Performance and Reward Management
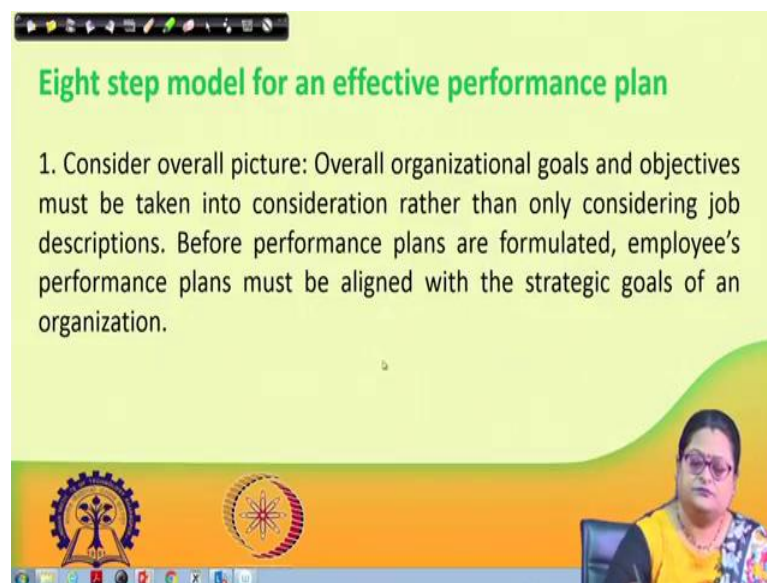**Prof. Susmita Mukhopadhyay**
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Lecture – 05
Understanding Meaning of Performance Management and Reward Systems
Management with Performance Management Process (Contd.)

Welcome to the 5th session of the first week lectures on the topic Understanding Meaning of Performance Management and Reward Systems Management with Performance Management Process. The concepts that will cover today are eight step model for an effective performance plan. We continue with the performance management process, and we will discuss some recommendations for conducting effective performance reviews.

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Now, first let us discuss what are the eight steps for an effective performance plan. For discussing that the first step that is required is of course considering the overall picture. What are the overall organizational goals and objectives must be taken into consideration rather than only the job descriptions. In the last session, if you remember, we discussed on like how to do a job analysis, and how to write a job description, but before writing that job description that job must fit in into the overall objective of the organization.

So, what are the first step of designing an effective performance plan is to have an overall picture of the organization's goals and objectives, and then on that based on that we have to understand how a job is going to fit it into it and what should be the description of the job, so that it can contribute in a considerable way towards reaching that overall objectives of the organization.

So, we to continue in order to do that before performance plans are formulated, employee's performance plans must be aligned with the strategic goals of an organization. May be this is the key principle that we are repeating in every time, like the employee's performance plans must be aligned with the strategic goals of the organization, this we need to keep in mind.

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Point 2 is identified accomplishments at work unit's level. So, strategic business units must be identified. The nature of accomplishments which are expected from various important or strategic business units must be determined and afterwards, performance plans must be formulated.
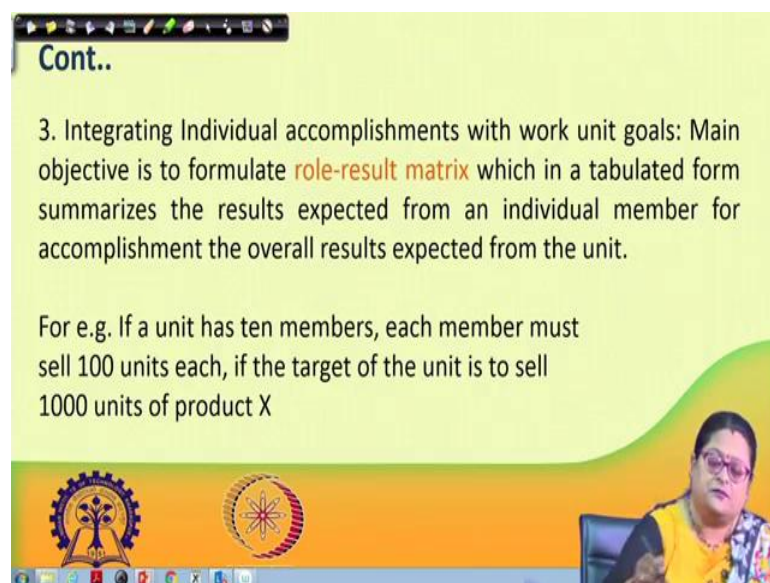
If you want to elaborate on this what we understand, like if we have to reach certain objectives for a particular organization, it is no doubt like all are ,all departments, all units are contributing towards the growth of the organization there is no doubt about it, but there are certain departments which are more important in order to reach a particular objective that is how we do; like A B C classifications like which are the like core

departments, which are going to like very important departments, which are going to contribute to the main objectives and others are going to help those departments to reach that objectives. So, that is why we have to understand like the strategic business units needs to be in order to do that the strategic business units must be identified that is point 1.

