

**Performance And Reward Management**  
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**Lecture - 11**

**Implementation of a performance management system, defining performance and choosing a measurement approach and understanding the meaning of results**

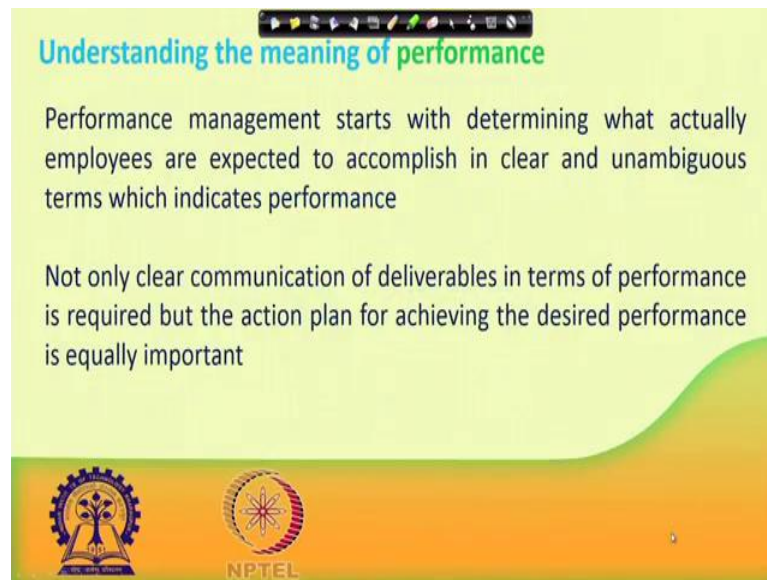
Welcome to the third week's module on Performance and Reward Management. The topic for today is this week's module is Implementation of a performance management system, defining performance, and choosing a measurement approach and understanding the meaning of results.

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This is the topic for this week the concepts that will be covered in today's discussion are meaning of performance, determinants of performance and performance dimensions, approaches towards measuring performance. So, in this today's module we are going to discuss in details the meaning of performance.

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**Understanding the meaning of performance**

Performance management starts with determining what actually employees are expected to accomplish in clear and unambiguous terms which indicates performance

Not only clear communication of deliverables in terms of performance is required but the action plan for achieving the desired performance is equally important

Because, how we understand performance is very important for the understanding the performance management system as such, we have many misconcepts about what is performance, who is to be responsible for a good performance sometimes we think like only the employee is responsible for a good or bad performance. So, it is very important to understand the meaning of performance.

So, let us see when you see the meaning of what is performance. So, we understand like, when we talk of performance management, it starts with determining like what actually employees are expected to accomplish in clear and unambiguous terms, which indicates their performance. So, for this not only the communication of the deliverables in terms of performance is required.

But, the action plan for achieving the desired performance is equally important, that is the key word in performance management. It is not only defining what is expected of you, but we have to also choke out the plan the part of how you are going to achieve that desired result.

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Performance is all about defining and outlining what each employee is accountable for.

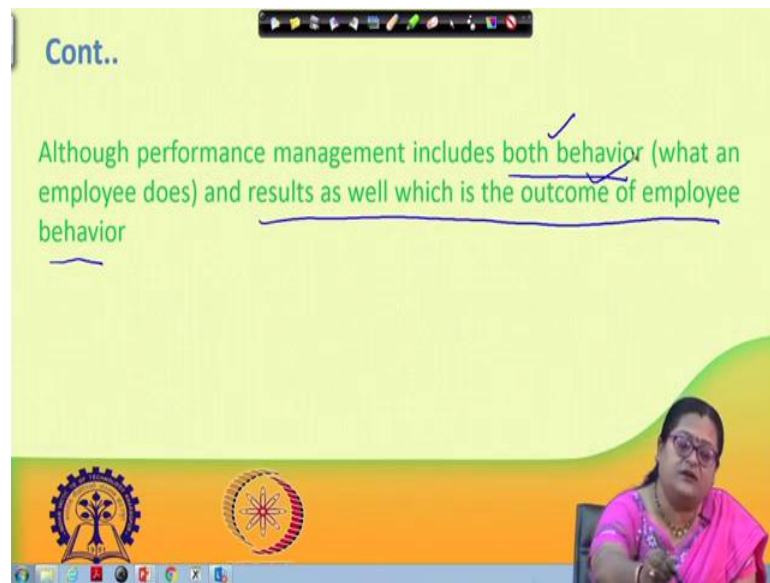
*Technically, performance is all about what employees do or their behavior, not about outcomes of their work.*

It is the degree to which an employee applies his skill, knowledge and efforts to an assigned job

To define performance, it is understood; it is all about defining and outlining what each employee is accountable for. And, it is all about what employees do or their behavior and it is not only about the outcomes of their work, result is the like as you perform you get that results. So, it is not just about the outcomes of the work, but it is about what employees do or their behavior. So, at also it is the degree to which an employee applies his skills, knowledge and efforts to an assigned job.

