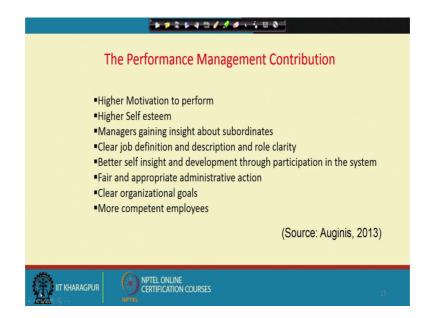
Strategic Performance Management Prof. K. B. L. Srivastava Department of Humanities and Social Sciences Indian Institute of Technology, Kharagpur

Lecture – 02 Aim and purpose of performance management

So, good morning now what we have seen in the first lecture was that what is performance, and we also tried to define performance management. In the process we examined that yes individual performance is very important, because individual pa performance contribute to the goals and objectives of the organization. And we also looked into it that it is a continuous process. So, every time you are going to perform you are going to measure against the set standard, and see whether you have been able to achieve that level of performance or not right this is true for individual groups and organizations.

So, the three factors that you identified is there is a continuous process, it should be aligned with the goals and objectives of the organization, it should contribute to that at the goals and objectives of the organization and it is measured again set standards right.

So, with this definition you are moving to the next lecture, and we will see that why we move to a good performance management system. Now when I am talking about the aim and purpose, we must look into the benefits that it creates for individual groups and organizations, and why we need to have a good performance management system.



In this case we will start w in what way a good performance management contributes to the organization. Now we if you look at these point some of them may be applicable to the individual, some of them maybe applicable to this supervisors or the groups, and some of them are going to be applicable to what you call the organization. Now if you look at this some fact some of these factors like high higher motivation to perform. Because if you have a good performance management system, people know what are the set standards against which they are going to perform and they know that this is what they need to achieve.

So, this and you have provided them all the resources infrastructure and support probably that would help individual to perform better. So, the idea is to encourage and motivate people to perform well. So, if you are going to have a good performance management system, the idea is that you need to ensure that how it is going to contribute to better performance and it is possible only if they are really motivated to perform well. As you have seen and we also discussed that motivation is one of the important factors contributing to better performance of the individual. Look at the another factor high self-esteem, it means that if you are able to realize your goals and objectives, against the set criteria you feel better. Because you think that yes you have achieved something which you are striving for.

So, this gives you some kind of self satisfaction you feel better; not only that you feel that you have been recognized and you have been able to meet the challenges and then you can see that yes this is how you have been contributing to the goals and objectives of the organization. That contributes to a better self realization and then you have a higher self-esteem right. Similarly for line managers you see what happens the contri what is the contribution of performance management is that, performance management systems give line managers an idea that what needs to be done with the subordinates so that they are able to perform well.

Because performance management systems provides the clear guideline about the standards, the time frame, the criteria against which they would be evaluated, what kind of things would be required, what kind of knowledge and skill ways would be required by the subordinates. So, that they are able to access all these to ensure that subordinates are going to contribute to better performance right. Moving to next point that it also provides role clarity, because you know exactly what you are going to do to perform well right and that is possible only if we have a clear job definition and job description. What I mean to say here is that suppose you are going to perform a job.

And you do not have a job description, job description means the duties and responsibilities are well not well defined. So, do not know what is to be done your role is not clear. So, if your role is not clear whatever you do you do not know whether it is going to contribute to your performance or not. So, if you have a performance management system in place, it basically makes it necessary to ensure that you have a clear job definition, it means that your job is well defined you also know what are your duties and responsibilities, and in what way it is going to contribute to the goals and objectives of the organization.

Now another important point is setting goals and standards; when we say that setting goals and standards basically it is a participatory process, the individual itself is not going to set goals and objectives, but individual in consultation with the line managers participate in the performance management system process so, that they get an idea what kind of system we need to develop, in what way it is going to help us to realize our goals and objectives in terms of improving our performance? Not only that it will also see to it that how we are going to contribute to the goals and objectives of the organization.

