Performance And Reward Management
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Lecture - 19
Implementing a performance management system in your organization (Contd.)

Welcome back to the topic on Implementing a performance management system in your organization. Today we are going to discuss on the concepts of modern methods of assessment and some of the rater problems.

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In the modern methods of assessment, one of the modern methods is that of multi level multi source feedback generally which we tell to be 360 degree feedback. So, why this is a modern method because generally in the traditional system only the supervisor should appraise the performance of his subordinate.
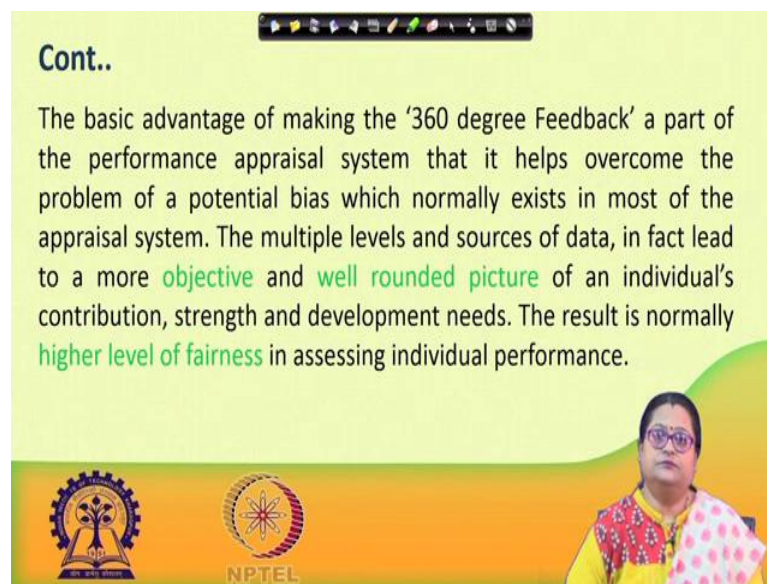
So, then the, but it may so, happen like the person in the role incumbent is playing a role which is connected to many other people beyond only the supervisor. So, it is and if a balanced understanding of how good he is in his performance the person should be assessed from all aspects. So, in the traditional system though only the supervisor or the superior should appraise the performance of the individual in the modern multi level multi source feedback system, which we call the 360 degree feedback this feedback is

taken not only from the superior, but are also from other people who have a direct interface with the role incumbent.

So, Peter Ward defined 360 degree appraisal as the systematic collection and feedback of performance data of an individual or a group, derived from a number of stakeholders in their performance. So, as we are discussing like their the role could have interface with the roles of many other people. So, like he is role can be and through put role, it can be like an input role to the other role. So, all these people can also have some understanding of how this person is performing well or not.

So, in 360 degree feedback, the feedback about individuals performance is taken from not only the superior, but the other stakeholders also who are connected with the role of the role incumbent in question whose performance is getting appraised.

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So, the basic advantage of the 360 degree feedback is a as a part of the performance appraisal system is, it helps to overcome the problem of a potential bias. So, which exist in the may be performance appraisal a system.

So, if it is a multi level and multi source data, it leads to a more objective and well rounded picture of an individual's contribution strength and development needs. So, and it is expected like the result is normally on the higher level of fairness of assessing and individual's performance.