So, how you are applying your skills, knowledge, and efforts to an assigned job, this is from the employee's perspective at how what the employees are expected to do and how that person is applying his skill, knowledge and efforts to assign a particular job, that is given to the person.

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Although performance management includes both behavior (what an employee does) and results as well which is the outcome of employee behavior

So, although performance management and includes both what the employee is doing as a part of behavior and the result as well as the outcome which the like employee's behavior is leading to, because we have to understand like when we are talking of performance management is a system, it is aligned to the overall excellence of the organization. So, organization has to or leading to the competitive edge for the organization. So, these are the desirable outcomes.

So, when we are talking up of performance management, it includes both behavior what an employee does and results. The result of that behavior and the like as a result of that what is the ultimate outcome of the employee's behavior and this outcome is of course, linked with the organization's performance.

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The slide features a title at the top: "Characteristics that carry the essence of performance". Below the title, there are two main points:

- It should be evaluative:** Such behaviors should be evaluative in nature, means they can be judged as positive, negative or neutral
- It is multidimensional:** It affects organizational performance in many ways or can be evaluated across various facets that impact organizational performance in different ways

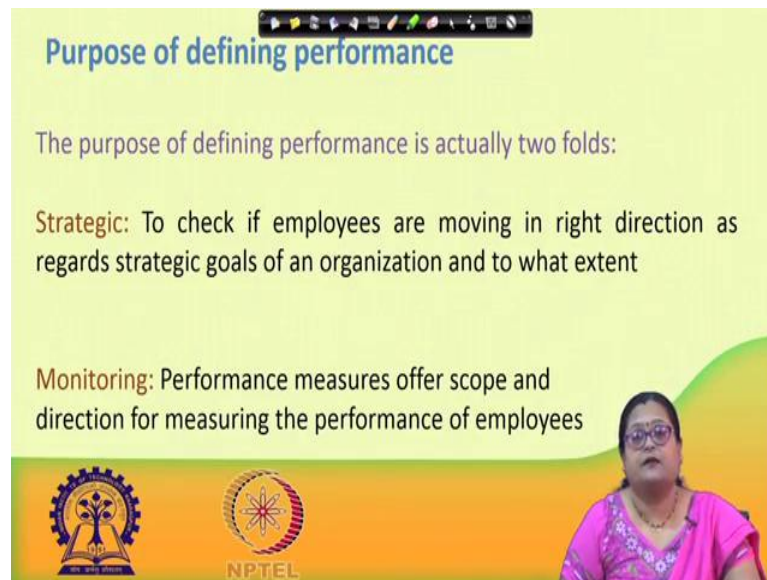
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So, what are the characteristics that carry the essence of performance are, first it should be evaluative. So, evaluative in the sense, it should be, you should be able to judge it as positive, negative or neutral in nature. And, it is also like multidimensional in nature. So, when we are talking of performance, then we have to understand like it is because it affects organizational performance in many ways. So, it can be evaluated at the same performance of an individual can be evaluated with respect to certain parameters and as a frame.

So, like in the last sessions we were discussing about the sales person's performance. Now, in that case like if we are talking of a person taking regular feedback from the already present customers, but that person is not taking much initiative may be to create new customers. Now, if we are measuring this, in terms of like retaining customers or in generating loyal customers, may be this is a very good behavior that the or the performance that the person is showing.

But, if the same performance is evaluated with respect to how many new customers the person has like got, maybe his performance will not be judged as very good. So, because the organization's performance is affected by the performance of the individuals in many ways, and that is why they can be evaluated through various facets and the same performance based on the frame that we are referring to, can be judged in various ways.

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**Purpose of defining performance**

The purpose of defining performance is actually two folds:

**Strategic:** To check if employees are moving in right direction as regards strategic goals of an organization and to what extent

