Performance And Reward Management
Prof. Susmita Mukhopadhyay
Vinod Gupta School of Management
Indian Institute of Technology, Kharagpur

Lecture – 62
Understanding the implications of performance and reward management in present organizational dynamics through case studies (Contd.)

Welcome to the course on Performance and Reward Management and we were discussing on the topic of Understanding the implications of performance and reward management in present organizational dynamics through different case studies.

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So, in this module we are going to discuss on the blog by Stuart Hearn which talks of the revolutionaries and the trail blazers.

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So, since last few decades, the number of changes have taken place in the ways that companies have designed or shifted the way performance management was done in their organization. This particular blog describes about top 5 performance management cases and like they we will be going to discuss on this as described in the blog itself.

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So, we recently we came across this blog on clear review website written by Stuart Hearn who is the co founder of clear review and was former HR director at Sony and the head of talent management consultancy.

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So, what is the blog talks of; it is the performance management case studies revolutionaries and trail blazers. It talks of 5 top companies and like what they have done under performance management. So, in setting new performance management trends.
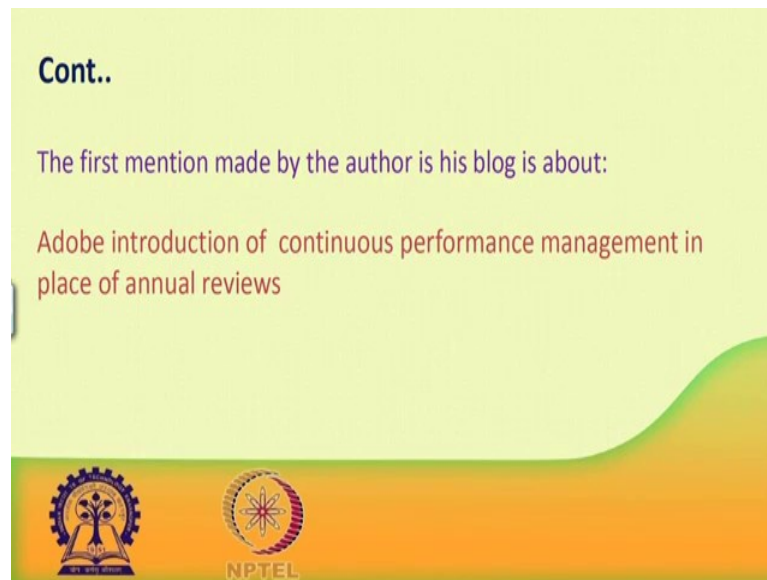
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So, the first mention made by the author in his blog is it about the Adobe's introduction of continuous performance management in place of annual reviews. So, what happened in 2012 Adobe introduced a new continuous performance management system. In terms of which is called the check in system in place of it is annual reviews because they found like the annual reviews were maybe time consuming, it was slow and like it took a lot of man hours.

So, then they shifted to a regular system of checking which like needed more man involvement of the managers in giving feedback and helping the people to as goal set and reach the goal set. So, it is more focused rather than on appraisal on managing the performance of the individuals, the details of which they elaborate of this case we are going to take up in more details in the next module to come up.
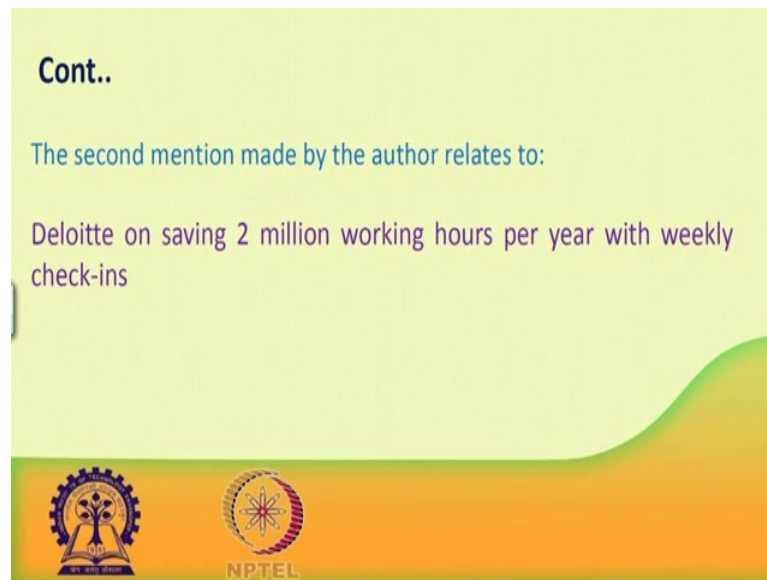
The second mention , the author makes about is Deloitte. So, how Deloitte on saving 2 million working hours per year with weekly check - ins. So, what it talks off like the Deloitte was the first big name to announce in 2015 that it was scrapping once a year performance reviews 360 degree feedback and objective cascading. This was when it was done this was after the Deloitte's new process this was after the Deloitte's new process requires every team leader to check in with the each team member once a week to discuss like near teamwork priorities and comment on recent work and provide coaching.