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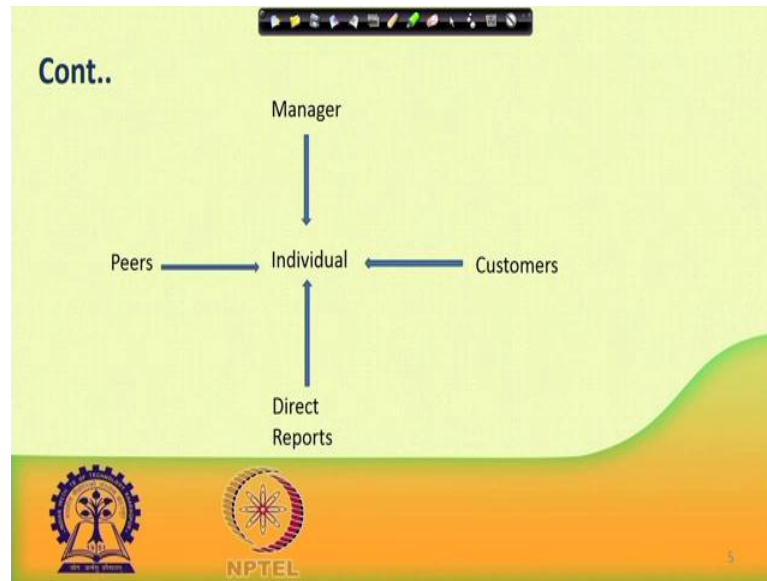
So, here we can see in the picture like the individual is in center and the manager, the direct reports, peers and customers or people who are giving feedback about the individual's performance. So, one thing before we proceed to the next modern technique, which should be kept in mind over here is giving 360 degree feedback taking 360 degree feedback is good if it is used in the correct sense of the term.
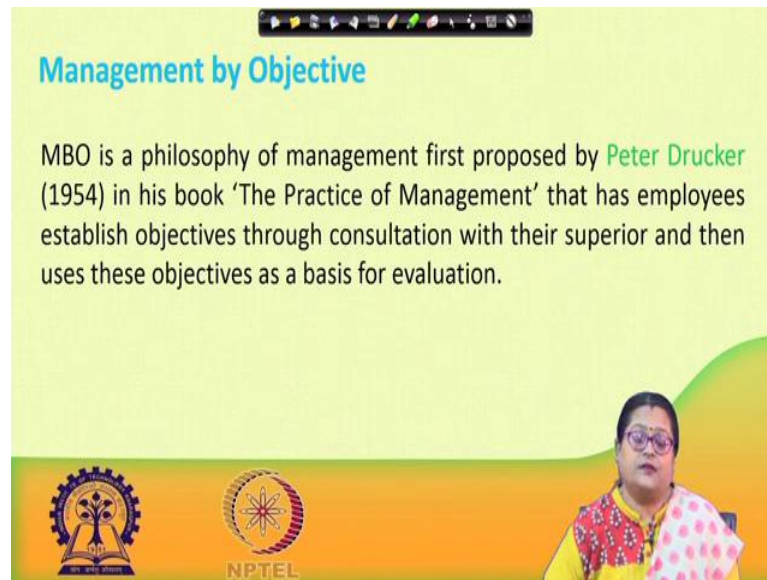
So, we have to understand because sometimes it is taken in an anonymous way also the individual should not be targeted like if because the direct in some cases maybe the direct reports may have some anger about the boss. So, even if in some situations something has happened or the customer with something maybe some interactions went wrong with the peers another specifically with the peers and the reports and the customers.

So, they should not be taken as an avenue for vengeance of jealousy, anger and personal attacks to the person per se, but here we should be neutral and we should be responsible enough to understand the type of feedback that we are giving about the performance of the person. The focus should be whether the performance was good or not, but whether we like that person or not, whether we like we have some special feeling for that person or not should not be coloring or giving bias to the judgment.

Because if this is used in a wrong way for personal attacks and personal vengeance and taking revenges against the person and all so, the whole purpose of this will go wrong.

So, we need to be very ethical while giving this 360 degree feedback, we have to understand like we have lot of responsibility and accountability also like when we are giving a particular feedback about a person.

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Next is management by objectives. So, management by objective is a philosophy of management, which was first proposed by Peter Drucker in 1954 in his book The Practice of Management. So, what it the main focus over here is that employees establish objectives through consultation with their superior and then uses these objectives as a basis of evaluation.

So, this is one of the basic points may that we were discussing in performance management system. When we were talking of shared vision, shared goals, shared objectives discussing with the employees to set their targets and so, that involving them in the decision making process. So, that they also understand like they are contributing in a much bigger way and their own responsibilities for the performance that is expected of them.