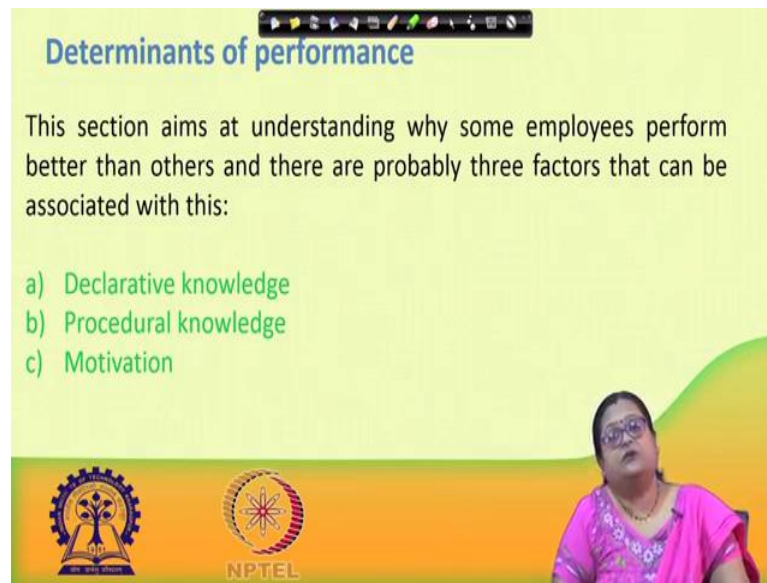
**Monitoring:** Performance measures offer scope and direction for measuring the performance of employees

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So, it is multidimensional in nature. So, what we understand like the purpose of defining a performance, why it is important to define a performance is twofold in nature. First is strategic in nature. So, to check if employees are moving in the right direction as regards the strategic goals of an organization and if yes their moving in right direction, then to what extent. Next purpose is that of monitoring.

So, performance measures offer scope and direction for measuring the performance of employees. So, if we understand this is the path that we need to take to reach a particular goal, then time to time we can monitor the person's performance to understand like whether the person is on the right track or deviation is happening.

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**Determinants of performance**

This section aims at understanding why some employees perform better than others and there are probably three factors that can be associated with this:

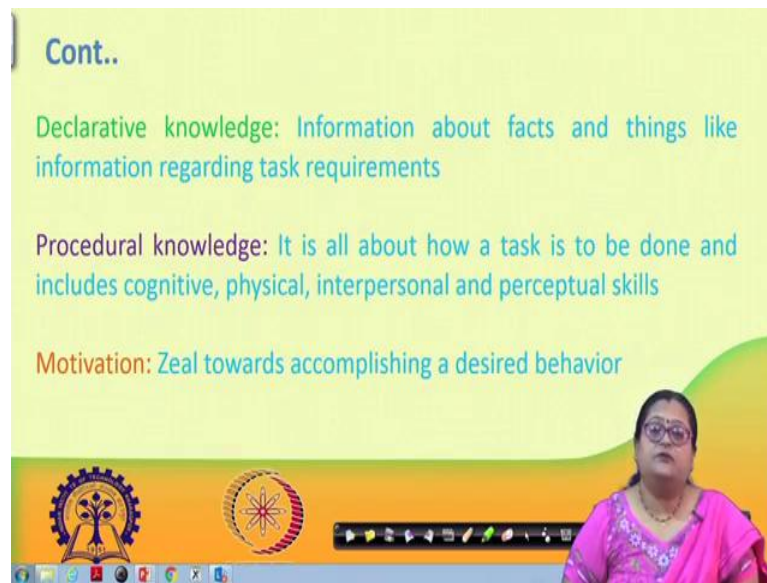
- a) Declarative knowledge
- b) Procedural knowledge
- c) Motivation

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When we talk of determinants of performance, so, this what happens this section points out in tries to point out in the area, like given the same situation sometimes what happens and like some employees are performing in a better way as compared to others, or vice versa some employees are performing poorly as compared to others.

And so, what is that factor which leads to this difference in performance those things we are going to discuss as the determinants of performance. And, we have tried to differentiate it into three like sections one is declarative knowledge, procedural knowledge, and motivation.

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**Declarative knowledge:** Information about facts and things like information regarding task requirements

**Procedural knowledge:** It is all about how a task is to be done and includes cognitive, physical, interpersonal and perceptual skills

**Motivation:** Zeal towards accomplishing a desired behavior

So, when we are talking of declarative knowledge, it is the information about facts and things like information regarding task requirements. So, this declarative knowledge is what whose responsibility is to provide this; organization's responsibility, the department's responsibility, yes and also it may be the person's responsibility also to seek information about the task requirement.

So, we just cannot tell here the only the person is responsible for getting these knowledge, like the team lead message, why did not you ask for knowledge, why did not you seek for knowledge? It is the department's responsibility also to know like, these are the requirements I must tell the person who is performing the job.

That is where this is you can understand this is linked with the having a proper job analysis starting place. So, that we can understand what is the job requirements and telling those job requirements in clear, unambiguous terms to the employees who are going to work on it.

Procedural knowledge; it is about how a task is to be done and includes cognitive, physical, interpersonal, and perceptual skills. This is also again, it depends on the person's personality, interests, value skills, competencies and on how a person chooses to do a task, it is also the responsibility of the organization to show and to train people to understand, how the task is to be done?




