Performance And Reward Management
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Lecture – 63
Understanding the implications of performance and reward management in present organizational dynamics through case studies (Contd.)
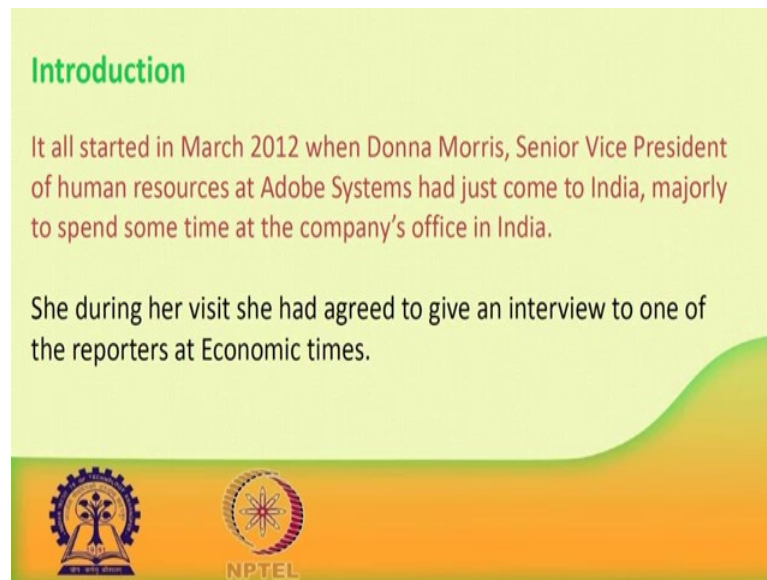
Welcome to the session on Performance and Reward Management. We were discussing on the topic of Understanding the implications of performance and reward management in present organizational dynamics through case studies.

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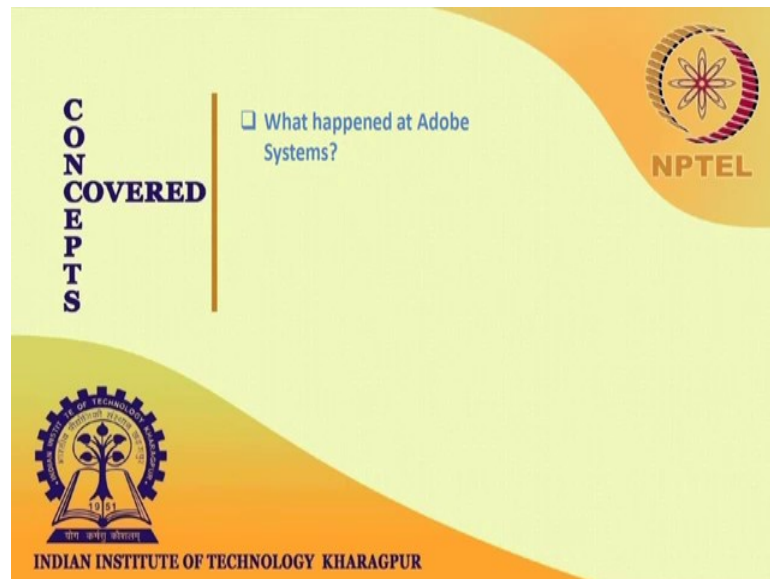
So, here we will discuss about the specific case which is well known case on what happened at the Adobe systems?
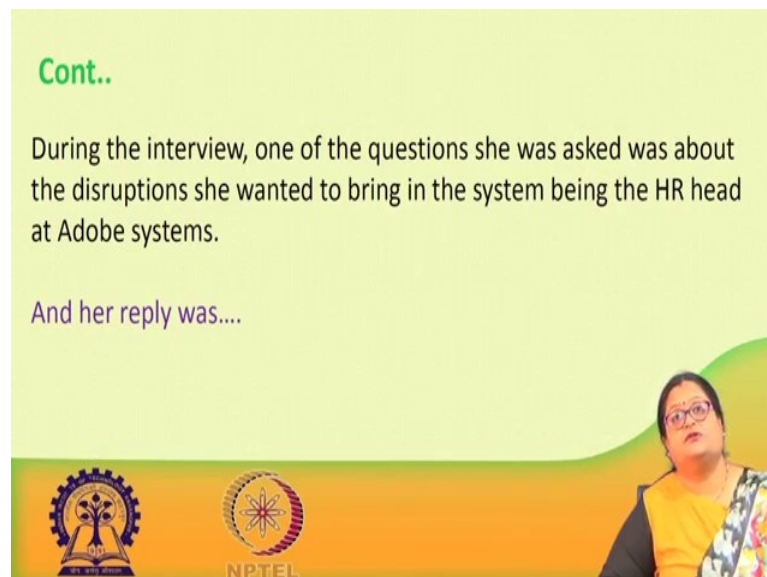
So, it all started in March 2012 when Donna Morris, senior vice president of human resources at Adobe systems had just come to India, majorly to spend some time at the company's office in India. So, during her visit she agreed to give an interview to one of the reporters at economic times.
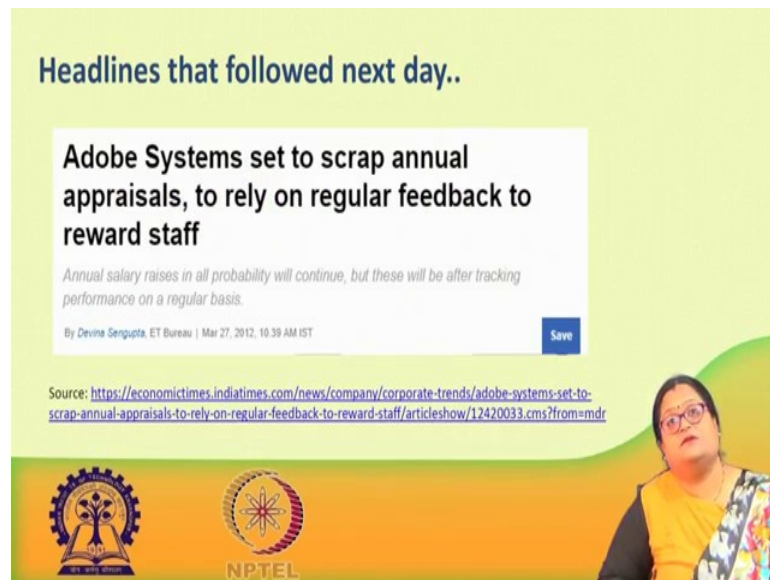
So, during the interview, who was one of the questions that she was asked about the disruptions she wanted to bring into the system in the HR head of the Adobe systems and her reply was what could be her reply. So, let us see what her reply is.

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So, we planned to abolish the annual performance review format. So, that was her reply to it.

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So, this is what we see that that the headlines that followed next day is Adobe systems set to scrap annual appraisals, to rely on regular feedback to reward staff. And, all salary raises in all probability will continue, but these will be after tracking performance on a regular basis. So, if you see it is in March 27, 2017 this new schema.