So, in performance management, management by objectives play a major role where the employees establish their objectives through consultation with their superior and then when they both of them agree upon a particular objective, then that is used as a basis for evaluation.

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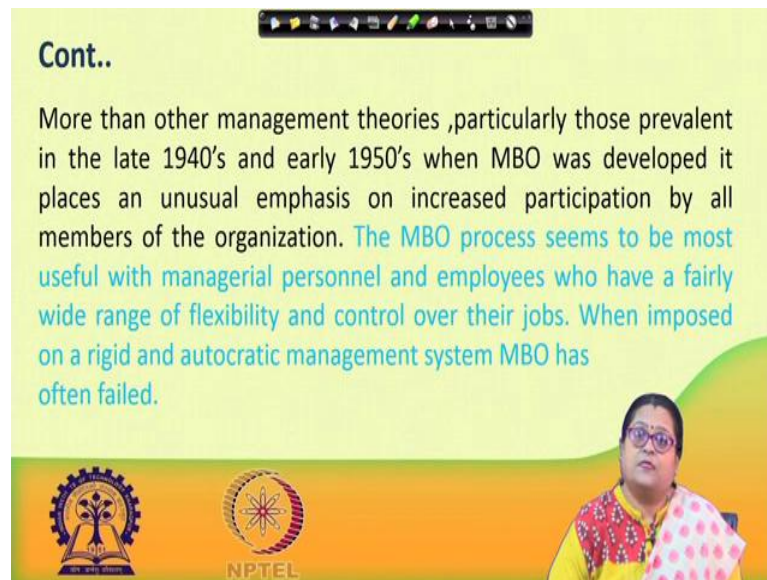
So, MBO is also a specific process for managing an enterprise involving an orderly step to step process for understanding like ensuring that the organization's excellence and desired results. So, if when you are going for management by objectives, so it is a system for planning evaluation and organizational control. So, when you are talking of management by objectives, it is a way, it is a philosophy of how you are predicting and influencing the future rather than responding and reaching to the past. So, where we were talking of vision mission orientations and thus finding out what are the strategic plans objectives.

So, where we want to go, what why where we want to go in future being the kind of organization we are and if it is so, then what is our objective that needs to be reached. And if we want to reach that objective, then how to plan for it, what are the controlling mechanisms we need to have in place, how to evaluate it these are the and how to take a feedback at each of the steps how to take get the employees involved in the whole process these are some of the various steps which are involved in management by objectives.

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So, the management by objectives unlike other earlier theories, it plays lot of emphasis on participative kind of management. So, increase participation by all members of the organization. So, MBO seems to be the most useful with managerial personnel and where the system is such with the managerial personnel and employees who have a wide range of flexibility and control over their jobs control on their jobs.
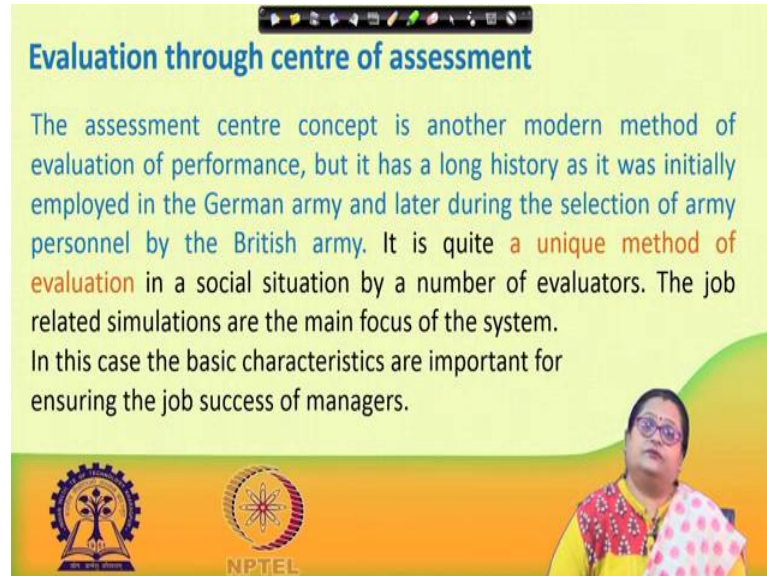
Because see when you are talking of management by objectives, shared goal setting, it may so, happen whatever the seems superiors tell their junior is to do, they may tell like this is not possible to us to that extent this is still where we can do it and maybe we need to get prepared to hear no also.