And, to train the cognitive physical and interpersonal perceptual skills or people so, that they become better performer well equipped performer to take up the task, motivation zeal towards accomplishing a desired behavior.

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**Tabulated presentation factors determining performance**

Declarative knowledge	Procedural knowledge	Motivation
Facts	Cognitive skill	Choice to perform
Principles	Physical skills	Level of effort
Goals	Interpersonal skills Psychomotor skills	Persistence of effort

Source: Performance Management, 2nd Edition by Herman Aguinis, Pearson Education, New Delhi (Pg. 79)



So, if you see which is a tabulated presentation of factors, determining performance, you say in declarative knowledge it talks about the facts required for the job, what needs to be done, the principles to be followed and the goals to be reached. In procedural knowledge it talks a cognitive skill, physical skill, interpersonal skills, and psycho motor skills, in motivation it is a choice how to perform, level of effort taken and the persistence of effort.

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Performance = Declarative knowledge X Procedural Knowledge X Motivation

If any of the determinants is 0, performance will also be zero, though there could be exceptions but most likely it will be 0

So, if you see like the equation of performance it is a product of declarative knowledge, procedural knowledge and motivation. So, it is a knowledge about the job to be required how it is to be done, job that is to be done, multiplied by how it is to be done and whether I am interested persistent to do it or not. So, if any of the factors lowers down or like it tends to 0, then the performance will also tend to zero. So, there may be like though there are expectations, but it could be lightly that the performance becomes lower in nature.

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**Performance Dimensions**

While considering performance dimensions, two forms of behaviors are most imp:

*Task performance*

*Contextual performance*

So, in the when we are discussing on motivation and the procedural knowledge specifically for going we are talking of a motivation. The concepts which is becoming more relevant these days are that of job crafting in respect to organization.

Job crafting is where, like the person is motivated interested and defines the job in his or her though their results specific job description requirement given and procedural knowledge also is given, but the person based on his or her own understanding of the nature of the job, how it is to be done and his or her level of motivation defines the job for himself or herself like, how that person, personnel is going to do it and that is called job crafting like, just like a sculptor from a stone may be crafts and in a bring out a model out of it.

So, based on his or her understanding of the thing and how it needs to be done and gives like very artistic shape to it. So, a person who is doing a job crafting and if the person is motivated dedicated also that, that person can again redefine like how the job is to be done. And, based on his own acumen of understanding of the nature of the job and how it is to be done can do more value additions to the job itself. When you are talking of performance dimensions there are, two forms of behavior are most important like task performance and contextual performance. Let us understand, what is two dimensions are.

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**Task performance:** It encompasses all those activities that are related to transformation of raw materials into finished goods

Includes set of activities like procuring raw materials, conversion of raw materials to goods, planning, coordination, supervision of staff etc.

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In task performance each encompasses all those activities that are related to transformation of a raw material into finished goods. It includes set of activities like

procuring raw materials, conversion of raw materials to goods, planning, coordination, supervision of staff et cetera.

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**Contextual performance:** Encompasses all those activities that create good environment for effective occurrence of task performance

Includes activities like persisting with enthusiasm, voluntary support behavior, helping and cooperating with others, endorsing and supporting organizational objectives, displaying organizational citizenship behavior, offering constructive voice etc

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Contextual performance; encompasses all those activities that create good environment for effective occurrences of task performance. So, it includes activities like persistence with enthusiasm, voluntary support behavior, helping and cooperating with others, endorsing and supporting organizational objectives, displaying organizational citizenship behavior, offering constructive voice et cetera.

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**Task performance:** It encompasses all those activities that are related to transformation of raw materials into finished goods

Includes set of activities like procuring raw materials, conversion of raw materials to goods, planning, coordination, supervision of staff etc.

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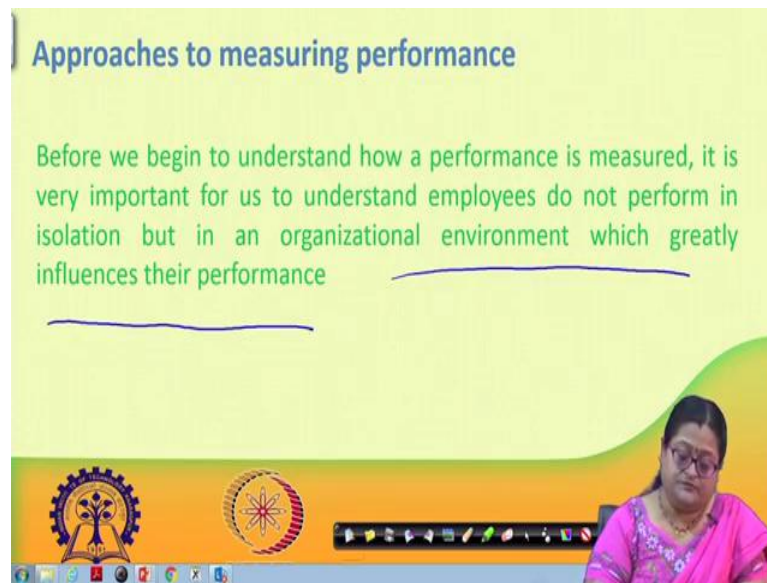
So, if we just now have a re look into these two dimensions, you find like here when you talk of the performance as well telling at the initiation of this session, like when you talk of performance; generally what happens like we focus to the individual like you are not doing well or you are doing well, but before we come to the conclusion of that evaluation whether a person is performing or not performing, We need to see like whether we have given the other like associated things like resources and whether that properly, whether the raw materials are been procreate properly, like whether the whole the performance planning was done properly or not whether we are maintained in a coordination between the employees are not. Because, performance is the function of individual definitely, but it is also being affected by other function and of which we talk of performance is the function of both person, environment, time ok.