So, what we see over here the focus is what we see over here, the focus is more on taking feedback providing coaching helping people to develop to reach their objectives. So, to ensure like this check - ins take place frequently the check - ins are initiated by the team members rather than by the team leaders. So, to ensure like the check - ins are happening regularly the check- ins are initiated by the team members themselves and not by the team leaders.

Because what happens like you this people voluntarily come to the team leaders to get their feedback to know where they can improve and all. The leaders are maybe some what will be more motivated to give the feedback and also they will know like it is a part of the job to give this feedback, otherwise leaders are maybe are occupied in so many different other works. So, if it is initiated from the side of the leader if it requires to be
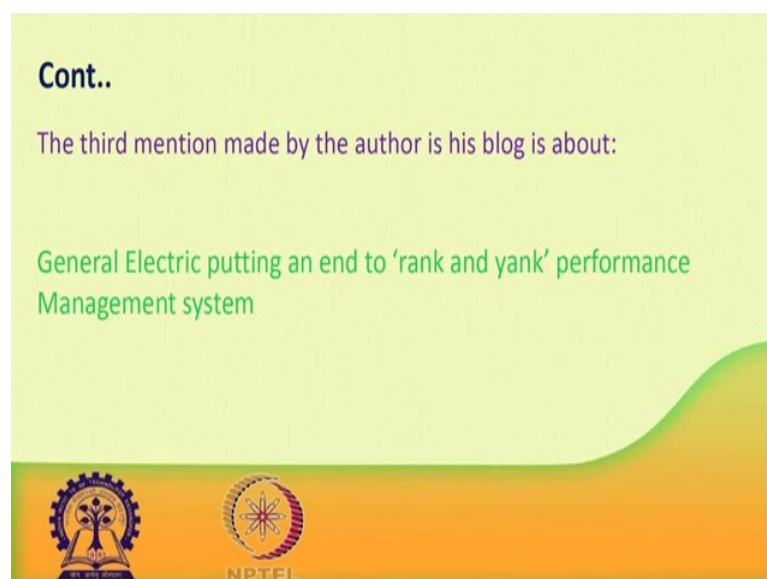
initiated from the side of the leader. The leader may not get enough time to go for this check - ins or may not feel enough committed to go for these check - ins because of the other priorities in that person's role.

But if it is initiated from the side of the employees maybe because they know like this is a regular performance appraisal done or performance management done where they can get the feedback of the leaders to how to improve their performances and so that they can take care of the gaps which are there. So, it is going to yield better results definitely.

So, what happens this week? These weekly check - ins supported by quarterly reviews in which team leaders are asked to respond to four future focus statements about each team member. Rather than asking team leaders what they think of the team member which is what traditional performance ratings do they asked what the team leader would do with the team members.

So, if you see like these talks of more participatory kind of management where the team leader's involvement with the team members is more expected and how what is that the future member that they want to visualize ,we talk like the 4 future dos points about the members because they also need to be involved with them in grooming these individuals. So, that is the like when what I can do, how I can have the person to improve and the performance is the focus of this performance management to review that is taken from the leaders.

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The third mention made by the author is his blog is about:

General Electric putting an end to 'rank and yank' performance Management system

So, the third mentioned that the author has made in his blog is about the General Electric putting an end to the rank and yank performance management system. So, let us see what it what does it discuss about. So, this under the reign of it is former CEO Jack Welch general electric was the most well known proponent of annual performance ratings and force distribution curves. However, for the decades GE up rated a rank and yank system whereby employees were appraised and rated once a year following which the bottom 10 percent were fired, not exactly this is not exactly a recipe for employee engagement.

So, because in employee engagement what we discuss is about how to get the affective commitment of the people, how to make them more involved in the organization, how to make people feel more like dedicated towards organization. So, they will not like mind going an extra mile for the organization, but when we have this system of rank and yank where we know like the 10 percent of the lower, lowest performer is going to get fired every year.

So, somewhere the people have maybe a fear or doubt or even a reluctance of getting engaged with the emotionally engaged with the organization what do I the questions may come up what do I do by getting engaged with the emotionally engaged with the organization because I know like if I am on the lower run maybe I will be fired out. So, why should I be getting more involved in the organization weighing maybe that is the fate that is awaiting for us.