So, lot of flexibility is required in order to accommodate assimilate what the other person is telling, give due weightage to that, due respect to that and understand the importance of the what would suggestions that the person is giving and see how that can be best incorporated in the objective and so, that it becomes acceptable to both. So, this requires actually open system of communication open organizational culture and collaborative mind set. So, that it is more like a team that we are going to function and it is not like the boss is telling, and the like the employee has to hear to it.

So, that is why the culture needs to be prepared first before we are going to introduce a MBO. When imposed on a rigid and autocratic management where the boss speak and

the juniors carry out their orders this MBO has failed. So, the facilitating environment for practicing MBO needs to be prepared first.

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Next modern method of evaluation is assessment center. So, what is an assessment center concept? Is a it is a way of evaluation of performance. So, which was initially in done in German army and latter one being accepted by the British army. So, it is a unique method of evaluation in a social situation by a number of evaluators.

So, what is what we understand if we remember in our initial discussions, we told like the performance is a function of not only the traits that the person possesses, but also the situations kind of situations that the person is in the resources which are there because the multiplicative factor of the how the person interacts in a situation gives rise to a behavior which leads to the result and finally, it affects the outcome.

So, the assessment center is a concept where it is an unique method of evaluation, where a simulated social situation regarding the job. Job related simulated social situations are created and the it is observed by different by a number of evaluators like how the role incumbent if placed in a particular situation. So, how that person is going to demonstrate maybe the critical competencies that are required for ensuring the success of the managers.

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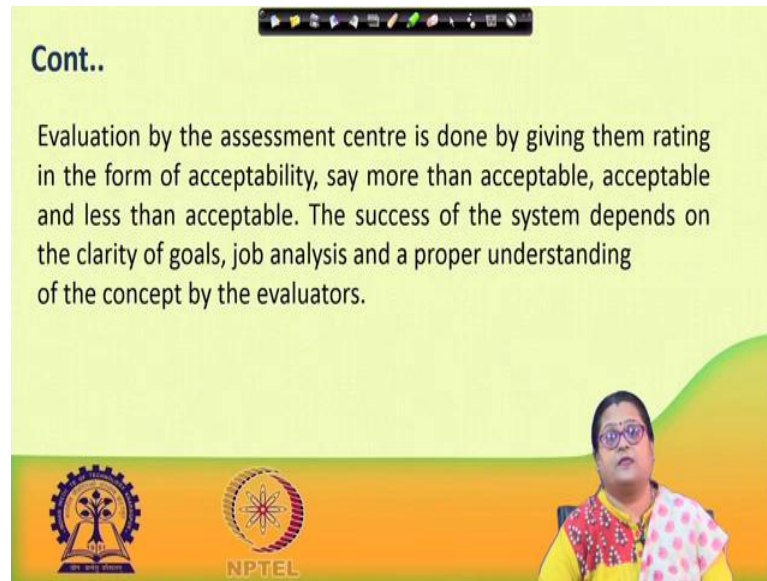

So, what is required over here? The evaluators are required to observe and evaluate the performance of the employees in several situations by fixing up the benchmarking criteria, specifically in the field of planning, organizing, sorry interpersonal skills, creativity and decision making.

This is a unique kind of situation see, we can train you separately how to be a to make better planning, how to organize, how to improve in your interpersonal skills, how to improve on your creativity and how to improve on your decision making there can be separate training programs on this. But when given a particular situations all things have to be used together and that will determine and how you use the combinations of these things, who is going to determine how much successfully you become in like dealing with a particular situation which is arised.