And, in environment we have the environment of the organization the task environment also in which the resource allocation, distribution, how the whether the other members are cooperating with him or her and like what is the whether the person knows the technology or not many things comes to play.

So, when we talk of task performance ok, you find like procuring raw materials, conversion of raw materials to goods, planning, coordination, supervision of the staff. These are also important factors which helps in the good performance of the individual. Similarly, whenever we talk of contextual performance, see you again the factors like when you talk of motivation persisting with enthusiasm, voluntary support behavior, helping and cooperating with others, endorsing and supporting organizational objectives, displaying organizational citizenship behavior, constructive voice.

These are factors which has both like individual, we are behaving and also the organizations environment of like how it is giving a positive organizational support, which we call POS: positive organizational support to the employees in terms of enhancing their performance. Like it the organizational culture has major effect to show, like whether I do get a conducive environment, facilitating environment to perform or not.

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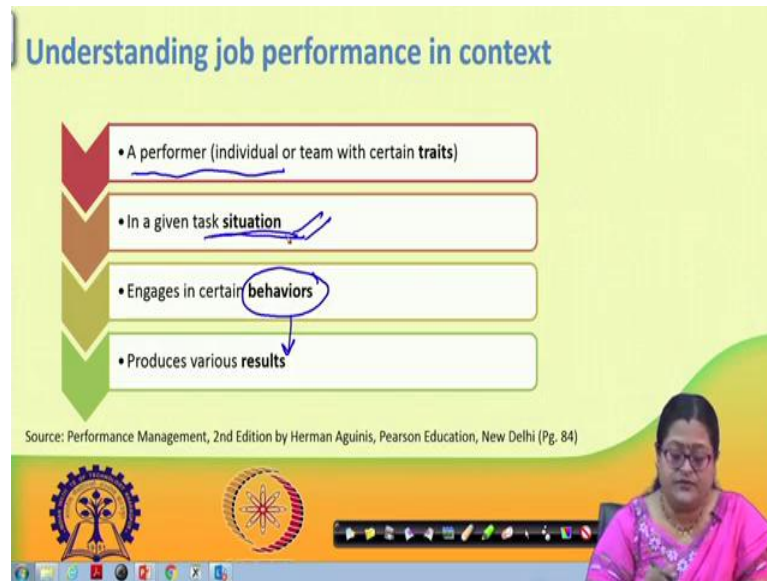
**Approaches to measuring performance**

Before we begin to understand how a performance is measured, it is very important for us to understand employees do not perform in isolation but in an organizational environment which greatly influences their performance

When we talk of measuring performance; so, we have to understand that before we embark on the journey of performance measurement and understand how a performance is measured. It is important for us again as we are telling repeatedly that the employee does not perform in a vacuum, the employee does not perform in an isolation, but the employee is in a, performs in an organizational environment. And, the organizational environment has the major role which and in greatly influences their performance.

So, if we are talking of like before coming to the question of whether the employee is performing well or not, we need to double check, cross check on factors whether the organizational environment has been facilitating enough, helpful enough, conducive enough, for the person to perform as per the expectations from the person.

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So, when we talk of the job performance in a context, it is we talk of first the performer which is their individual or team with the given certain traits, then they perform in a given task situation and in interaction with the situation, person in interaction with the situation engages in certain kind of behavior. And, as a result like as a of when that behavior is done they produce certain various results and those results ultimately goes and leads to certain organizational outcome.

So, we have to understand like generally what happens in performance appraisal, we just go and focus on the person and tell like this is where you were wrong, but the approach of performance management is the holistic developmental approach, encouraging approach, coaching approach, is before we come to the conclusion like the individual has not tried well has not been motivated well, does not want to do and perform we need to check on with the like the situations also.