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So, in one of the quotes, Donna Morris states that; this was not the way I would have chosen to launch my idea, specially when I had not yet shared it with a CEO. So, and this was because the news became a rage and she had not yet discussed anything with the CEO. So, this was one of the ideas and like she was about to discuss it with the CEO. So, and in between this news happened.
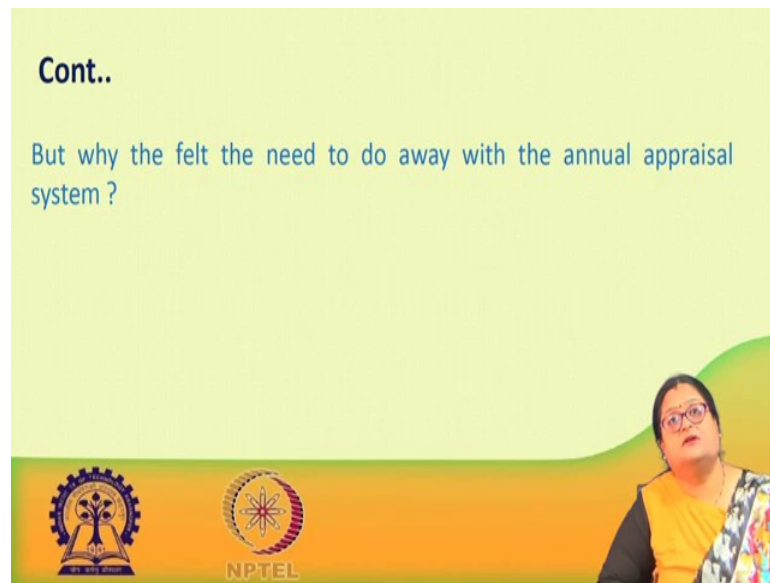
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So, later on discussions will followed with the CEO and others and it was finally, implemented.
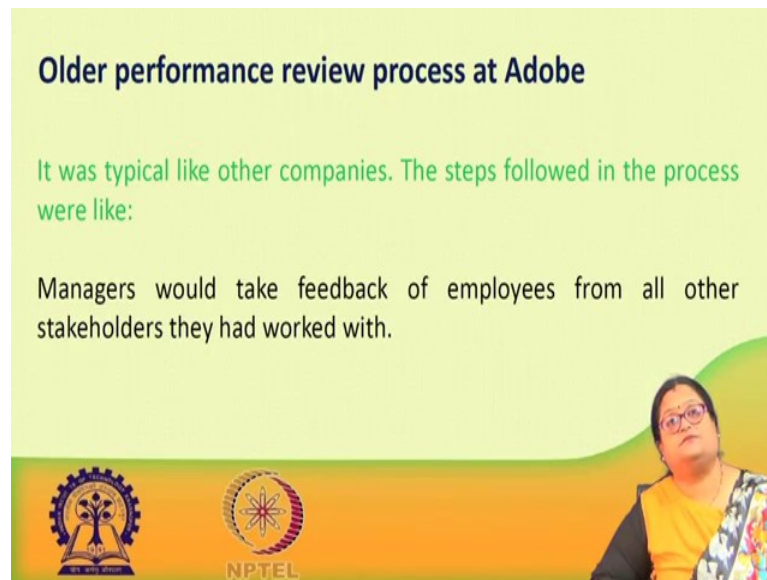
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But the basic question is why they felt the need to do away with the annual appraisal system? Let us check like why this need was at all felt?

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So, because this was because the management felt that the, management felt that the annual performance reviews were time consuming. So, they took locked up time it was negative, because it sometimes get to give rise to negative results, negative like thoughts in terms of apprehensions in minds of people like what will be the result used for and, it is sometimes low also.

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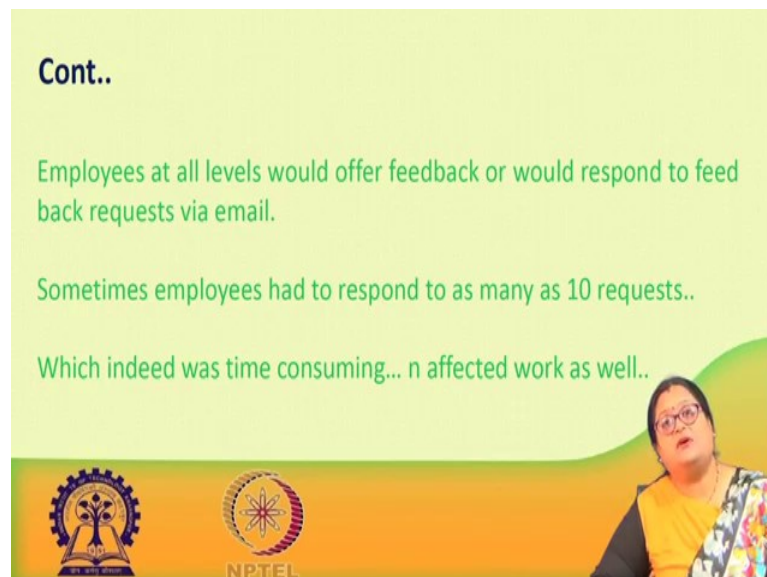Now, what was the older performance review process at Adobe? It was like typical like any other companies. The steps followed in the processes were like; managers would take feedback of the employees from all other stakeholders they had worked with. Which is normal like it happens in every organization.

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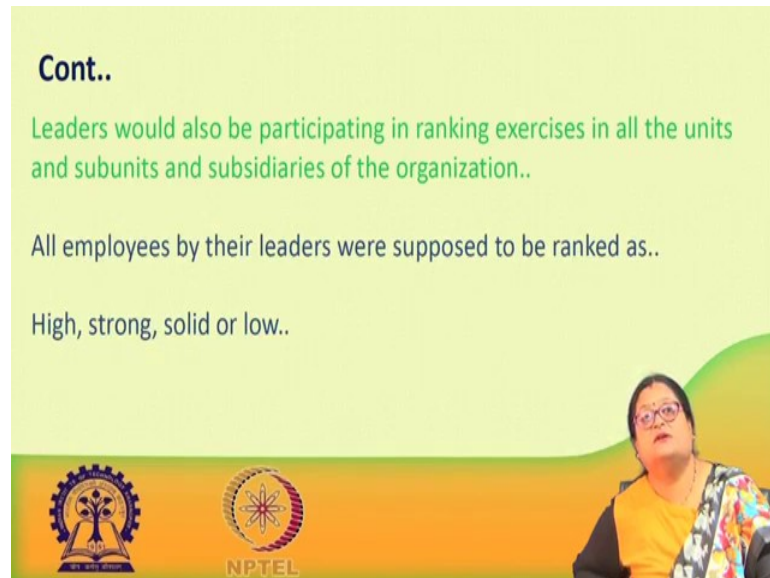So, employees at all levels would offer feedback or would respond to feedback requests via email; sometimes employees at to respond to as many as 10 requests, because everybody is connected to every other person in different kinds of roles. So, sometimes

employees had to respond to as many as 10 requests. So, which was like indeed the time consuming and affecting the work as well. So, if you have to answer to all the different kinds of requests; obviously, it is time consuming sometimes.