So, in assessment center concept what is done? A simulated job situation is created, the person is put into that situation and the observers like evaluate based on the different criteria given like benchmarking criteria, how the person is best answering to the job situation and demonstrating his may be planning ability, organizing ability, his interpersonal skills, creativity and the decision making ability.
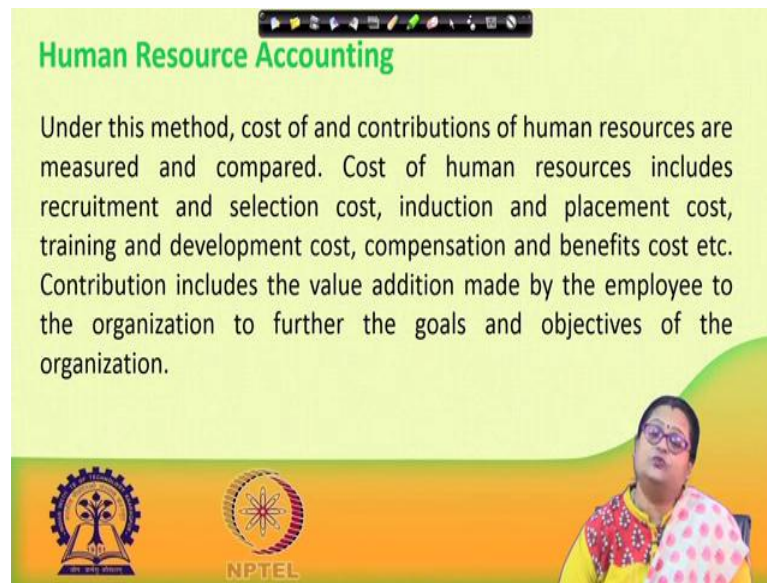
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So, in assessment center the evaluation is done by rating in the form of acceptability like whether it is acceptable more than acceptable, less acceptable; acceptable et cetera. So, however, it is very important to understand like when we are observing some behaviors and rating it as acceptable, not acceptable or more than acceptable first there should be inter rater agreeableness in terms of understanding the there should be inter rater agreement, there should not be disparity in the terms of or inter rated differences in terms of how I understand what are the acceptable what will make a particular behavior acceptable and you understand it in different way what are the things which is may going to make a particular behavior acceptable.

So, the job analysis, clarity of goals and proper understanding of the concept by the evaluators is really very important. So, when whoever is becoming the evaluators for assessment center, they are they have a huge responsibility and accountability to because they will be judging something as acceptable and not acceptable, but before that they have to undergo lot of training to understand and the all the evaluators should come to a common understanding of what is what if done we will be taken as acceptable, what if done is less than acceptable and what if done is more than acceptable, all the raters should be like the equal platform to return like to make less the inter rater biases .

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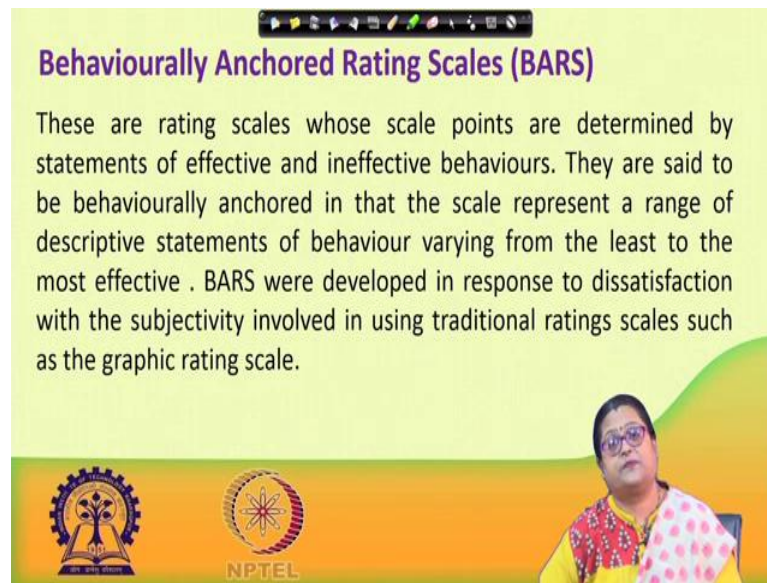Next method is that of human resource accounting. So, under this method the cost and contributions of human resources are measured and compared. Cost of human resources includes recruitment and selection cost, induction and placement cost, training and development cost, compensation and benefit cost. Contribution includes the value additions made by the employee to the organization to further the goals and objectives of the organization.