And what are the accomplishments, which what are the expectations from this various important or strategic business units must also be determined and afterwards, then the performance plans must be formulated. And this may change from here time to time, it is not that like one department which is important now remains important for like every time or it remains important for all objectives that are set.

So, we have to map the important departments and their accompanying associated departments, according to the nature of objectives that we are going to set and accordingly we have to design performance plans for it.

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After we have done that the third point is integrating individual accomplishments with the work unit goals. So, first there is an organizational goal, which is mapped to the departmental goal; after that is done if the department has to achieve that what are the individual contributions in it.

So, the next important point is integrating the individual accomplishment with the work unit goals. If you want to do that the main objective over here, is this word to formulate the role-result matrix; so, which summarizes the result expected from an individual member for 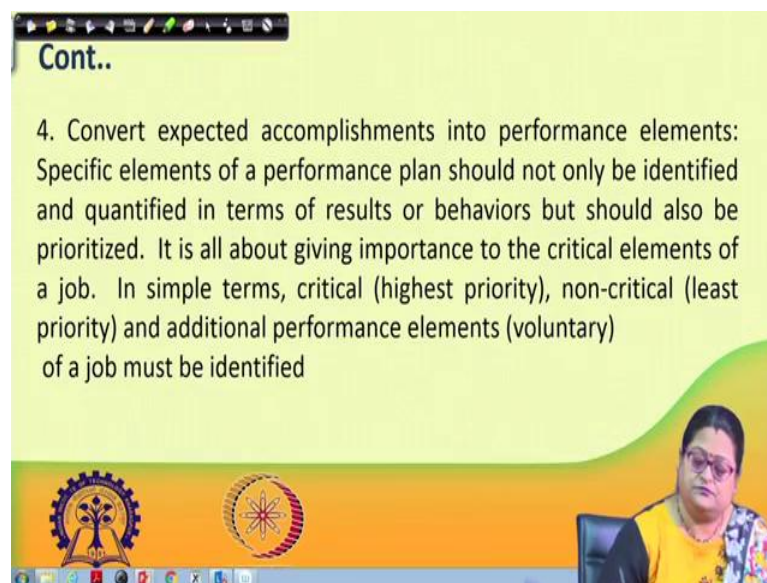accomplishment of the overall result expected from the unit. So, suppose the example that is given over here, like if a unit has ten members, then and the unit wants to sell 1000 units of product X, to be very simply we can understand like each member has to take a target of selling 100 units.

So, this is maybe a simple logic given, but in that this is same simple example given, but in that way like if the organization has certain goals in how the departmental goal are cascaded to it and if the unit or the work unit department has a certain goal. And, it has a certain kind of individuals or teams working in it, then how those individuals and team goals need to be integrated with the department's goals and objectives.

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4. Convert expected accomplishments into performance elements: Specific elements of a performance plan should not only be identified and quantified in terms of results or behaviors but should also be prioritized. It is all about giving importance to the critical elements of a job. In simple terms, critical (highest priority), non-critical (least priority) and additional performance elements (voluntary) of a job must be identified
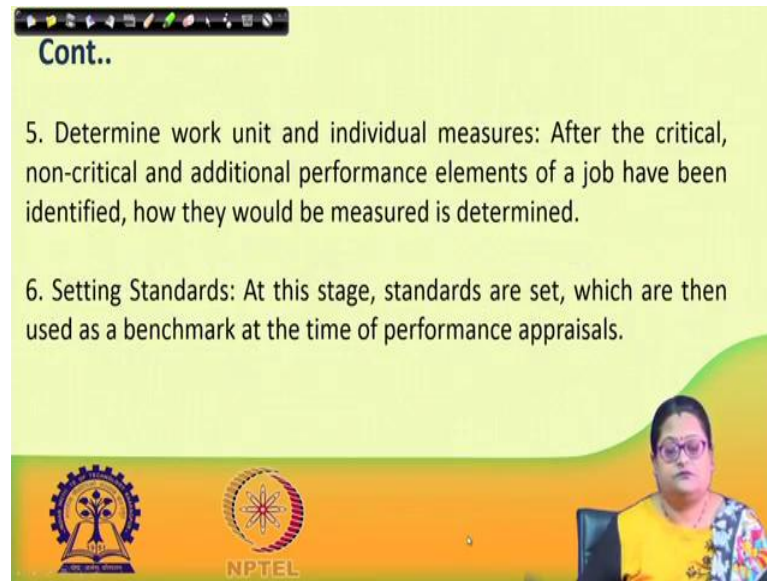
Next is, it is very easy to tell like you know like these are expected a few in terms of accomplishments, but the very important point is to convert these expected accomplishments into performance elements. So, the next important point over here is to understand the convert the expected accomplishments into performance elements. So, in the performance management plan; what happens in the perform, it should not only be done in terms of results or behaviors which are end result, which are then identified and quantified, but it is also important to understand the like critical elements of a job.

So, when you are talking of like convert expected accomplishments into performance elements, it is all we have to keep in mind like as individual goals alignment with the alignment of the departmental goals and with the organizational goal is a very important part of performance management plan. And, the though, is also important to prioritize, like them understand the critical aspects. Like as we discussed like for a certain objective though we understand all departments are very important, but for a certain objective certain departments group of departments may be more aligned to the objectives and others become associated.