So, it provides better self insight to the individuals, it also helps them to develop by participating in the system so that they understand we have this kind of system in place and how we are going to contribute using the system for improvement and betterment of the individual group and performance. Now if you have the system which is much more fair and transparent, then a good performance management system need to ensure that it has those characteristics which could be called fair because if the system is not fair then when it comes to evaluation or measurement of performance, you will not be able to do justice with that one.

So, when I am going to talk about fair it means, that whether you are able to do just do justice with evaluating the performance of the people or not. Because if you have the clear cut performance management system, it means that you have already defined certain standards which is to be assumed, and peoples performance is going to be evaluated against those certain standards right. So, the idea here is that you make sure that in the performance of the individual is evaluated against those set and standards, what you call the criteria of evaluation. And if you are going to do it in that way probably you are going to be much more fair and transparent to your employees, because this evaluation or what you call a measurement of the performance is also linked with reward, taking certain administrative decisions whether to promote or whether to reward employees or not.

So, if you are not having a fair system and transparent system, then at the first hand you will not be able to evaluate or measure their performance properly, and then how would you link it with reward system, or any other administrative action that you want to take related to the individual employees right. The next one it is that you should have clear organizational goals. A performance management system not only specifies a individual performance that is to be achieved by individual, but also specifies the goals or objectives in come concrete goals that look at this is what we need to achieve. And how individual and group are going to contribute to that organizational goal. So, when you are going to have a clear organizational goal, it should be very specific and clear this is what the organization needs to achieve and that percolates down into the department and individual goals and objectives. So, you need to clarify goals at the front levels, individual level and the group level which contribute to the organizational goal. So, a good performance management system contributes to re create a goals at different levels.

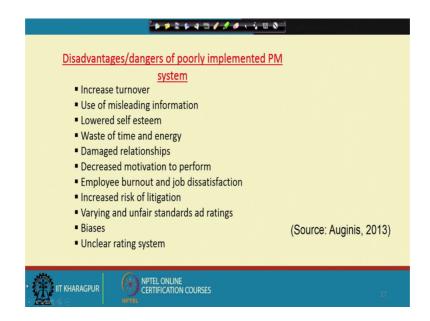
and then you also need to ensure that people who are going to perform that is our next point is a competent enough. You remember you have been talking about a point that is ability. If you are not able to perform well in terms of the knowledge and skill that you should have, in order to perform well then what will happen? You will not be able to contribute. So, a good performance management system also ensures that there is a better job person fit. It means that you need to ensure that people who are going to perform have those qualities in terms of knowledge and skill which is going to help them to perform well. And that is how if the system ensures that there is a better job fit and if there is a better job fit then the people would be competent enough to perform well in the organization.

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Now moving to the next point is if you are not able to have the good performance system in the place what will happen?

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You do not have a set standards, you do not know what is what is to be achieved by the individual or group at the organization you would have not set a time frame. So, if you are not going to have the good performance management system in place, are you have the performance management system which is poorly managed and implemented, then it will have different kind of problems because you are not going to see that what people have performed.

So, people may not be happy satisfied with these kind of things, and the people are not going to be happy satisfied with these kind of things what will happen? They would leave the organization. So, there is a possibility of increased turnover there is a lot of a ambiguity so for as role is concerned. You are not giving them a clear communication about they set a standards, but they are not supposed to achieve. So, you basically miss lead them so far as information is concerned, information as information is concerned information is concerned related to what are the standards, what is the time frame, what would be the criteria against which the performance is to be evaluated.

So, against all these parameters, you will not be able to improve them well right. Then if a person does not know what is his performance what happens? He does not understand whether he has contributed well or not, and if he is understands or he think that his contribution is not significant, then it lowers down his self-esteem.

He looks at him some someone who is not worth doing certain things and that basically lowers his motivation his moral and all kind of things. And similarly if you do not have a set standard and time and you keep on performing probably you are going to use more input to create the same level of output. Or in the process what happens you are also going to waste lot of time and energy in doing the similar things. So, the idea here is that if you have a good performance management system it means set standards, clear goals at the individual and group level, time frame is decided you know how you are going to evaluate their clear job descriptions everybody knows what is supposed to be done right. So, in the process what happens you are going to save your time and energy as well as others I know what exactly you are going to do.