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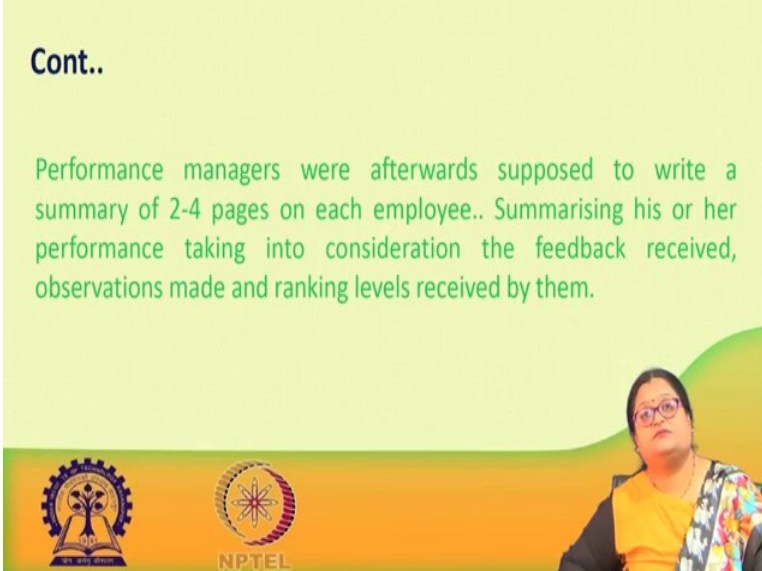

So, and for the leaders also they were they would be participating in ranking exercises in all the units and sub units and subsidiaries of the organization. So, it is a huge activity time consuming activity to be done. So, and like other all the employees by their leaders were supposed to be ranked as high, strong, solid or low. So, these were the fixed criteria based on which people were supposed to be ranked by their leaders.

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After this the performance managers were supposed to write a summary of 2/4 pages on each employee. Summarizing his or her performance taking into consideration the feedback received observations made and ranking levels received by them. So, they have to collate everything the feedback received, the observations made and the ranking received by them they have to collate this information about every employee and had to write 2-4 pages report on them.
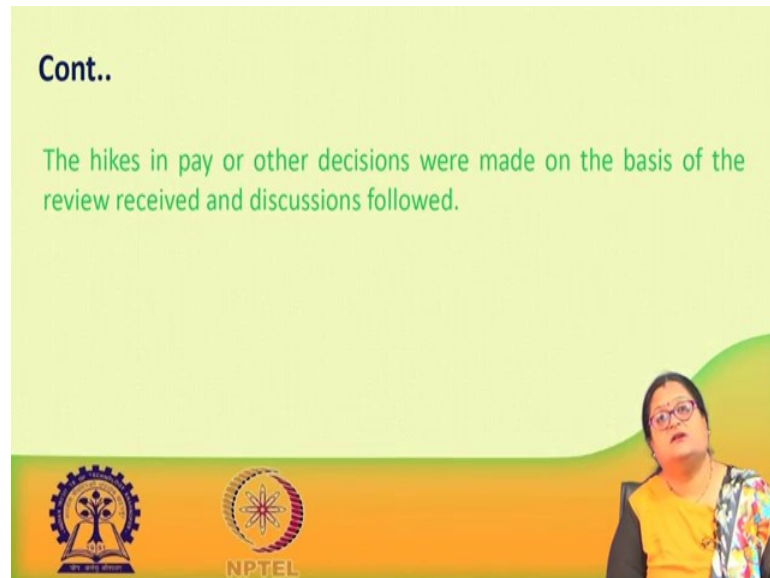
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Performance managers were then asked to share the reviews of the employees with them directly and carry out the following discussions.

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So, the hikes like what discussions regarding, what their performance level and what happened, why they could perform, what they could not perform? So, the hikes in pay or other decisions were made based on the review received and the discussions followed.

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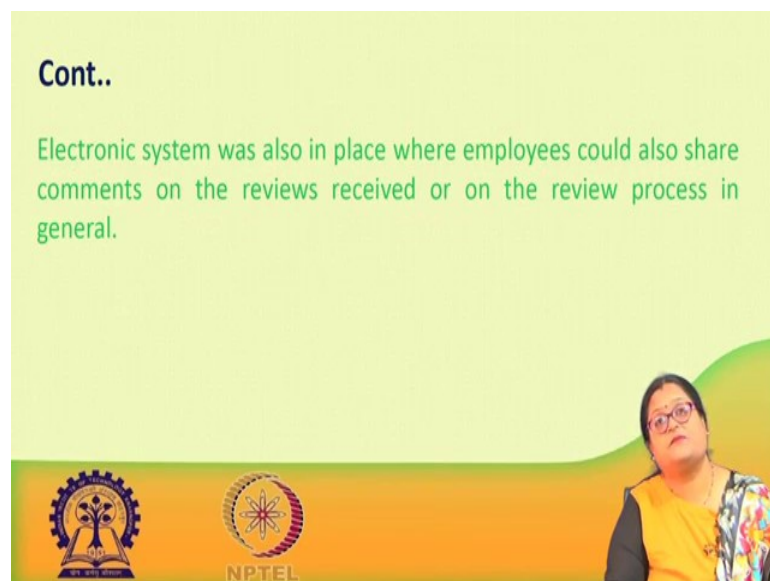
So, electronic system was also in place where employees could also share their comments and the reviews received or on the review process in general. About the