For a different objective, some other departments may take up that road of being like of critical importance and others may become associated. Similarly, when you are talking of getting reaching a particular accomplishments and then finding out the performance elements related it to it. So, we have to understand like we have to do, which is important, which are of highest priority and then which are of least priority and which are like if which you can do in a voluntary way. So, this is important to understand the critical elements of a job.

When we talk of critical, highest priority things these are urgent and important and you have to do it, non-critical which is a least priority which may wait and additional performance elements are which is voluntary like which are not like expected of you or demanded of you. But if you can do that and if you volunteer to do, then it is really a value addition to the job that you are doing, so every job element may be prioritized in this way.

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5, the fifth important point is determine work unit and individual measures. So, after the critical, non-critical and additional performance elements of a job have been identified, now they need to be, how they would be measured it is very important. Now, as we give the example if you remember in the last sessions about the sales persons job and we have done the job description telling like selling is important, contacting new customers is important, getting feedback is important and like reaching to the old customers and getting their views also is important, so we have classified those things.

And now if we want to like focus on like retaining old customers then that is a focus, but if you have to measure like how it is done, then we give importance only into acquiring new customers or how many sales it has been made per day. So, in that case the measures of who is a good sales person is not mapped to the objective may be that we want to reach.
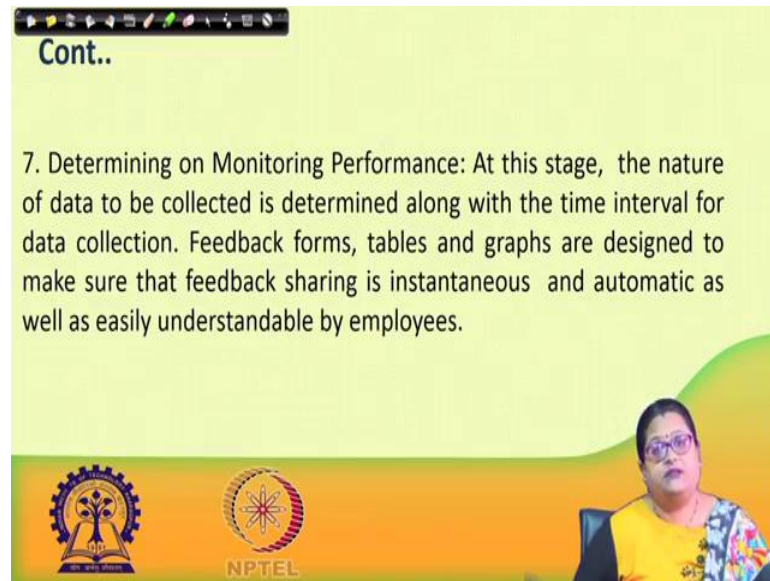
So, here may be how many old customers have you contacted, what feedback have you taken to them, what for them what is the service; like after sell service that you have given to them, this becomes important to measures. So, whenever we are determining any critical, non-critical or performance like additional performance elements of a particular job, it is very important to give a thought on how this needs to be measured and it needs to be determined in that way, so that the way that we are measuring it, is actually reflecting the objective that we want to achieve.

Sixth point is setting standards. So, settings at this stage, standards are set which are then used as a benchmark at the time of performance appraisal. So, what will be your standard like and what we need to achieve and this is used at the time of performance appraisal. However, we need to understand this is a very tricky kind of situation, maybe it is very important and critical kind of situation like, who sets the standard and how? we will discuss this and details later.

But to give you a hint over here; I give the standards that are very unrealistic, unachievable in nature and it is, it can be done like from top down, I just thrust on you like this is what you need to achieve or we can discuss like the employer and the employee, the boss and the team member can both set together and discuss like this is what the standard of performance is and this is what we will be following as our standard of performance as a yardstick of measuring. And, this is what is acceptable to both of us and in future in when we are going for performance appraisal, we will be judged on basis of this.

So, what is the standard how this standards are set whether these standards are realistic and or are not realistic in nature, based on the situations that we are in, based on the type of infrastructure that we have, based on the skill set that we have inside the organization, whether like these are star target standards that we can achieve overnight or it will need time for us to grow develop step by step in order to achieve a higher standard, these are certain things that we need to deliberate on or think and then set the standards.
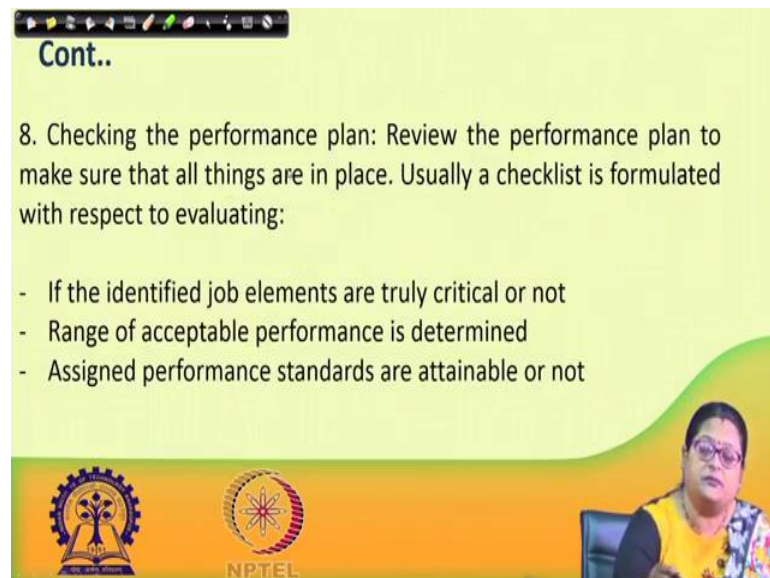
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The seventh point is determining on the monitoring of performance. So, then at this stage, what is happening the nature of data to be collected is determined along with the time interval for collecting the data. When we talk of monitoring performance, so what will be the frequency of it and like how do we monitor, in what will be the process and the process of collecting data and how do we share feedback. One important point of monitoring is see, people will see it as used for a development purpose for growth purpose.