So, you are not going to waste your time and energy in doing certain things which are un productive in nature, which does not contribute as they input to output and that is how your productivity would be effected. Similarly if it does not happen and if you do not know what is your performance level, the relationship between the line managers and others may be affected. Because as a supervisor if you do not have a clear direction about your goals and you do not get support and resources from your line managers then what will happen, you think that your manager is not supporting you.

So, this may also damage your relationship at different levels right. Similarly if you are not understanding what is the level of performance that you need to achieve what is the criteria, then again it demotivates you to perform. Because you think that this performance management system is not linked with reward system, it is not going to help you to grow and develop yourself it does not contribute to organizational performance, and if you are thinking along this lines it means what? That it is going to demotivate you to perform, because things are not clear to you, similarly it also creates (Refer Time: 13:14) and dissatisfaction.

So, you ultimately what happens you are demotivated, your relationship goes down, your self esteem goes down, you do not have clarity about what is to be done how it is to be done, you do not know what your expectations are from your supervisors, you do not get necessary support and the sources for performing your job.

So, you feel dissatisfied with the job right. Similarly you get burned out because you have

lot of stress because you are not clear about lot of things. And then when your performance is evaluated because evaluation is a part of the performance management system, because evaluation shows how well you have performed. So, in this evaluation what actually happens that if you are you are evaluated poorly by your supervisor, then you also go against it and you may even file a case in the court of law or you also complaint to the senior managers, that a this I have performed well, but my supervisors have rated me badly. So, the idea is that if everything is clear. So, it would reduce the risk of any kind of complaint litigation or any kind of things that might happen in the future.

And that is why it is very very important that you should have a effective performance appraisal system and place. The idea here is that if you have an effective performance appraisal or management system in place. So, you are have a clear standards, you have clear roles, job definitions defined you know that when it is to be achieved the goals and objectives are also defined against which your performance is made measured.

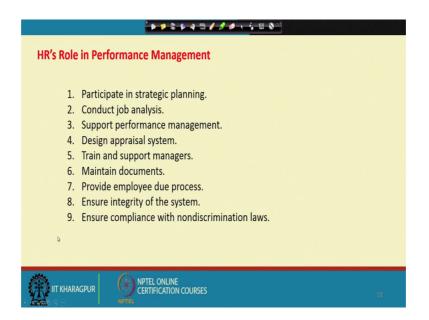
So, if you have always things what will happen? It would make sure that you are fair and just your in your evaluations and if it is not, then even the performance evaluation would vary, you are using certain standards which cannot be sup fair or you are not going to do justice with your evaluation process against set standards, and then ultimately it leads to certain biases on the part of individual as well as org supervisors both. So, supervisor is going to biased in the sense that they think that, since this no clear cut guidelines for rating there is no clear cut standards against which performance is evaluated.

So, what the ever they are whatever they are going to do is, not going to be very useful for the individual and then individual also think that the supervisor is being biased when it comes to evaluation, in the absence of a criteria led evaluation. So, if there is a criteria led evaluation then there is no problem, because the supervisor knows that this is the criteria, this is what the individual is supposed to do expectations are communicated by the individual. So, that they know what they are supposed to achieve, but if these things are not clear it would create lot of biasing on the part of the supervisors.

And another issue is related to the rating system that how we are going to measure the performance. So, there could be a lot of methodologies that will talk about later basically whether we are going to measure them qualitatively or quantitatively. So, you need to

ensure that you are going to measure the performance, in a way which is acceptable to everyone in the organization and for that you need to have a very clear rating system which is fair just and transparent.

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Moving further we also need to discuss what is the role of HR in the performance measurement system. Though HR is not going to evaluate the performance, but it is going to manager manage the entire process. Line managers are involved in the process of evaluating the performance, but which is basically a component as a subset of the entire performance management system. But now if you look at the performance management system, it is the responsibility of HR to ensure that when you are going to plan about the performance, everyone participates including the employees or the subordinates right.