So, we have been doing a cost benefit kind of analysis and where we have to note down all the costs involved in terms of the various activities taken and like in terms of acquiring the people training them, keeping them in the organization, maintaining them and motivating them and after that what is the value addition made by the employees to the organization in line with the few to further the goals and objectives of the organization and this is seen whether the it is the contribution made is worthy of the cost or not.

Next modern method that we have is behaviorally anchored rating scale. So, these are scales who scale points are determined by statements of effective and ineffective behaviors. They are said to be behaviorally anchored in that scale represent a set of descriptive statements of behavior varying from the least to the most effective. So, a BARS were actually developed in response to the dissatisfaction with the subjectivity involved in the traditional rating scales such as graphic rating scales.

What happens in the traditional rating scale? There are points like 5 4 3 2 1 which talks of like strongly agree, agree, disagree, strongly agree agree, neutral disagree and strongly disagree these are points given or like 12 3 4 5 given, but it does not again tell like what if done, we will give strongly agree or very satisfied, satisfied category, what all the activities done, we will lead to a score of very satisfied or here as we told more than acceptable.

So, in behaviorally anchored rating scale, all the scale points are anchored with behaviors. So, which shows the descriptive statements of behaviors which if done all together is going to earn you five points, which will done maybe one vital point is missing you get 4 subsequently 3 2 1 et cetera.

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So, it can be used about developed using the data which is collected through the critical incident technique and through the use of comprehensive data about the tasks performed by the job incumbent, like if we have to like connect all these concepts, like first we have a comprehensive data about the what are the tasks performed by a job incumbent, then we may prepare some critical incidents to find out given this situation, what are the behaviors demonstrated by the employee and what are the ideal expected behaviors that are like expected to be demonstrated which will show how you are responding in a critical incident and based on that again BARS can be developed.
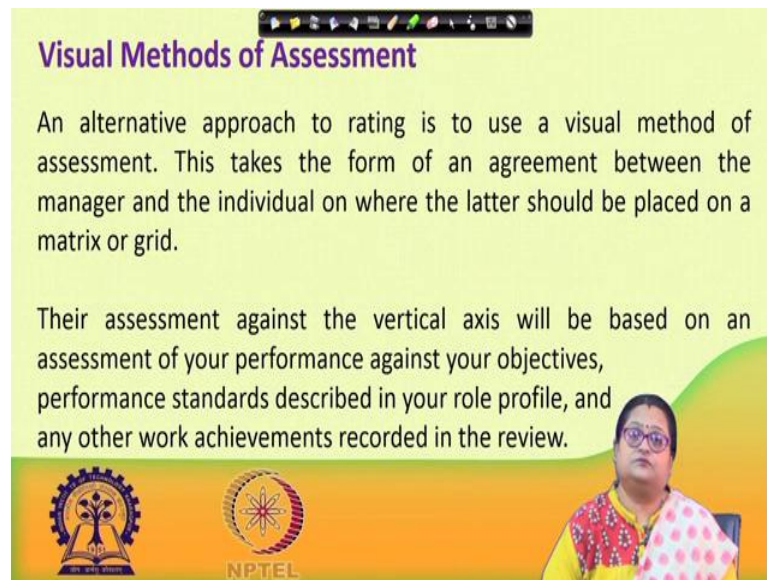
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So, we will just give you an example of the BARS scale like if you have to score 4, you can expect this representative to help a customer by sharing complete information. 3; after finishing with a request you can expect this representative to encourage a customer to shop again in this store. 2; you can expect this representative to delay a customer without explanation. 1; you can expect this representative to treat a customer rudely with disrespect.