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If this monitoring gets connected with giving a proper feedback, if this monitoring gets connected with giving a proper so if this monitoring gets connected with giving a proper feedback to the employees. So, feedback forms, tables and graphs are designed to make sure that the feedback sharing is instantaneous and automatic as well as easily understandable by the employees. So, the monitoring of performance can be viewed as a threat by the employees, can be viewed as a facilitating mechanism for their own development by their employees also. Based on how you are using it and what is the process of the monitoring, what is the approach that you have towards this monitoring and what use are you making this data form.

So, for that reason if it has to be taken in a positive sense for the sense of growth and development, the feedback is very important and that feedback which is a like feedback which is oriented towards the growth of the employee to understand; where they need to develop, where corrections are required and what type of handholding support may be given by the organization also, on what self measures that the employees may take for their self development. So, the feedback sharing is very very important and it has to be shared in such a way that the employee understands it also.

Checking the performance plan; so, step number 8 is course, to have a review of the performance plan, to make sure that all things are in place. So, usually a checklist is done to find out like if the identified elements of the job are truly critical or not, then whether what is the range of acceptable performance whether it is determined, like acceptable from both sides of the employee and the employer, then whatever assigned performance standards are given which are attainable or not, this is very important. We can set a standard any standard, but if it is not attainable by the employees or by the organization in the long run, then there is no use of setting those standards.
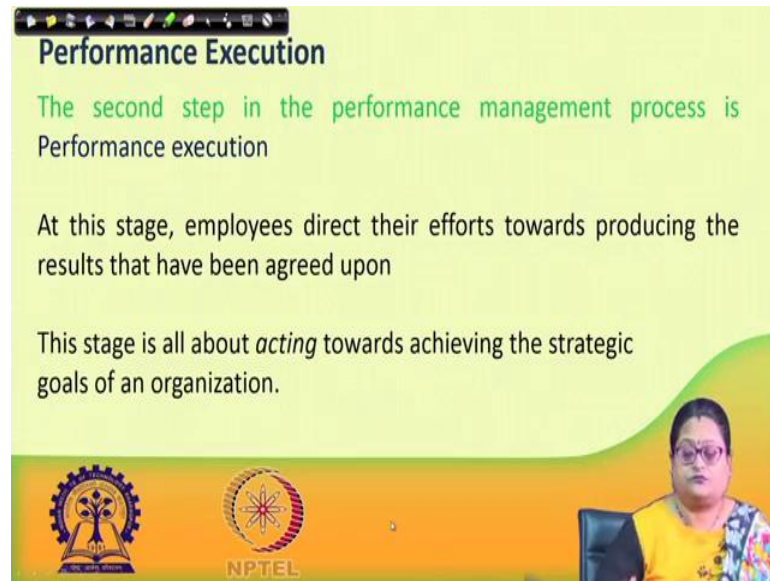
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Next is degree of fairness in the standards. So, whether it is not bias towards someone and whether it is like doing like whether it is achievable by everyone. So, this fairness in standards it should not be discriminating amongst the employees based on, but the characteristics which are not like required for the job. So, performance standards are easily understandable by the employees or not we should not be using certain terms and some complicated definition, formula maybe which everybody cannot interpret. So, you should write it in very clear terms and what is the level of flexibility, what is the level of acceptability.

Like this, when we talk of what is the level of flexibility, you deviance is tolerated to what extent and like to what extent, it is like maybe again in continuation with this to what extent; maybe if error is there, it is acceptable beyond that it is no. So, all these things need to be understood first, when you are talking of like having a checklist of introducing or having a performance plan.

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The second step, so after doing the performance plan the second step in the performance management process is performance execution. So, at this stage what is done employees direct their efforts towards producing the result that have been agreed upon; so this word is very important the results that have been agreed upon. So, whenever we started discussing about performance, management as a process if you remember we were discussing it as a process of shared understanding of the meaning and acceptable gold standards where, where you will find like employees here always participating in deciding what they can achieve. So, agreed upon results and this stage is all about acting towards achieving the strategic goals of the organization.