fairness of the process, about the depth of the process, strength of the process and whether it was like fair or not whether the process was fair or not done like; whether it has been transparent or not. So, people could express their views on the comments as well as the process of review itself.
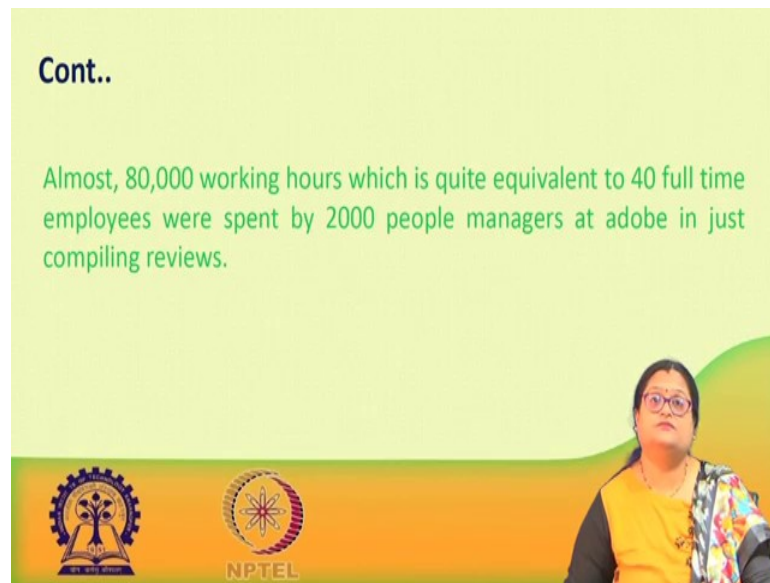
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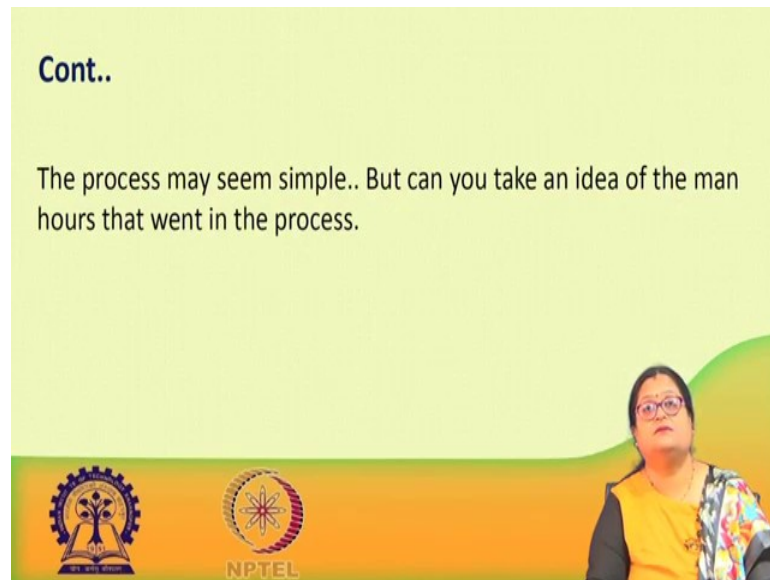
So, what we can see is that the process is simple may seem to be simple, but lot of man hours went into the whole process. Like you see like people were involved in taking and giving feedback, the leaders were involved in ranking the unique, subordinates then according to high medium and low.

In the performance manager had to collate every kind of information then they have to go back again into the discussion with the employees about their performance received and they would have been ranked to the like the increases in increments and also though their process may appear to be simple, but it is like time consuming in terms of the man hours involved in it.
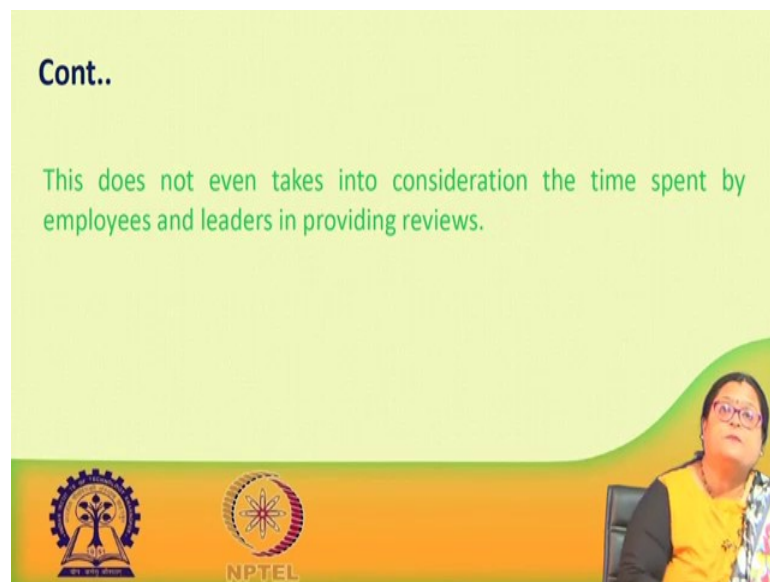
So, almost, 80,000 working hours which is quite equivalent to 40 full time employees were spent by 2000 people managers at Adobe in just compiling reviews.
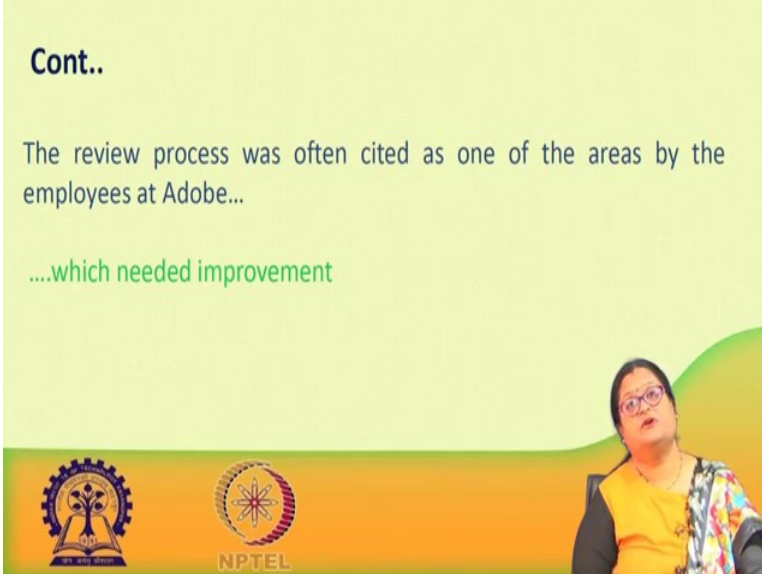
So, this does not even take into consideration the time spent by the employees and leaders in providing those reviews.

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So, and the review process was often cited as one of the areas by the employees at Adobe which needed improvement.
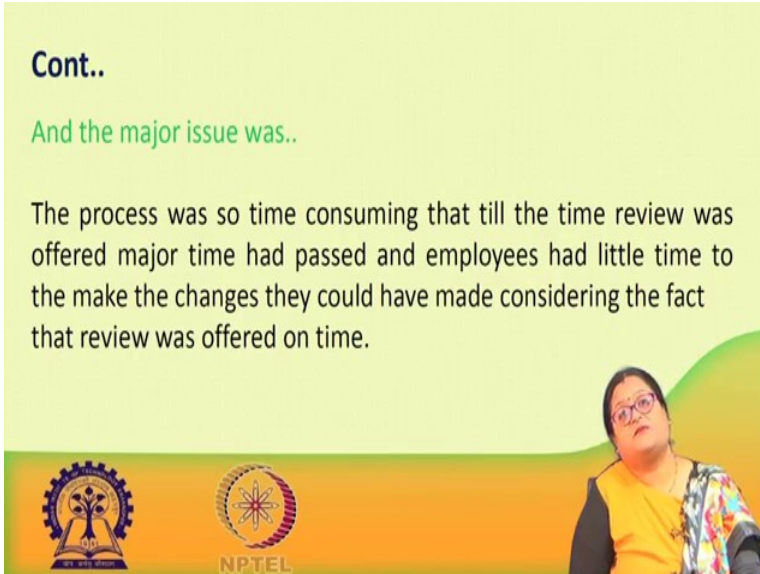
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So, and also the employees felt like the feedback offered by the raters to about employees was not also very constructive at most of the times.