So, these are examples of bar BARS scale with respect to how good the salesperson is like the sales representative is in behaving with the customers in terms of developing the relationship or giving him or her a shopping experience. So, because now people will come back to the you are like outlet, after having a proper shopping experience if the shopping experience goes bad, it is not only the things that the person are buying, but the shopping experience into totality will help make sure that the person is coming back to you again.

So, if it is a score 1 and what is a role of the sales representative as per the shopping experience is concerned, will find in point 1, you can expect this representative to treat a customer rudely with disrespect.

So, that is the lowest score may be 2, expect the representative to delay a customer without explanation 3, you to encourage a customer to shop again in this store and look when we talk of 4, you can see that the customer is sharing complete information the representative is sharing a complete information with the customer maybe helping him to show up to him or her to show up, telling where in which area and which shelves like the things are located and helping with the may be some trolleys, baskets et cetera; however, to make that shopping experience like worth remembering. So, for that you get a point 4.

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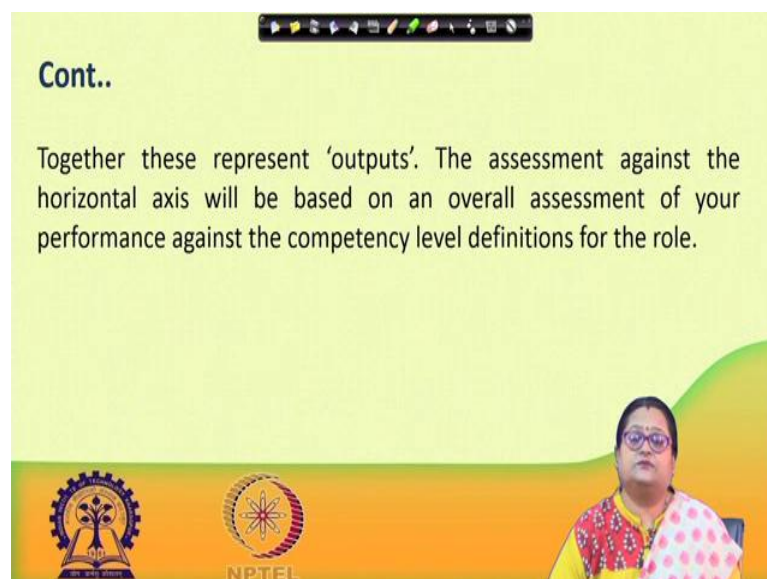Next method that we have is an alternate approach to rating is to use a visual method of assessment. So, this is actually an agreement between the manager and the individual on where the latter should be placed on a matrix or grid. So, their assessment is against the vertical axis will be based on the assessment of your performance against your objectives. Performance standard described by your role profile and any other work achievements accordingly in the review.
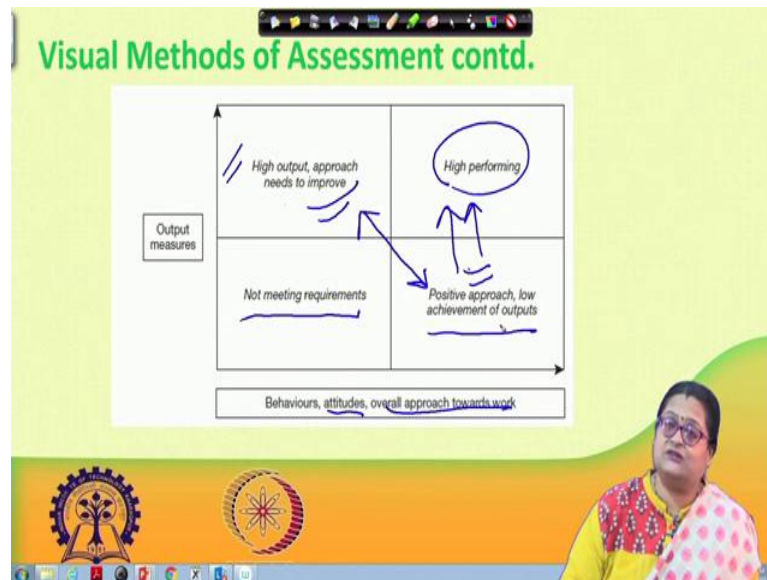
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So, together like these will show your outputs. So, and on the horizontal axis will be your overall assessment of your performance against the competency level definitions for the role.