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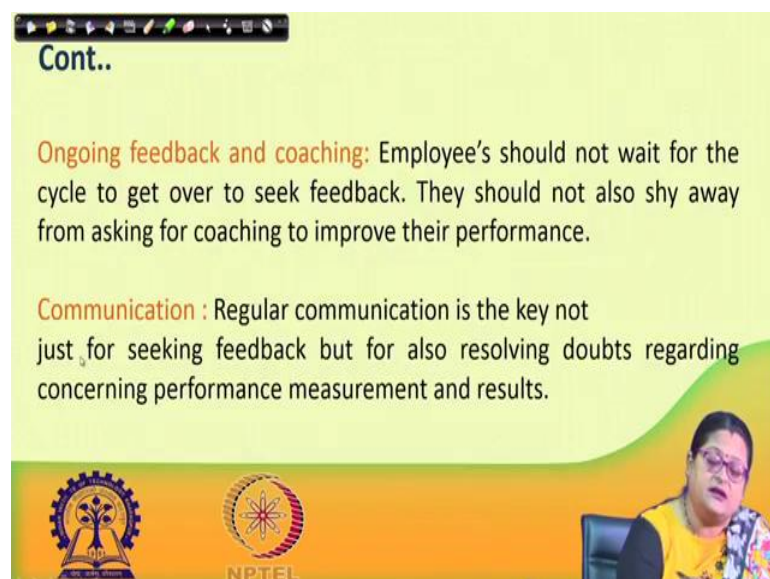
So, at this stage what is present is commitment to goal achievement. So, in performance management few of the values are very very important and when we call a like trust, honesty, fairness and here also another thing which I now introduce is commitment. So, commitment to the goal achievement, employees must show a sense of commitment towards achieving the goal of the organization as a whole or their unit. Employee's commitment towards the goal achievement is more enhanced.

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So, when, how as we are discussing, when employees are encouraged; when employees are encouraged to actively participate in the goal formulation stage. So, when employees are actively encouraged to participate in the goal formulation stage what happens, they have a sense of ownership, they feel proud to participate in an organization's goal. In this they can understand they can have a feeling of their idea is taking shape. So, it gives a automatically develops a sense of affective commitment towards the goal, like which in which they have also contributed towards the formulation of that goal. So, it is very important to encourage employees to actively participate at the goal formulation stage.

Ongoing feedback and coaching so, as we were discussing like when we were talking of monitoring, feedback is very important. So, they should, it is a atmosphere, where you are getting a feedback and when were you are developing yourself also. So, employees should not wait for the cycle to over to seek feedback. So, like pro activeness on the part of the employees to seek feedback, so or they can ask for coaching to improve their performance; shows the pro activeness on the part of the employees to contribute towards the departmental and the organization's goals also.

And the openness of the like the seniors to give a proper feedback, constructive feedback; we should be targeted towards the improving the work, it should not be feedback. If somebody is done something not so good based on like ok, you are not focused towards the person, you are not good, you are good for nothing, nothing can be done with you, you are absolute blunder. So, these kind of words should not be used rather the focus should be on giving the feedback or the job and how the person can be working on it to improve the performance and that person should be motivated to try to improve the performance that is why the word coaching is very important.

Communication, communication is also important; there should be open channel of communication, trust between the team leader and the team member in the sense regular communication should be there, not only for seeking feedback, but also for resolving doubts ,regarding concerning performance measurement and results. So, if the feeling of threat, the feeling of fear is there, feeling of awkwardness is there in terms of the employee; like if I go when ask my senior, like how to improve or how I can improve or tell me what to do. So, if that if it acts as a barrier, then maybe the performance cannot be improved.

So, the organization should like encourage towards open communication between the juniors and the seniors and feeling of trust; like the feeling of the support that if I go and ask, I am not going to get a scolding or the people are not going to look down on my ability, doubt about my competencies to do certain things my self-respect will not be hurt.

So, this feeling this atmosphere of having a psychological comfort zone is very very important, when we are talking of improving on the communication and having a open like culture, where people can openly discuss about their performance and how to improve it and peer to peer support is there; senior, junior support is also there and holistically the unit develops. Because, everybody contributes towards the other person's growth without the fear like I am going to be look down upon, people are going to criticize me and all these kind of things.

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Collecting and sharing performance data, regular updates on performance towards the goal achievements must be shared by the employees with their supervisors. Preparing for performance review, before final performance review is done, employees must seek realistic self appraisals. So, immediate result like timely actions can be taken for achievement of desired results and behaviors.