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So, and the major issue was that, the process was so time consuming that till the time review was offered major time has passed in between and the employees had little time to make the changes they could have made considering the fact that the review was offered on time. So, because lot of time has passed maybe the review itself has become irrelevant obsolate, because the new changes may have happened during that time.

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So, it was now in March 2012 like the Donna Morris decided to eliminate an old review process and bring some changes in the system.

So, what was the new system all about? The guidelines that followed by the head of the human resources at Adobe were, at the new process that is brought in the system must reflect the following.

Agility that is the flexibility to accommodate new changes. Ongoing innovation, team orientation.

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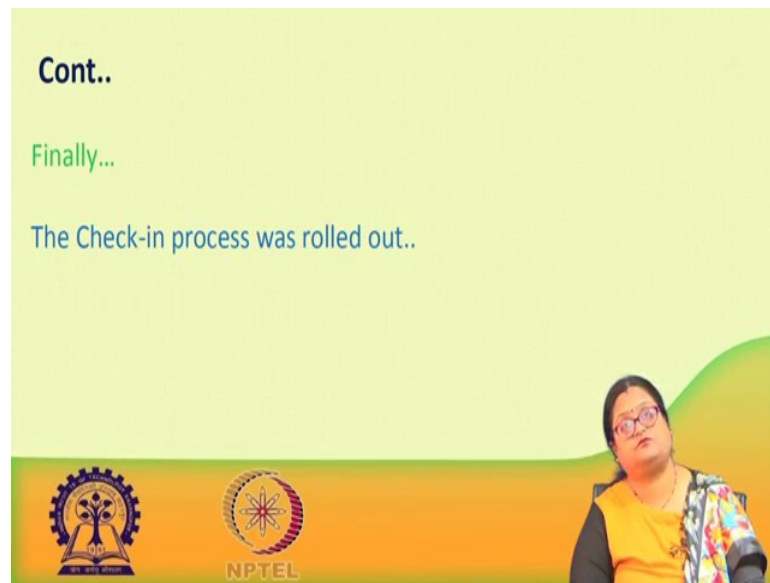
And finally, the check in process was rolled out.

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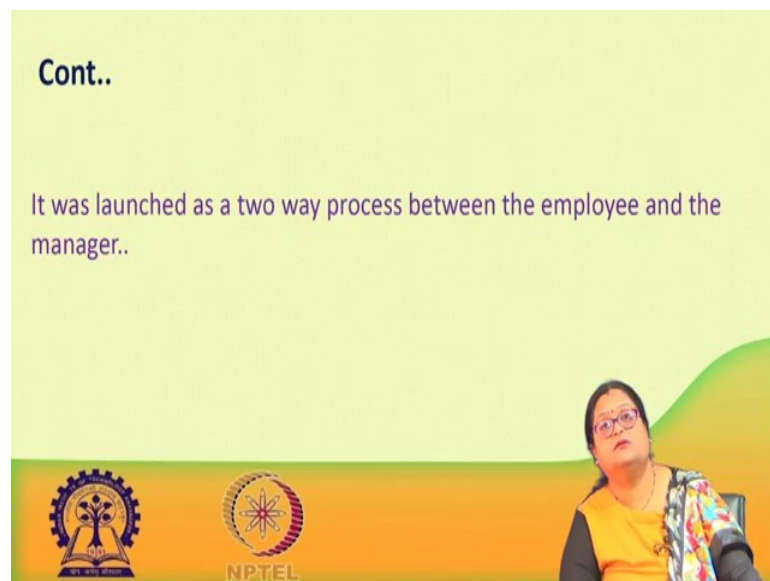
So, it was launched as a two way process between the employee and the manager.

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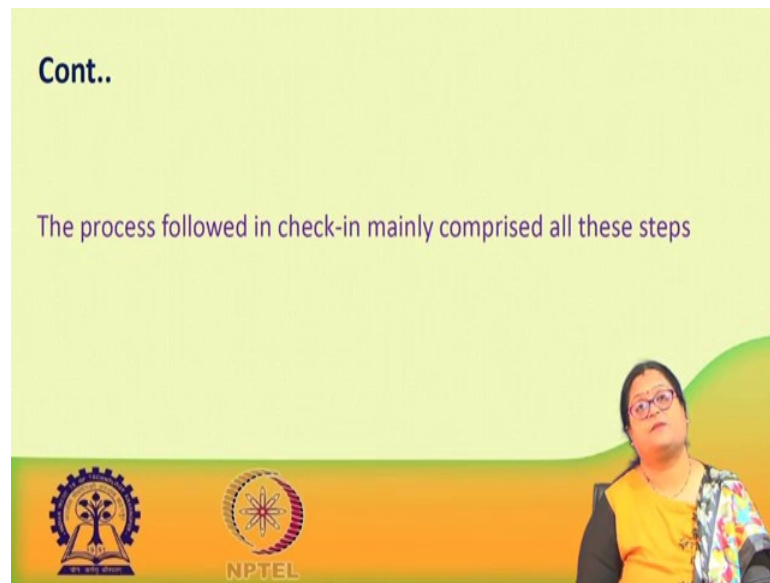
The process followed in check in mainly comprised of all these steps. So, let us see what the steps are.

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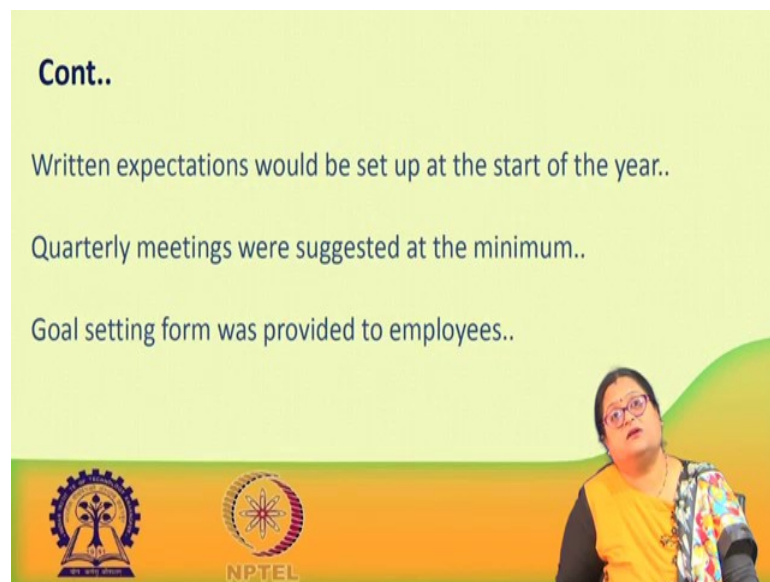
Written expectations would be set up at the start of the year. So, expectations like both from the employer and the employee, the mentor and the mentee. Quarterly meetings were suggested at the minimum. Goal setting forms were provided to the employees like what they want to set their target acts.