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So, it looks like this, if you see in the output measures are on the vertical axis, behavior attitudes overall approach towards the work around the horizontal axis and you find on the you know; you find on the lower left hand corner is not meeting requirements, where the output is low and also the behavior and attitudes demonstrated also is low.

So, on the left hand side, on the right hand side bottom corner you find positive approach low achievement of outputs. So, the behavior wise the this thing the person is ok, but the output is low. On the right hand top corner what you find this is high performing. On the left hand top corner what you find is high output approach needs to improve.

So, because in this what is happening, the output is good, definitely good, but how the person is the maybe the attitudes and overall approach to the work is not ok, the way that the person behaves with others is not ok. So, which may have a detrimental effect of the long run on the performance of the not only of the individual, but also of the group of which that person is a member.

So, what you find these are like diametrically opposite, in this case the output is high, but the approach needs to be improved and this is where you find that the person has positive

approach towards the work, but the achievement of output is low. So, all both can be trained this and this can be trained to move to this domain which is high perform.

So, here the person needs to understand how to change in the behavior attitudes so, that this approach and outlook to life and the job improves and here the person has to improve on his skill sets to find out what are the things required or understanding of the job how to perform it, because it is a positive approach it is good, but ultimately the it should lead to results. So, how to increase the output like, how to improve on my skill sets and the knowledge of the job so, that I can do justice to the role given to me it will help that person to become high performing.

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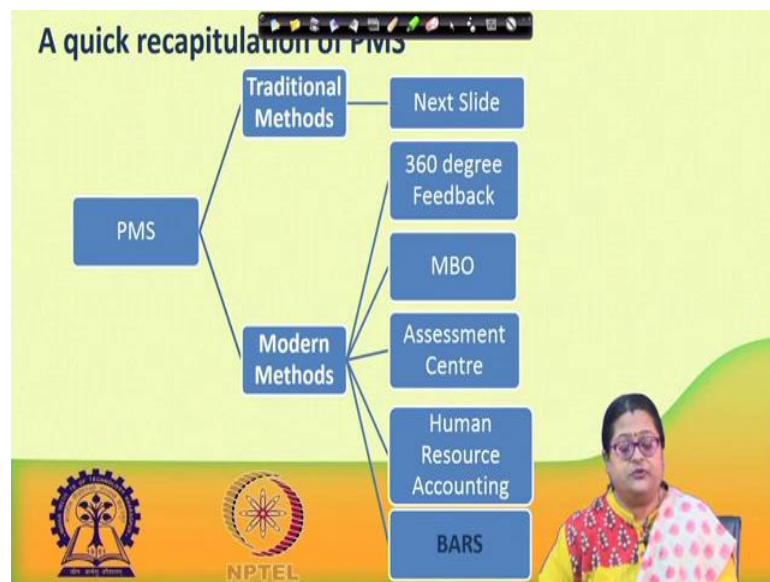
So, if you are going through a quick recapitulation of the performance management system, we have both the traditional methods and the modern methods.

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The traditional methods are we have already discussed about checklist method, critical incident method, rating scales method, essay method, ranking method and bell curve of method. The modern methods are 360 degree feedback, Management by Objective, Assessment center, Human Resource Accounting and Behaviorally Anchored Rating Scale.

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So, these are the again the references based on which this discussion is based, you can go through these books to find out more details about the processes.

Thank you.