Because, it is in the interaction with the organizational task situation that the individual traits and interaction with the situation only, then gives rise to the behaviors which leads to the result. So, situation, the task situation and the organizational environment really has a major role to play over here.

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On the basis of the model given in the last slide, three approaches to measurement can be identified given the job performance in context model:

- ❖ Trait approach
- ❖ Behavior approach
- ❖ Results approach

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So, based on the module that is been given in the last slide, we can discuss job performance under three approaches, which is the trait approach, behavior approach, and result's approach.

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**Trait approach**

This approach places more focus on the traits or key characteristics of an individual performer than results, behavior or situations in which the job is performed

For e.g. Placing focus on the intelligence level and personality traits of an individual

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Let us see what they are; in trait approach, it focuses more importance on traits or key characteristics of an individual performer than results, behavior or situations in which the job is done. So, placing focus on the like placing focus on the intelligence level and personality traits of an individual.



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The justification for this approach lies in the positive association between abilities, personality traits and desirable work behaviors

The biggest challenge in adopting this approach is the fact that personality traits are not in the control of an individual and cannot be entirely modified, hence this system may actually be perceived as unfair

So, the justification of this approach lies in the like positive association between ability, it is personality traits and desirable work behaviors. So, but however, is that the biggest challenge in adopting this approach is the fact that the personality traits and not in the control of the individual. So, some personality traits of course, develops as the person grows; grows up and we can try to groom the person, but some personality traits are if we go by the like it develops as the part of may be the genetic connections and other things.

So, there is a always a debate between whether a personality people are born like leaders are born or leaders are made what kind of personality matters? Whether it is hereditary or whether it is environment, but it is an interactive of everything, which leads to the personality development of traits. And, once the traits get engrained though yes there can be changed, but again it takes time to do so.

So, because we are looking into performance management as a ongoing continuous process where we will be working on how to improve change and contribute towards the development of the organization and also improve the performance of the individual. So, that the person can become a better performer so, then this is like just focusing on the only the personality trait and telling like, whether this person is a good performer or a bad performer may be unfair in nature. Because it takes time to modify, it takes, yes we can try hard, but it cannot be entirely changed.

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In addition, even if certain traits make up the personality of an individual it is not guaranteed that this will lead to the desired performance

So, and also like whether a certain even if certain traits make up the personality pattern. So, it does not guaranteed like this will lead to the desired performance, because performance as we see is a function of like when we talk of task performance and contextual performance. So, performance itself like when you understand how the person is interacting with the situation, because a person may possess certain personality traits, but it has to map well with the situations and related situations and then only it will lead to a proper behavior.

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**Behaviour Approach**

This approach places special focus on what employees do on the job and does not take into consideration the outcomes of a job

This is basically a process oriented approach

So, when we talk of behavior approach. So, this focuses on it special focus on what are the employee do on the job and does not take into consideration the outcomes of a job and it is a process oriented approach. So, what are the efforts taken by the employees like, whether the person is proactive enough or not, whether the person likes to like gain knowledge or not, whether the person is interested do things or not.

These are, these are the things taken because it is like when we talk of a learning organization, this is very important it is not what you learn, but whether you want to learn or not whether you are enthusiastic enough to take up new knowledge, whether you are flexible to certain things to gain new knowledge. So, these are important. So, this is a when we talk of behavior approach this is a process oriented approach.

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Behavioral approach is suitable in these situations:

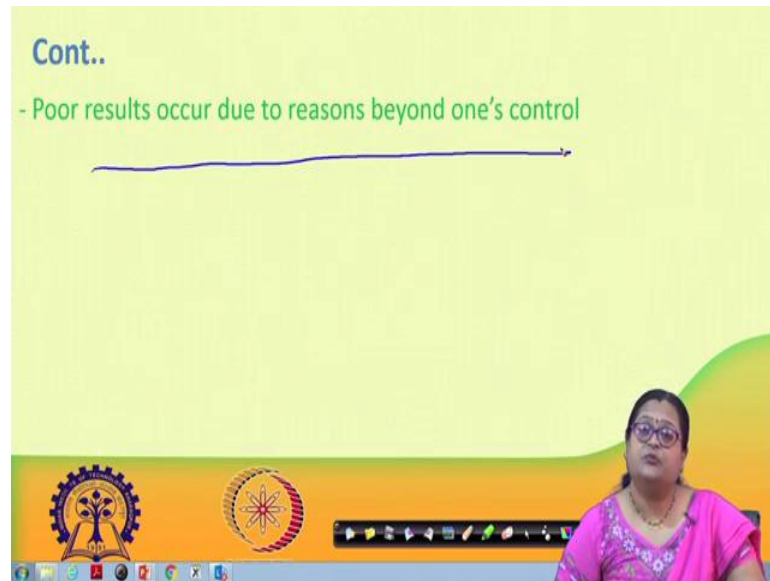
- No direct link can be established between behaviors and results like missionary sales people whose task is only to build a name for the organization or product but not sell
- Outcomes will occur down the line in distant future

The slide also features a video inset of a woman in a pink shirt in the bottom right corner, and logos for an institution and NPTEL in the bottom left corner.