So, when you talk of 'rank and yank' that may not be a very good recipe whenever when we are talking of employee engagement. So, let us see what changes have happened in 2015 towards it. So, in 2015 GE announced that it was replacing the approach with frequent feedback and regular conversations called touch points to review progress against agreed near terms goals.

This is supported by an online and mobile app similar to our own clear review performance management tool. So, similar to the clear review performance management tool which you can go to the blog and see it. So, which enables employees to capture progress against their goals give their peers feedback and also request feedback.

Managers still have an annual summary with employees looking back at the year and setting goals, but these conversations will be more about standing back and discussing achievements and learnings and much less like fraud then and we will review. So, there

will be an annual discussion no doubt, but that will be based on and like recapitulation of what was done throughout the year, where what was the learning and how people achieve something, but here the focus shifted now more to the regular reviews timely feedback using app to get feedback from other friends and filling up the online forms and the perform you were looking towards a more performance management tool. So, where they could map, what is their performance against the expected goal that they have set through.

So, it is not an yearly activity, but a regular feedback activity with near goals to set and people reaching that goals and taking the feedback trying to improve short steps were too well taken steps to reach towards the goal, that the person has set for themselves.

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The fourth mention that we find in the blog is about the where we find Accenture has abandoning ratings for performance development. So, what you let us see what steps were taken for abandoning ratings for performance development and why of course, this was done. It was found like the as of September 2015.

So, we can see over here many revolutions, many newer thoughts are rethinking about performance appraisal have come up around the year 2012 - 15 and where people have tried to rethink about the ways of doing. Performance appraisal and bringing in more performance management, connectivity, regular feedback, employee development, more into the forefront.

So, as on 2 September 2015 Accenture one of the largest companies in the world disbanded it is formal ranking and once a year evaluation process, like GE, Accenture has decided to put frequent feedback and conversations at the heart of the new process and focus on performance development and rather than for performance rating so, instead of being judging what you could reach through the outcome.

So, the focus is more on how we can improve the performance, how you can develop the performance so, that you can contribute to better and do the organization and lead to your own growth and development also. So, what you find over here Accenture has abandoning performance ratings and adopted performance development as a newer measure.

So, what was done over here let us see. So, in this case the focus is on more the competencies and not on the results where you find here the. So, here the focus is more on the competencies and how we can make the employees more train their talents and make them more ready for the future roles to come up. So, it is not on evaluating like what you could do or what you could not do, but it is more on how we can make you more equipped. So, that you are able to perform in a better way.

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So, the last mention in this blog is about the Cargill who is introducing on the job conversations in the place of annual appraisals. So, what we see here has been done by this company like that a Cargill, the US food producer and distributor started to

transform it is traditional performance management processes back in 2012 when it introduced every day performance management. If what is every day performance management is, it removed the performance ratings it removed the performance ratings and annual reviews forms and instead it focused more on managing managers having frequent on the job conversations and giving the regular constructive feedback.

So, why this the why every organization is like giving regular putting more focus on the job conversations and giving regular feedback on the real time message because then the they will the effect is as you are doing you are getting a feedback, but where it is an annual review what happens it is more based on the memory of the rater of what you did at, what point of time based on that after recollect it from the memory and give a feedback about it.

And in, there are quite considerable time has like elapsed between your performance and the time that you give a feedback maybe in annual reviews. So, there is scope there are like places where lot of biases may creep in subjective biases may creep in because people look like they recollecting things from the memory and that there could be a lot of subjective biases in it. Then maybe personal relationships or the recent may be good or bad interactions that the people have had could have an influence on the reviews given by the rater.

But if it is on the job kind of feedback that you get and as and when you are performing the job and regularly parallely you are getting a feedback about it and there is on the job conversation. There is less of subjective biasness and it is expected the focus will be more on the task at hand and how to improve it properly rather than for like getting it biased by the any hallo effect or the horn effect or other rater's bias as we have discussed earlier.

So, what we can see over here like how Cargill has made this on the job conversation work is through regularly rewarding and recognizing managers who demonstrate good day to day performance management practices. Sharing the experiences and tips of their successful managers, holding the teams accountable for practicing day to day performance management and building the skills to succeed at every day performance management including effective two way communication giving feedback and coaching.

So, the outcome of these have been impressive with 70 percent of Cargill employees now saying that they feel valued as a result of their ongoing performance discussion with their managers. So, what when we look at all these 5 performance management system systems that the organizations have implemented, what we can see as a common point like it is very evident that the trend that is emerging to form the basis of this performance management is like the trends are like regular one to one performance conversations or check ins and initiated by the employee. Frequent in the moment feedback from peers and managers both positive and constructive in nature.

