. So, what you do you identify capabilities for the key areas and positions and then you identify who could be the successor and the successor is

identified based on the potential of the employees. Now if you look at this person; so this person as if he has the capabilities and the potential, then this good person could succeed in this person right and that is why it is linked with the success succession planning.

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Now, if you look at managing succession ok. So, the idea here is what. So, succession planning is a part of your talent management strategy right isn't it? So, you need to plan and source of talent, assess their, potential deploy them into those jobs that the engaged and you also link with the reward and develop them right. So, that is a part of your talent management strategy and talent, talent management is being used as a succession plan right.

Now, you have to identify those leaders who have the potential you remember we talked about potential versus performance leadership assessment. So, you need to identify future leaders they could not be of rough diamond they could be either current stars or the future stars ok. You need to identify people with the kind of experience values and competencies which would be required to take up leadership positions and then you at you go for a succession plan and see that how you are going to engage and manage the talent and make sure that there is a supply of ready successor right with quick transition otherwise what will happen there would be a. So, you need to have a strategy for succession planning as well as talent management growth. So, you need to in a engage future stars and current stars in such a way.

So, that they are groomed on a regular basis and continuous basis. So, that they could take up leadership positions without being a vacuum, because if you look at the expense of the many organisation when senior people leave there are no successor then again you look for successor from outside, because you do not have a succession plan to groom and develop your talent within the organisation. So, if you have a good succession plan by identifying the potential of employees and allow them to be groomed and developed. So, that your succession plan is very very effective and that is why you need to have a good succession plan in the organisation.

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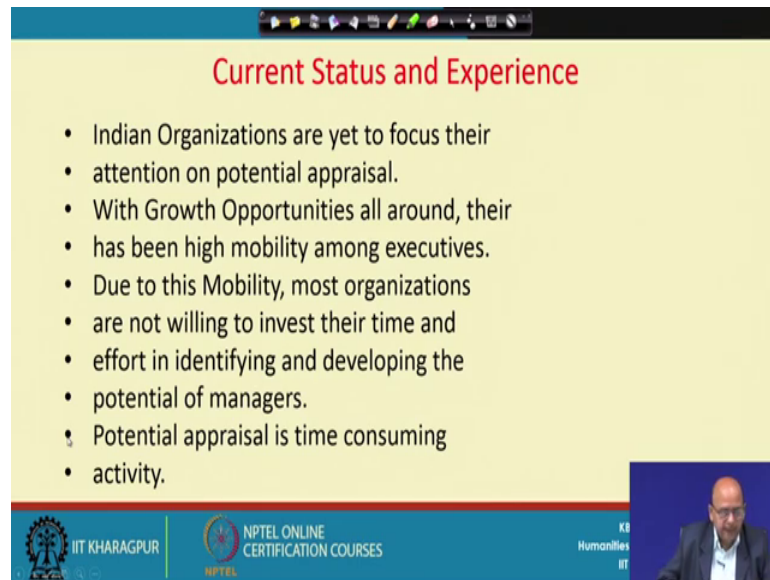


Now, similarly it this potential appraisal is also linked with a other hr systems like feedback and feedback and counselings you can feed them back.

Suppose, let us take example of rough diamond. So, rough diamond means they have a high potential means, but low performance. So, they need to be polished and groomed then need to be counselled and given a feedback; that says you can do it you need to make a realise your potential you need to development yourself and, that is; where you go for feedback and counseling you also need to train them through job rotations ok; and then you can use the data performance and see identify who has the potential right you can also use for manpower planning.

So, you can see that who is doing what kind of job very well. So, put the right kind of people for the right kind of job right and also engage them better. So, you can link a potential appraisal with other hr systems very well right.

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Current Status and Experience

- Indian Organizations are yet to focus their attention on potential appraisal.
- With Growth Opportunities all around, their has been high mobility among executives.
- Due to this Mobility, most organizations are not willing to invest their time and effort in identifying and developing the potential of managers.
- Potential appraisal is time consuming activity.

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Now if you look at to the current status and experience in Indian organizations that is not very appreciative in nature, because they are yet to focus their attention on potential appraisal though there are lot of lot of growth opportunities available ok; and there are high mobile executives, because you have not been able to manage or; retain and manage your potential very well especially consistence stars right high performing and high potential employees right.

And many organisations are even interested to invest their time and effort to identify and develop potentials; because they think that this is not their job they only they there only limited to what you call performance appraisal, but if they are going to have a good potential appraisal system in place. In addition to performance management are they make potential appraisal as a part of performance management system, then it is good they would be able to identify potentials they would be able to groom and them and they will have a good succession planning and carrier development right, but many organizations do not take this activities, because they find that it is time consuming.

So, they do not look at it; so it is important that; now Indian organisation should also focus on these kind of things and see to it that how they can make use of potential

appraisal in a better way, because if you look at the benefits of the potential appraisal what happens you will be able to polish your rough diamonds, you will be able to identify low performing, low potential employees, have a separation plan for them; if you will be able to identify those who are current stars and future stars especially moderate performers or high potentials or high performers and moderate potential. So, they need to be developed; so that they could be groomed and developed for better successor plan.

Similarly, also need to retain and engage high performing and high potential employees ok; because they are going to be a critical resource for your organization. So, you do not want to do away with that kind of resource right. So, if you are really interested to retain and manage critical resource, that is high potential and high performance employees you need to ensure that they are better engaged you have a talent management strategy in place. So, that these kind of employees are able to perform very well right with this we are going to conclude this session.

Thank you very much.