So, realistic self appraisal is very important and I should be opened, employees should also be open to feedback. So, even if some feedback is given for improvement of the

performance, it should be received positively by the employees and they should try to think on like how we can improve on this, so that my performance gets improved. So, which tells immediately timely actions can be taken for achievement of desired results and behavior.
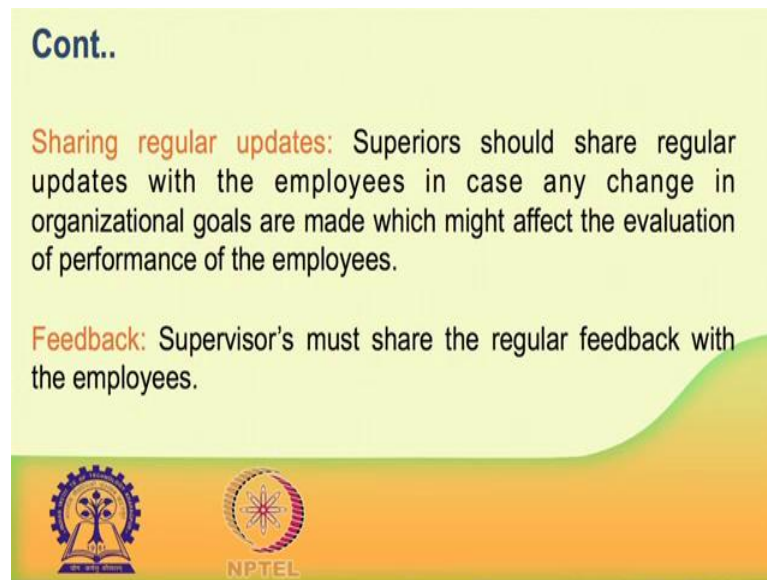
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The supervisor's primary responsibilities concerning performance execution are firstly, observing and recording performance. So, the supervisor on daily basis should record and document the performance of employees. Supervisor should pay heed towards analyzing both good and poor performance. So, this is I should not be biased only towards a good performance or towards the poor performance, but I should have a balanced record of both, the good and poor performance for maybe each individual, because it cannot be possible like one individual is good in every aspect; so he may be very good in something, averaging something and maybe not so good in something.

So, for if I have to monitor and record the performance of a person, I have to understand like what this person is really good at what you can do like do something good in which is average or where what at the other areas for improvement required.

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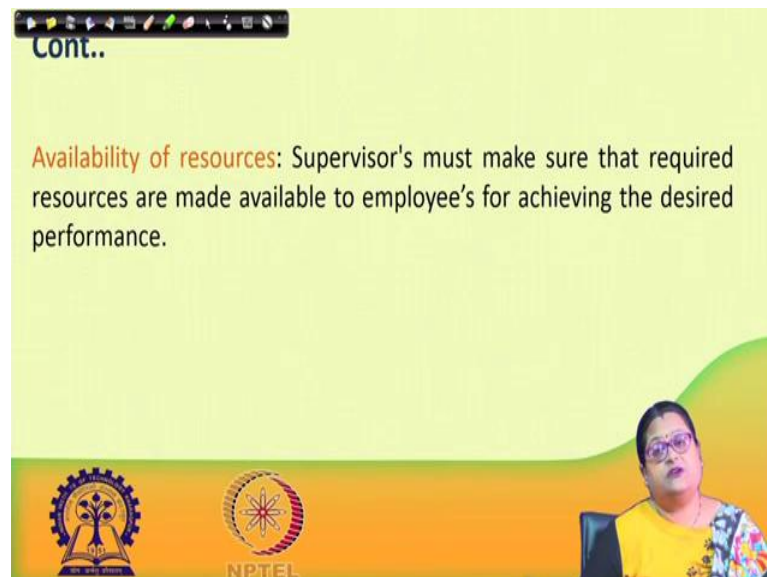
Sharing regular updates, superior should share regular updates about with the employees in case any like change in organizational goals are made and which can affect the evaluation of performance. And they should also share regular feedback with the employees.

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Availability of resources, so these are very important; sometimes there are performance is not possible, not because that the employees are not able to do it, but because

resources are not there. So, supervisors must make sure like the required resources are made available to employees for achieving the desired performance.

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Next step after performance execution is performance assessment and it is the third step. So, at this stage what is done supervisors and employees evaluate, whether the desired performance results have been reached or not. So, this is the stage where we compare the actual with the desired level of performance. This desired level of performance we have already said towards the performance acceptable performance standards that we have set and we if you remember at the third stage of performance plan and there we discuss that you are going to use it again at the stage of performance assessment.

So, in performance assessment what you are going to do, we are going to compare the actual performance of the employees with the desired level of performance of the employees and find out where is the gap and what needs to be improved.
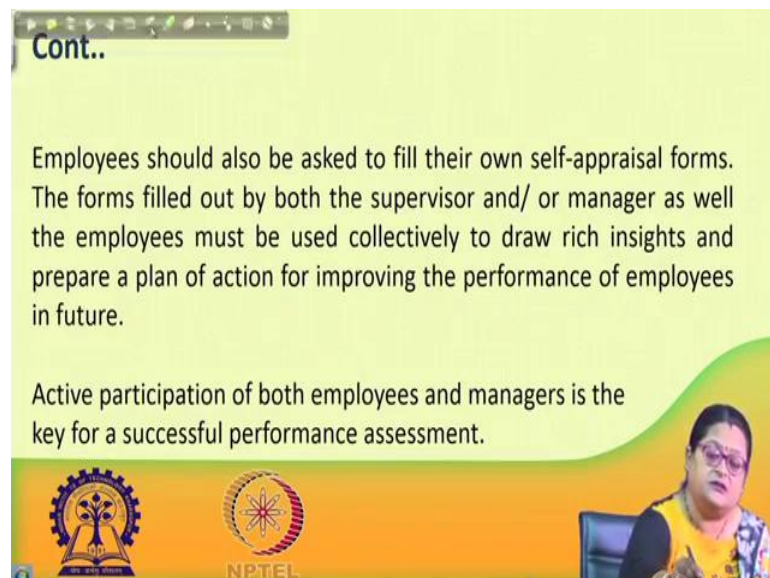
So, in many cases it is the immediate supervisor that provides information regarding the actual performance of the employees. So, however in now in many situations we are going to take a 360 degree view of the performance, 360 degree appraisal we will be discussing in details later on; where both peers, subordinates of the employees can also rate the employee's performance, because if you understand what is a role, in a role the role incumbent is there may be.