Near term objectives rather than an annual objectives the shorter objective set and like how people are moving closer to those objectives with each small step with the feedback and hand holding support from the managers and constructive feedback from the peers and then setting the reviewing of the objectives regularly, like how these objectives can be improved setting the reviewing of these objectives regularly rather than once a year.

So, it is very important like to be in regular touch with the employees and taking a feedback about them and like hand holding them in their development the focus here is more on development. So, and it is a like a forward looking measure of performance reviews focusing more on development and coaching and less on assessment rather than judging about what you could not do. The focus is more on what we can help you to do so, that you become a better performer in the future.

So, dropping of performance, rating is one of the main features of this new system and performance processes are supported by mobile, friendly online platforms and softwares. So, these are which helps in the increasing of the communication, taking feedback, getting real time feedback, communicating with the managers peers together as a team and the control of like improvement is the responsibility is given more on the team.

So, that they go to their leaders and ask for the feedback rather than thinking of the leaders are going to give us feedback and fearful of what feedback they are going to get and how it is going to be used mostly which has a negative connotation of right in it. So, which is a part of the traditional system this new system is more friendly towards the development of the individuals where and where the people feel the employees feel more like psychologically safe, comfort zone with getting the feedback.

And they proactively approach the leaders and the people for handling support and peers and ask for the feedback. What who is going to improve? How they can improve their performance to reach the nearly set goals near set objectives and they can help to reach that in a better way. So, with this change in performance management system so, also then what we need to change is the rewards that are also given in the organization.

So, we have to understand that the performance management system to help that to sustain to make people we go for improved performance a reinforcer is required and that the reward management acts as an reinforces the reward management acts as a reinforcer for motivating people to continue performance in a better way.

So, when we are thinking of the having a relook into the performance management system and designing a new performance management system which is more focused towards the development of the people rather the assessment on the growth of the people in to and how to reach their goal. So, then and we are moving away from performance assessment to more performance management, then the reward system of the organization. So, that part of the reward system when you are talking of incentives which are more concerned with the performance related pay of the organization.

So, because the performance metrices are getting defined in a different way so, to connect that with the reward management when we talk of performance related pay of the employees the modules that we have discussed earlier. That needs to be relooked also to define what are the activities if done by the employees should get rewarded. As we have seen in the case of Cargill there are managers get rewarded for like holding as many meetings as possible with the employees giving them regular feedback contributing in towards their development. And also the team gets recognized for like taking proactive measures in how to move for improving on their performances.

So, the metrices on which the reward is linked needs to be reworked also whenever we are talking of shift from performance, appraisal to performance management which is more focused on the performance development. If we just going for this one the only performance which making changes only for performance management, but side by side we are not having a relook into the reward management policies and practices and how the reward is getting linked with the performance.

So, if then maybe the we are not going to get the whole benefit of the system because ultimately people want to get rewarded, people values the recognition given to them by the organization. It is not always like the money is the reward that we get, but beyond money there are also the intangible rewards that we get in terms of recognition, in terms of the good work experiences that we get, beyond like also the yes the financial benefits are also there.

So, both financial and non by financial benefits and the performance based rewards. So, we have to look into both performance management and reward management parallely if you have to bring a holistic change in the system. Otherwise if you are only changing the performance management system, but we are not looking into the reward management system and there are performance based rewards is linked with the traditional performance assessment system in terms of rating. Then maybe there the people will not be motivated to follow the new system of performance management, because they would not see a reflection of their efforts into the recognition and rewards given to them by the organization and they will maybe fall back on the old system of the performance assessment.

So, this we have to remember like if we are bringing in change in one part of the system which is the performance management, the reward management system also has to change hand in hand. So, that holistically together it brings about a total change in the organization which leads to reaching the goals of the organization, the goals of the department and the person finding his or her place in the contribution towards the organization's goal and finding his own objectives match, finding his own growth. And motivations in like satisfaction in terms of rewards and recognition ultimately leading to the excellence of all the stakeholders involved in the whole process.

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Before we come to the conclusion of this module these are the reference from reference like aside you can go to the site to find more references about the like 5 cases that have been discussed over here. In the next module we are going to discuss more elaborately on the and of changes in the performance management system brought in by Adobe and we are going to give you some pondering questions to think on, which you have to think out and relate it to the whole course that we have been discussing till now. Any questions that you face over there, any queries in your mind please put it in the forum we will be interacting with you in the forum.

Thank you for now.