So, it is the responsibility of the HR in defining what is to be achieved right in consultation with the line managers. So, they are going to be involved in the planning process, when it comes to performance management system. So, they also participate in the process of identifying and creating a good performance managing system. Now HR is also involved in job analysis, because job analysis gives you a data or input for performance planning how? Because job analysis is basically tells you what are your duties and responsibilities.

And this duties and responsibilities have to be ensured from the individual and it is dependent upon dependent upon his knowledge and his skill base. So, basically by doing this job analysis the HR managers ensure that there is a better fit between the job and the person, and if there is a better fit in the job person then person knows what are his duties and responsibilities, which would contribute to his performance. So, these are the things that I have to do.

Further is also going to look into it that is the performance standard that has been identified and the process the HR managers may also be involved. And then they are going to support this kind of system by providing all kind of infrastructure and resources, which is required to the line managers right and similarly it is the responsibility of the HR managers to device an good appraisal system, which is a part of performance management system. So, when I am talking about the appraisal system means that how they are going to evaluate the performance of the people because evaluation is the part of the management process itself.

So, when it comes to the valuation they need to ensure that the process is fair, and just it is transparent and people have faith and trust in this kind of system and it is the responsibility of the HR managers. Similarly HR managers also have responsibility to train and support line managers to ensure that they know that how they are going to administer or implement a good performance management system in the place, because it is a process where everybody is going to participate line managers, HR managers, the employees. So, they have to support managers and also train them on how to evaluate. So, that they are not biased you know remember you talked about this points biasness and unfair ratings un fair standards. So, if that managers are trained properly they would be able to better implement a good performance management system. Similarly it is also the responsibility of HR managers to maintain documents. So, all the performance data and records are archived by the HR department.

So, when la line managers get this kind of data related to performance of the people, they are supposed to send it to HR department for archiving. Because at any point of time if there is any issue or there is any complaint by an individual, that his performance is not been evaluated you have to have documentation. To prove that yes this is the data and record which shows what is your level of performance.

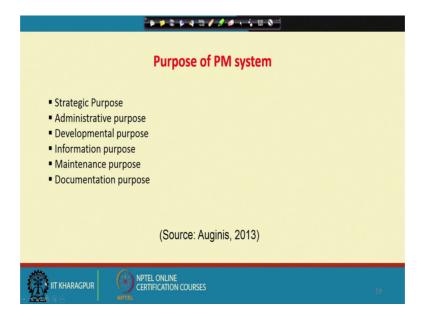
So, it also the reduces the risk of litigation. So, that you are not going to complaint it to the management or higher authorities regarding the evaluation process, regarding the rating, regarding the standards. So, if everything is well documented and it is with the HR managers, HR manager is going to support this process by maintaining and managing these performance related documents and then it is made available to the individuals to ensure that they are able to make use of it and it reduces the risk of litigation also. And they also tell employees what is the process, how they are going to carry out their job through which there going to be effective.

So, in this process they engage employees to make understand the performance management process, and at each press each stage starting with the planning executed execution and implementation, they need to be involved. So, that they understand the process better. And if you have a good and effective performance management system which have all these characteristics, then what will happen.

As a HR manager you would be able to provide basically trust and belief among the people who are going to make use of this system. And if people have faith and belief in the system it would increase the integrity of the HR system in the organization right. Similarly you are also going to make sure that you are going to comply with all rules and regulations, and you need to ensure that you are not going to discriminate people based on the system, because if you are going to discriminate between poor and say good performance you have evidence to show. You have documents to show which suggest that this on this basis the performance has been evaluated this is your performance which could be termed as poor or good ok.

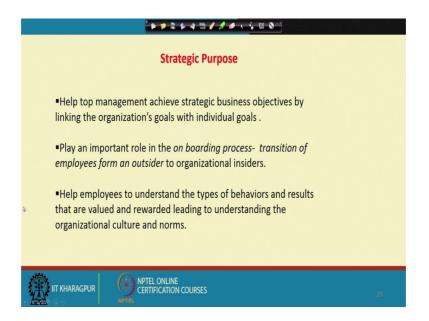
So, any kind of non discriminatory practices that you are going to adopt is not going to be taken to the court of law. So, it is very very important to ensure that how HR is going to part participate in the performance management process.