In the role incumbent is, the role incumbent is there in the central position, but he is connected all round with other employees, who are maybe his juniors, his seniors and colleagues. So, every people have their own expectations from this role. So, it is important like how they also see and how this person is performing and whether they are fulfilling those, those role incumbent is fulfilling those expectations or not. So, the 360 degree feedback is taken not only from the past, but the other people who are surrounding the role incumbent also gives the feedback.

What is important over here, this 360 feedback degree feedback should be very unbiased kind of feedback which is given based on how this person performs a particular role, but it should not be like venting out one's anger or jealousy towards a role incumbent. So, there are lot of ethical issues related to this 360 degree feedback processes also. Then employees should also be asked to fill out their self appraisal form. So, the forms which are filled out both by the supervisor and manager as well as the employees must be used to collectively draw reach insight into the insights and prepare a plan for action for improving the performance of the employees in future also.

When employees are asked to fill out their self-appraisal it happens like, it happens that we may come to understand; what are the areas of interest, how they are channelizing their areas of interest, what are the how they are trying to develop themselves and them and the managers and supervisors can also find out like he or she is a potential candidate for a new set of areas that the organization is going to think on and if to train properly, this person can take up those future responsibilities.

So, many possibilities may come out, when we try to see what is the self-appraisal form, how the employees have filled return we match it out with the supervisor's form and also with the 360 degree feedback. So, the active participation of both the employees and managers together are key for successful performance assessment process.

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The fourth step of the process is like the performance management process is performance review; so, in this performance review which we generally call as appraisal meeting. So, it is a stage of sharing the feedback of the supervisor, the boss with the employees regarding their performance. So, this is and actually how to give a proper feedback is a very critical task for the supervisor. So, because specifically with people who display like deficient performance, because it is this giving feedback is an art also, where we should not hurt the self-esteem and self-respect of the employees, while giving the feedback, specifically for employees who are deficient in performance.

We need to give a feedback in such a way like that the message about the deficient performance is given along with those guiding support, like what can be done to improve the performance in a future. So, this is actually an art that we need to develop by practice like how to give a proper feedback.

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The fifth step of the performance management process is performance renewal and re-contracting. So, after the performance review meeting is done, so insights gained from that performance management process are used for an improving a better performance management process and how to renew performance we have to have a look back into like; what we designed, what were the standards, what we could achieve, like what were the gaps, what we could not achieve in how do you need to redefine our standards again, do you need to redefine a performance plan again and it is having you like a relook into the whole system and it is that is why, it was called this stage is somewhat identical to the performance planning concepts.
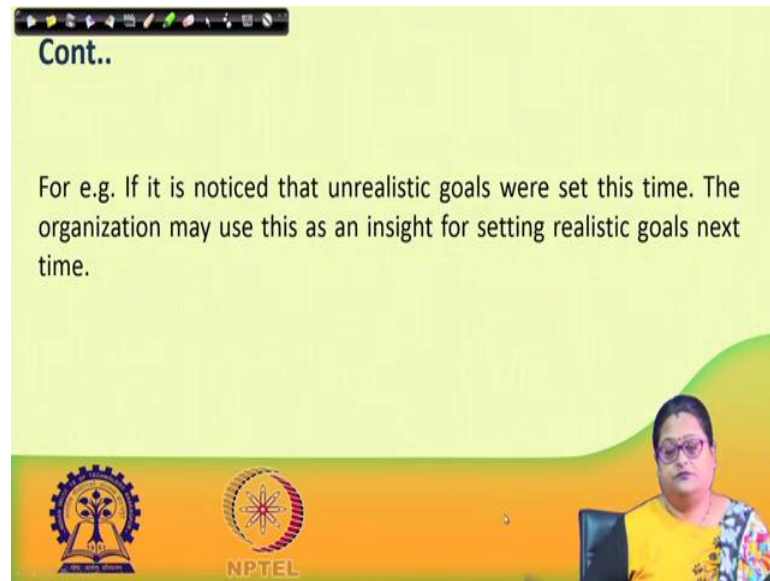
A difference in performance planning is done before and this is done like after everything is achieved, and then we having a relook and doing a fresh performance plan and if you see it like a cycle like maybe all steps are connected to each other.
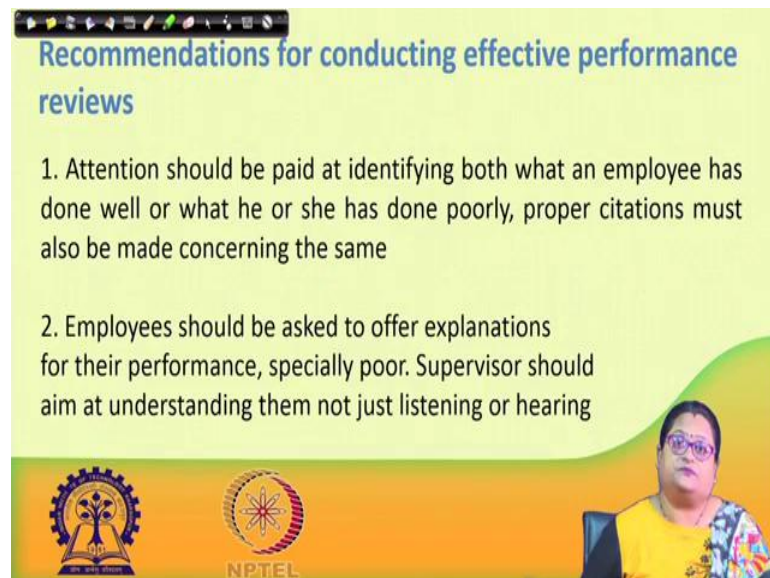
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So, example like if you realize like unrealistic goals were set this time. So, next time maybe we go and setting for real more realistic goals, which are achievable in nature.