So, when we talk of behavior approach is it is situations in which it is more suitable is like when there can be no directly established between the behaviors and results like the for missionary sales people whose task is only to build a name for the organization or product, but not to sell.

So, because outcomes are not which you can see now, it is the it will be given in distant future, it is only the present behavior demonstrated by the employee, which shows it is eagerness to work commitment to the work and like interest to carry the work given to that person is what is observable now. In those situations behavioral approach is quite suitable as a measure.

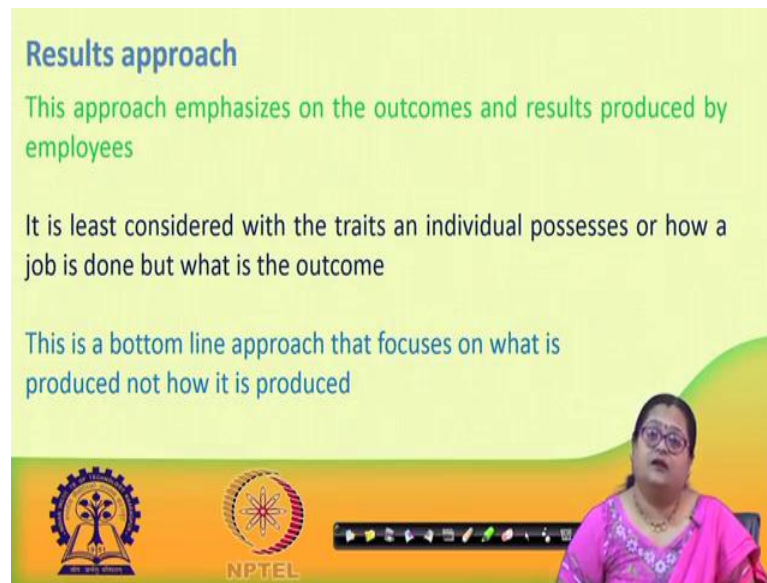
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So, and also sometimes what happens in spite of taking lot of efforts, you cannot always laying behaviors to the result part, because sometimes poor results occur due to reasons, which is beyond the employees one's control, even if I have tried hard. So, may be the some situations have changed in between customers though I have tried very hard to do some selling customers have not like accepted, they do not want to do, but that does not mean I have not tried.

So, poor results sometimes occur due to reasons, which is beyond the employee's control. So, in those situations we have to really give importance to the behavior measures also.

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**Results approach**

This approach emphasizes on the outcomes and results produced by employees

It is least considered with the traits an individual possesses or how a job is done but what is the outcome

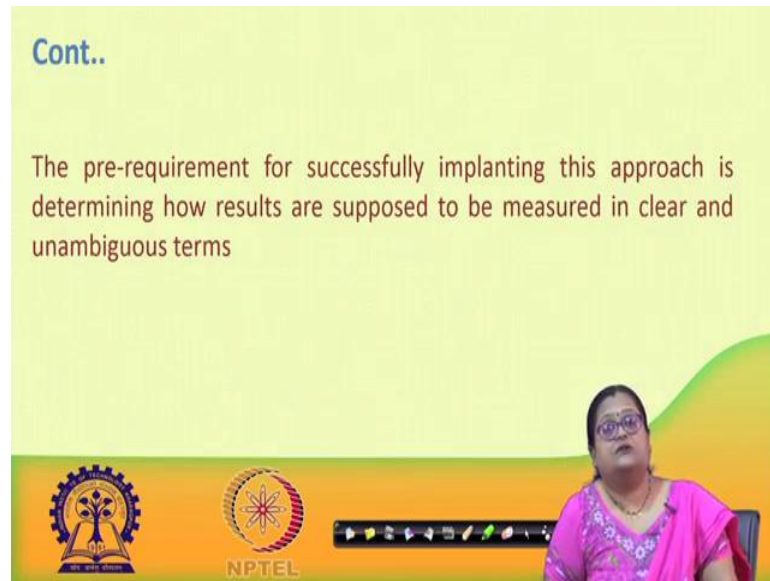
This is a bottom line approach that focuses on what is produced not how it is produced

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So, in results approach what is happen it is emphasizes on the outcomes and results produced by the employees. It is least considered with the traits and individual possesses or how a job is done, but their main focus is a what is the outcome. So, the bottom line of this approach is focuses on what is produced not how it is produced, but we have to understand this has, this may have major ethical concerns also. If suppose we are only focused towards our aim is to get profit, our aim if we are talking of the organizational level or we have to sell the product hook or crook; however, we do it the end result is we have to sell.