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Now, if you look at the objective of a good performance management system, it includes strategic administrative developmental information maintenance and documentation. So, now, what you are going to discuss various purposes for which, you are going to have a good performance management system. So, to start with what we did we started defining performance, then we looked into performance management system we also saw that what would be a good performance management system, what is the role of HR in a good performance management system, now we are going to see it further and expand to see that, these are the objectives for which you are going to have a performance management system.

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So, will discuss it one by one, we start with the first one that is strategic purpose that why you need to have a good performance management system. So, first purpose is strategic purpose. Strategic purpose means that you develop a strategy or a action plan, to see that how individual goals are going to contribute to the goals and objectives of the organization. So, the top management is concerned with what? It is concerned with the words and objectives of the organization right and the goals and objectives of the organization can be achieved only when individuals are performing well, and individual performance is aligned with a goals and objective of the organization right. And that is why it has a strategy purpose right and it also have a very important role in the on boarding process. The on boarding process is that when a employee joins in the organization as an outsider and then he goes through the process to understand the issues.

So, that ultimately he becomes a insider. So, on boarding helps an employee to have a smooth transition from being an outsider to an insider in the organization.

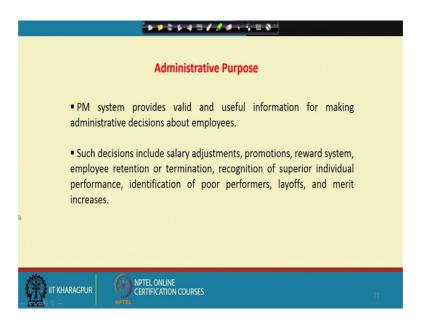
And if he is not going to be insider what will happen? He will not be able to perform; he does not know what are the standards what are the things that he has to do how to achieve this performance level. So, this a smooth transition to understand these issues related to performance is very very important and that is where this on boarding process has a important role to play, and that is where he is going to help it. And similarly he is

also going top management is also into communicate what kind of behaviors are and results are expected from the employees.

So, this is a part and top down communication where you are going to tell about your goals and objectives which is to achieved by the organization, and in the process what are the goals and objectives that a individuals should have and how their behaviors and outcomes are going to help you to achieve this is communicated by that top management and they are told that it is very very significant, and they are also told that if you are going to achieve this kind of behavioral results then it would be rewarded.

And they and the employees through this on boarding process are also able to understand the kind of culture and norms the value systems that organization has. So, that they understand whether this kind of culture is going to be support them, to ensure that there able to achieve these goals in order to achieve the strategic objectives of the organization.

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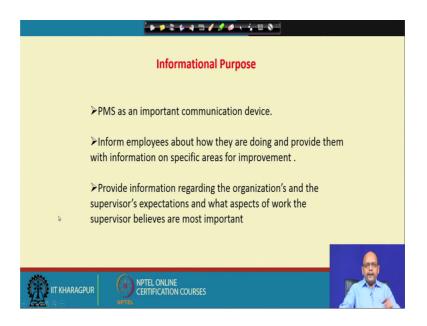


Moving from the strategic objectives we move to another objective that is administrative purposes. You know that you take lot of decisions based upon the performance of the individuals, which is a part of the performance management system itself. So, any kind of performance management system provide information related to administrative decisions,

you will take a lot of administrative decisions based on the performance outcomes of the individual which include promotions, rewards, retention or even terminations or recognizing superior performance.

So, based on the performance data you can find out whether the person has performed well or not and based on this performance record you take certain administrative decision whether to reward them or whether to promote them or whether to ask them to leave the organization. So, these kind of administrative decisions are also taken based on performance data right. Similarly you also able to identify who are the people who do are not able to perform well so that, you need you decide that what you are going to do with them are you going to leave them ask them to leave or are going to do something. So, that they are able to improve their performance. So, all kind of administrative decisions are also taken based on what you call the performance this administrative purposes.