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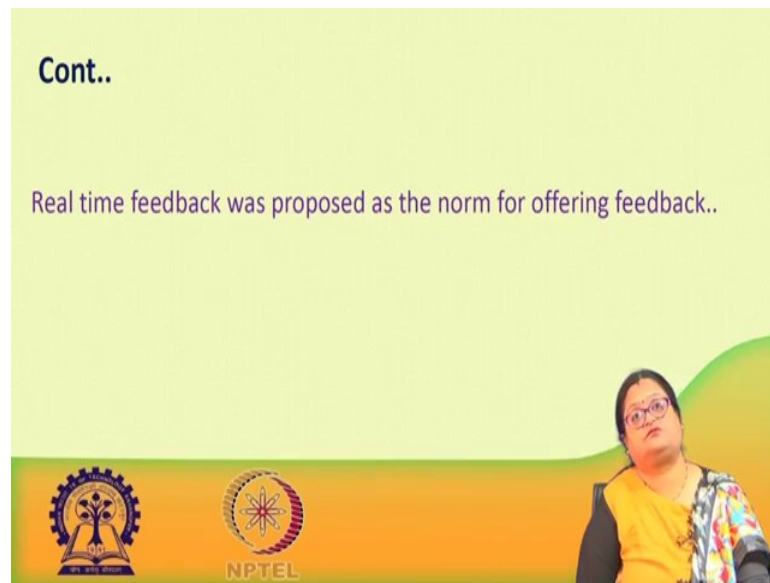
So, real time feedback was proposed as the norm for offering feedback. So, as in when the process is happening people get feedback about it their performance.

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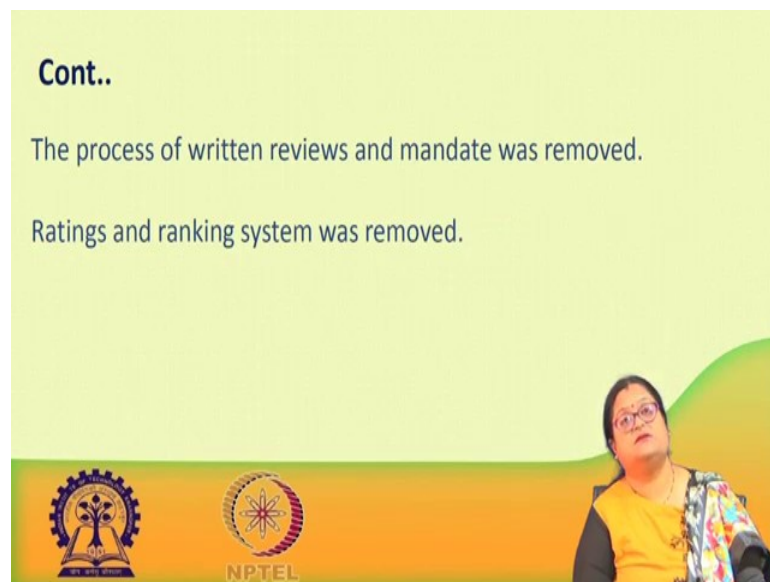
So, the process of written reviews and mandates were removed. So, and the ratings and ranking system was also removed.

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So, the role of HR and the people department was now shifted in playing the major role of enabling the fluid process of implementing the check in process, like how the check in process could be implemented, how people should be like using it daily to give the feedback. And use it in the cells like people get real time feedback, they are able to set their goals and move towards it with like handholding support and the reverse.

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So, training programs were specially created for managers and non managers for offering constructive feedback. So, if a constructive feedback needs to be given, then what are the ways to give a constructive feedback?

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Employee resource centre was rolled out to help employees in meeting their daily HR needs. So, employee resource centre was decided as the first check in point for people who had a concern as regards the check in system. So, they have to like tell it to the come to the employee's resources centre.

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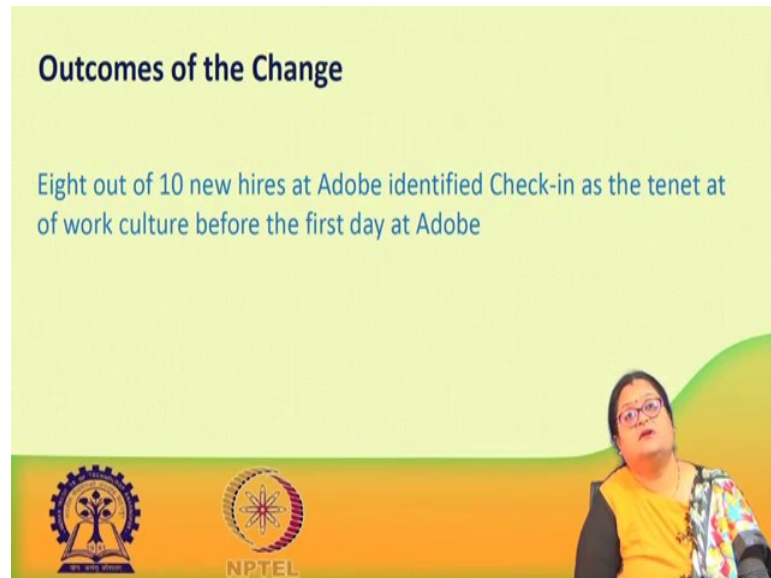
So, later on it was identified that 72 percent of employees agreed that they were receiving regular check ins from their managers.

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Eight out of 10 new hires in what was the outcome of the change was at the 8 out of 10 new hires at Adobe identified check in as an important part of their work culture.

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70 to 80 percent of employees agreed they were now better aligned with the expectations of the work. More feedback conservations provided basis for quicker access and following what was shorter of expectations.

So, a proper feedback given would help people to come much closer to the expectations, because they could understand daily what their shortfalls were and how to apply improve on and how to work on it. So, they could move closer to the goals that they have set for themselves.

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So, managers are now more actively managing the performance of their employees. So, this is a beautiful stage when you see like the earlier system of Adobe based on performance appraisal system. The current system is based on performance management, if you are remember at the start of the session itself we discussed performance appraisal is a very very minor part of performance management. In performance management what is more important like the setting of the goal of the organization aligning the like in translating it to the departmental goal and then to the individual goal.

Sorry aligning the goal of the individual with that of the department and that of the department with that of the organizations, like employees getting a meaningful understanding of why they are doing certain things, what is the contribution that they are making towards organization. And like hand holding support of the managers in or the leaders in making people understand the importance of their work, giving them regular feedback, helping them in the improving their performance and managing their performance.

So, when we see in the new system managers are now more actively managing their performance of their employees rather than observing from the distance maybe they are participating more in the process of improving the performance of their employees.

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So, non regrettable and involuntary attribution has increased by 2-3 percent which was considered by the company as the positive outcome.