So, if you are just only outcome focused and not process focused, like it is not important what tricks you play, or what will how many lies you tell to sell your product, but it is that you have sold it that is important for me, this may have long term detrimental effect on the organization's reputation. So, before choosing a result oriented approach; so, what is that result we are choosing and do we have to really debate about should we go only for the result oriented approach or the approach taken should be focusing on the result and also how you reach that result.

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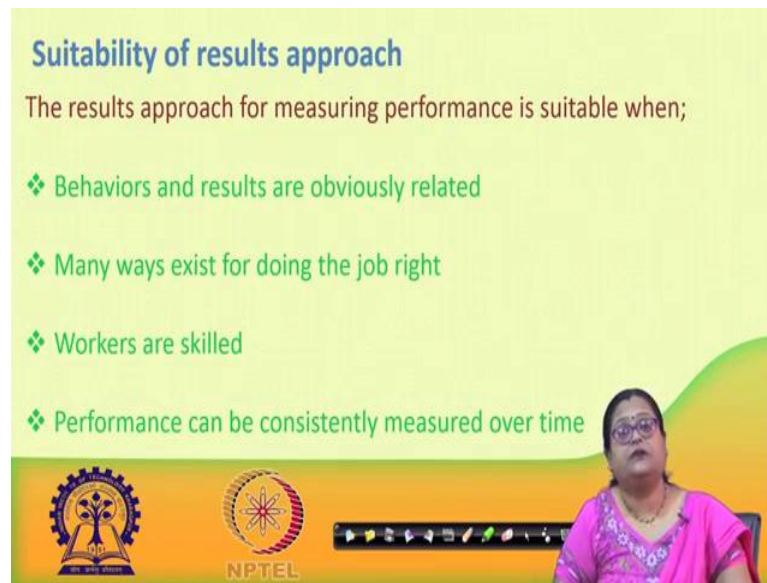
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The pre-requirement for successfully implanting this approach is determining how results are supposed to be measured in clear and unambiguous terms

So, the pre-requirement generally for a successfully implanting this approach is determining how results are to be measured in clear and unambiguous terms. So, and in that measurement, you can really like look at into the, you can also plug in the process orientations in it.

Because people may fall into the track of like taking up unethical practices, undesirable practices, if there is too much focus on like by hook or crook, you have to reach a particular result. The end point is important how you do it is not important, may like tempt people to take up wrong ways of doing things, wrong practices, which may not be visible in the short run. But now because all the stakeholders are very vigilant about not only what you achieve what you do, but how you do it, if the long run perspective, it may affect the organization's reputation in a wrong way.

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**Suitability of results approach**

The results approach for measuring performance is suitable when;

- ❖ Behaviors and results are obviously related
- ❖ Many ways exist for doing the job right
- ❖ Workers are skilled
- ❖ Performance can be consistently measured over time

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So, the suitability of the results approach is when the behaviors and results are; obviously, related many ways, exist of doing the job right, workers are skilled, performance can be consistently measured over time, and with performance can be considerably measured over time.

However, all these should have like the overall suitability of result approach is like the results approach for measuring performances suitable only when behaviors and results will; obviously, related there many ways exists for doing the job right, workers are skilled performance can be consistently measured over time, but the overall umbrella covering this is the value system of the organization. Like when we are talking of there could be many ways of, there could be many ways of do exists for doing the job right.

So, like whether we take the short cut or you try to do the job in a correct way. So, that you get the more the process at the end result is correct will be guided by your philosophy, will be guided by your values, will be guided the ethos, values, will be guided by your culture.

So, the blend of the behavioral approach with the result approach, which is guided by your values of the organization, is very important for understanding the performance measures. Thank you with this we come to the conclusion of this module, we thank you with this we come to the conclusion of this week's lecture.


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**References:**

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Performance Management, 1st Impression (2010) by Souendra Narain Bagchi, Cengage Learning, New Delhi.

Performance Management Systems and Strategies, First Edition, Dipak Kumar Bhattacharyya, Pearson Education (Published by Dorling Kindersley (India) Pvt. Ltd. Licensees of Pearson Education in South Asia.

The slide features a green and yellow gradient background. At the bottom, there is a dark blue bar containing the NPTEL logo on the left, a circular logo with a star in the center, and a set of navigation icons (play, stop, back, forward, etc.) on the right.

And, and these are the references from which this discussion we have taken from any questions you have like suggestions you have please post it in the forum.

Thank you.