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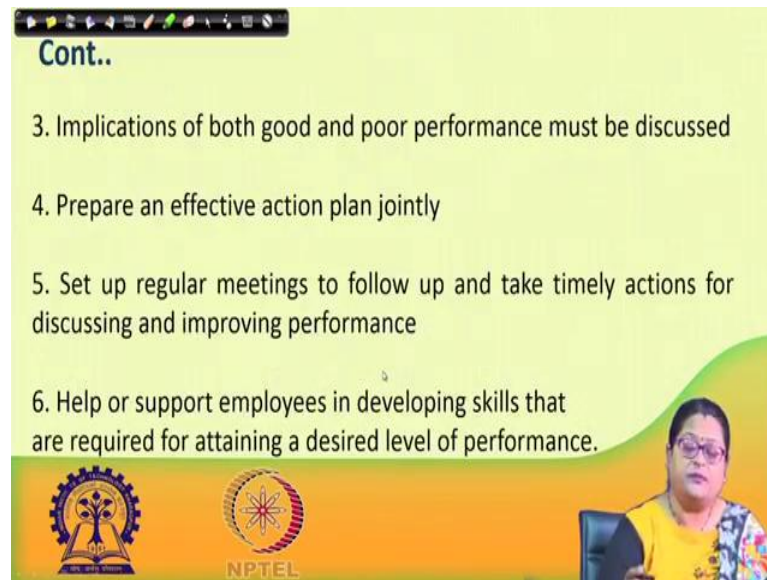Some of the recommendations for conducting effective performance reviews are attention should be paid at identifying both what an employee has done well or here she is done poorly and proper citations should also be made regarding those issues.

So, like everything has to be well recorded, it should not be like, because I do not like a person, I tell all his performance or her performances are bad where as overlook his good

performance. So, it has to be very neutral kind of unbiased kind of judgment, where like we get to see how the person has performed well in certain aspects and maybe poorly in certain aspects and we need to read it, record those things. So, employees may also be asked to give an explanation for their performance, specially poor.

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So, poor performance if it is there a way sometimes employees may have acts gone through certain challenging situations in their life that is why performance of deteriorated, so they should be given an opportunity to speak on it. Supervisors should aim at understanding them not just giving just having a listening or hearing to it. So, why some something went wrong what happened, so this performance could not be there properly, these new things should be heard.

So, what are the implications of both good and poor performance should be discussed properly and prepare an effective action plan jointly. So, follow up regular, follow of meeting and should be arranged taking timely actions for discussion and improving a performance should be done, so that is why we were, we are more emphasizing on the coaching concept, the mentoring concept; where both the supervisor and the employee are working closely hand in hand to improve the performance.

Help or support employees in developing skills that are required to attain a desired level of performance. So, it is a very guided path, so how to do a coaching there is also a science and an art; like we should not be making the as a supervisors, we should not be

making the employees too much dependent on us for guiding and support. We should we will help them to make their own decisions, make a choice of like what will be the right path for them, we can give them a guidance, but the ultimate selection of the path should be left to the employee.

And they we should let them try and if they are having any problem, they again come back for a guidance and it should be a guided support kind of, but we should never tell like this is what you need to do and come back to me in all kinds of situations. So, when to handhold when to slowly to withdraw, these are very important coaching styles that we need to understand and we will again discuss that in subsequent modules to come.

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So, these are the references that we have used for developing this module, you can also go through these references to study more about it. Any questions, we will be happy to answer those questions from your side in the discussion forum.

Thank you.