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So, top 5 lessons which were learned by Adobe from the system was executive sponsorship is critical. Increased and dedicated involvement of the top management is crucial for implementing the check ins.
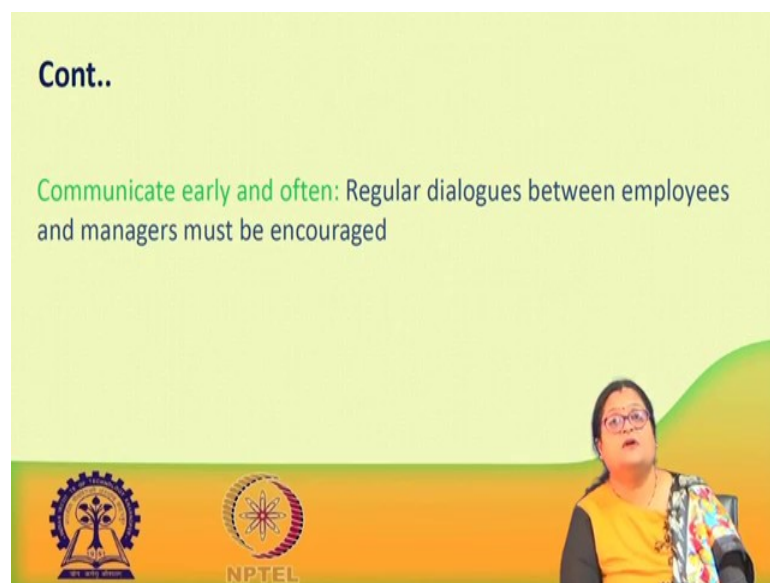
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Manager capabilities or involvement will make or break the success. Training sessions and workshops and discussions must be carried out to make sure that the process is adopted.

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Communicate early and often. Regular dialogues between employees and managers must be encouraged.

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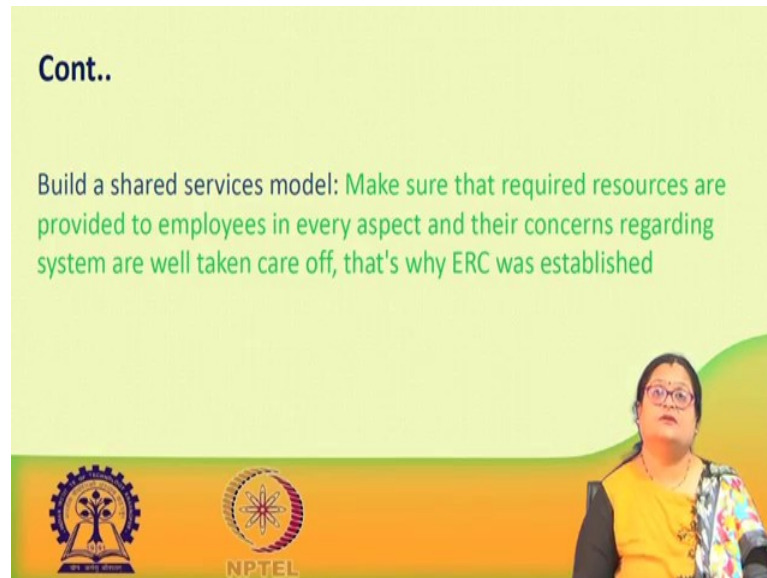
Build a shared services model; make sure that the resources required resources are provided to employees in every aspect and their concerns regarding the system are well taken care off, that is why the ERC was established. So, what are the resources required to perform a particular task and what are the concerns of the employees regarding the system? This needs to be heard these needs to be taken care off, because they are the main beneficiaries who will be the using that system to give the output.

So, what is their perception about the system, what is their degree of comfortness with the system, what do you want to exactly, what the exactly expect from the system are really very important information to be taken care of, and for that the ERC was there to hear these things.

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So, keep your global lens; make sure while implementing the system internationally all legal and cultural concerns are taken care of.
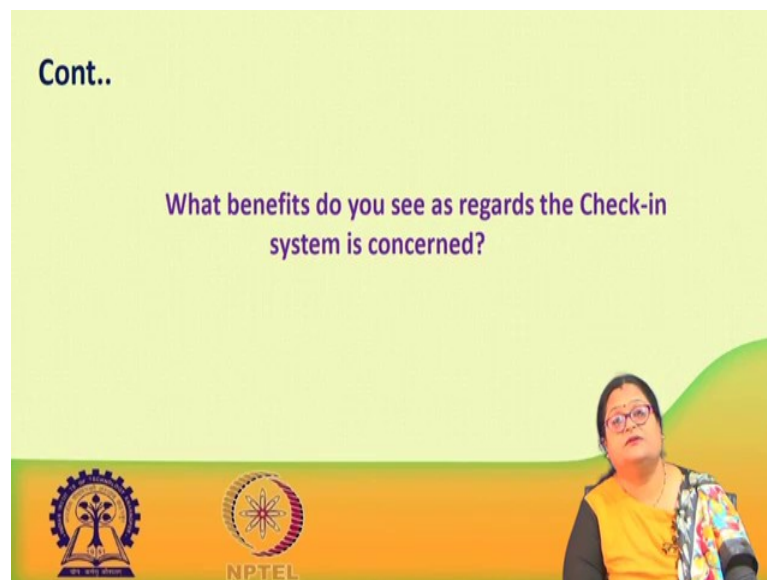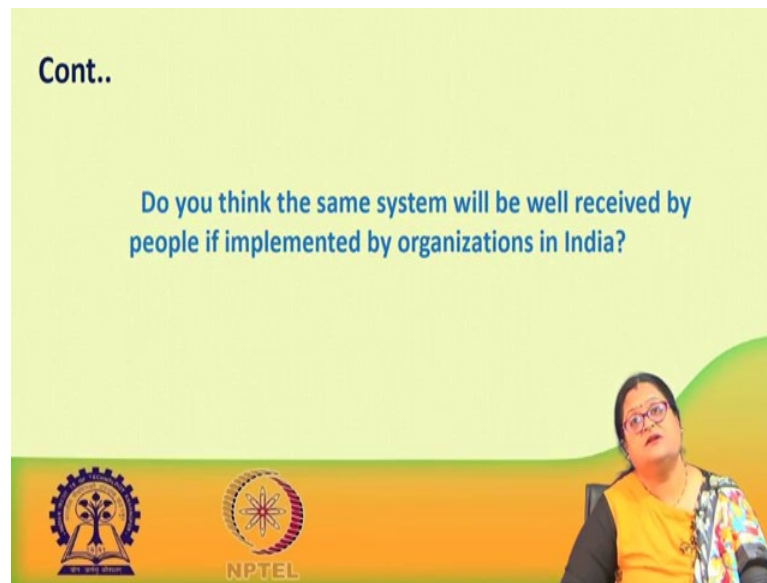
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Now, what are the points to ponder? So, what benefits do we see as regards the check in system is concerned?

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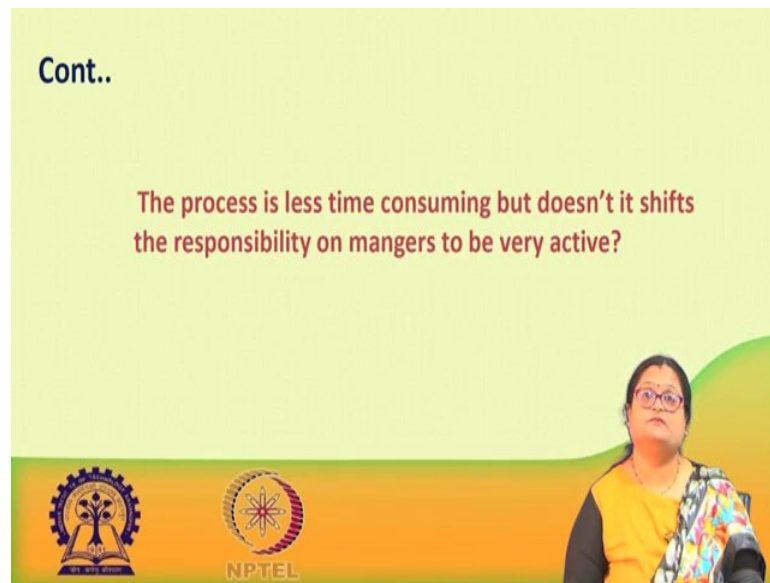
So, these are the questions maybe that you need to think on this. Like what benefits are the some of these we have already hinted towards you like it gives more focus, it gives to saves time, then it makes the person more involved in the job, the it is time for correction, the people is correction is made timely and the improved performance comes very regularly. Because you have to wait for the feedback and by that time that the work itself becomes obsolete an a new set of skill is required then the feedback really does not add any value to the employee or to the organizations.

So, these are some of the advantages that a regular continuous feedback like the check in system helps us compared to the annual performance review measures. The next question is about. So, like do you think the same system will be well received by people if implemented by organizations in India? Depends on the and I am just giving you the hints about it, you need to think of the Indian scenario, like the maybe the macro and the micro environment of the organization. The type of different types of industries, the nature of the worker base which is there at what level it is at what level we are thinking of implementing it.

So, all these factors will act as the like controlling or the confounding variables which when we talk of whether this system will be well received by people whether like when we talk of like implementing by organizations in India.
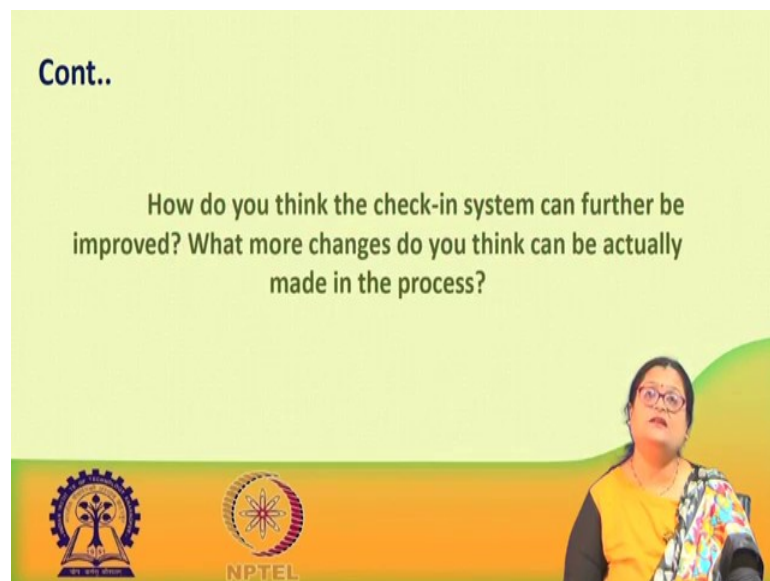
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So, another question like yes does it like tell the managers to be more active. So, these are questions again of debate we are just raising certain questions towards you to ponder on and maybe answer in our forum and for which or to just to think about yourself like when you have done this gone through this total course, the answers to these questions are there in the discussions that we have gone through this is now for you to map through these questions to answer for yourself to find out like, whether you have been able to like link it properly to the concepts that are discussed.

So, how do you think again like the check in system can further be improved? So, what more changes can be actually made in the process? When you are talking of the check in systems you can it further be improved to give a timely feedback, well received feedback and what the employees want and what also the employers want from the employee? So, is there anything like when you are talking of realistic goal setting that can be done then can we like you talk of like quantifiable and the qualitative measures. So, how this checking system can be further improved? So, that the organizational effectiveness improves.

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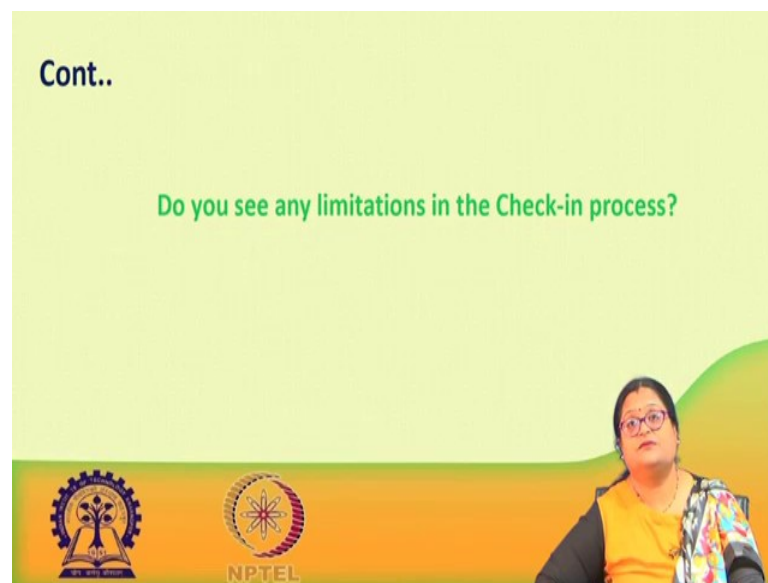
Do you see any limitations also in the check in process? So, if so what are those limitations? So, one hint maybe are people actively enough to give regular feedback, are people like participating enough. So, when you talk of giving regular feedback it requires your total involvement in it for feedback. So, do the managers have that much of time to do this or it in an extra burden on them?

So, these type of questions may be what is the time that they need to devote into this check in process and what time of their day that they need to devote to this check in process and as compared to the other for job roles that they may be having? So, these are the queries that should come up in your mind when you are talking of any limitations in the check in process.

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References:

https://economictimes.indiatimes.com/news/company/corporate-trends/adobe-systems-set-to-scrap-annual-appraisals-to-rely-on-regular-feedback-to-reward-staff/articleshow/12420033.cms

https://www.adobe.com/content/dam/acom/en/aboutadobe/pdfs/death-to-the-performance-review.pdf - Donna Morris

So, these are like the certain references that we have gone through like at these from where you can like review the whole case we would expect you to like we specifically we have given you certain hints, we have given you certain questions, in the ponder like some thoughts to ponder on because, the more you start thinking for yourself.

So, we think there is no one right answer to it. So, it will depend on the more analytical you become about the whole situation, the more you get your theory strong, the more you have been able to understand what is performance management and what are the factors affecting performance management and reward management. We will be in a better position to answer these questions that we have put in the thoughts to ponder section. So, try to think on those answers any queries any support that you need from our side we are always there to answer your queries in the forum.

Thank you.