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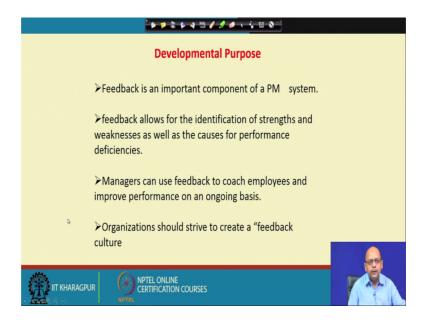
Moving to the next one that is the information purpose, it also serves as a good communication device. Because the system tells or communicates down the line everyone what they are supposed to do right how they are going to do it.

So, they are going to provide a specific information to each and every one so, that they

are able to improve their performance. And this is not only regarding the organization and the supervisor expectation, but also about their own expectations their own standards which is to be achieved right. So, it also acts as a communication device as I told you, in the process they it is going to help you to understand or you are able to know what are your expectations from the supervisors, what are the supervisors expectations what organization expects from you, and then it is communicated basically it what is communicated expectations and the standards that need to be achieved by the individual group and organizations at different level ok.

So, that is what you call the information purpose.

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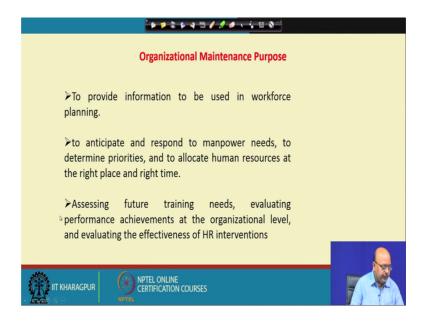
Moving next to is developmental purpose. See for any kind of performance management system feedback is a very important issue right. Because feedback helps you to take certain corrective actions, but when you are going to talk about administrative purposes the idea is that you need to ensure whether you are going to use this performance data only for administrative purposes, or you are going to ensure that based on the strength and weaknesses, you are going to plan certain interventions in terms of training and development other things to ensure that people are able to improve their performance further. So, based on the performance feedback you are able to identify their strength and weaknesses and you are able to identify what are the reasons for bad performance, why

the performance is not up to the expected mark, and then you go for analyzing it to know the reason behind this.

So, once you are able to identify the reason for the bad performance then what you do? You take certain corrective actions. So, the idea is not to indicate an employee, but idea is to see that how this employee can be groomed further. So, that he is able to achieve expected level of performance right, and for that you are going to coach him or you are going to train him so that he is able to improve with the performance. So, when we are talking about the developmental purpose the idea is that you create a culture, to identify their strength and weaknesses of the people based on the performance data, analyze the reasons and then take certain corrective actions to improve the performance right. For example, suppose you come to know that employee is not able to perform because he has lost interest and motivation. So, then you it means that it is not a case of; case of what you call knowledge and ability factor. So, there is something else that your motivation is missing. So, you have to intervene to ensure that the person is motivated enough to perform right.

So, instead of taking certain actions, which are administrative in nature you are going to take a developmental approach to grow the employee right. So, that he is able to perform well in the next course of action.

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Moving another important thing is maintaining the organization ok. Maintaining organization because you know you are once you have defined performance level at each and every level and you have linked with the outcome of the organization, you know what is to be what is to be achieved. And in order to achieve that level of outcome what kind of people would be required. So, it also helps you to identify the number and the quality of people which would be required, because performance management systems also provide lot of input in manpower planning now what you call work, work force planning.

And when we are talking about workforce planning it is nothing else that you will be able to able to identify, how many people with what quality would be required. So, that you are able to achieve the target or the levels of performance that is required at different levels right and then a accordingly you decide who is going to do what to reach these that level of performance right. And then another objective itself is that, the kind of people that you had also see that whether they have the kind of knowledge and skill which is being required. So, you can identify their training needs, you can see can see what is the performance at the organization level and whether these interventions which are planned by the organizations in terms of learning and development is going to of a be effective or not.

So, for all these purposes basically, also you can say that you are going to use this performance management system.

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Now moving to this these four Ds of performance management and now if you look at it says that it is into four different quadrants. So, it starts with the define. If you remember we started with defining the performance management system that is what actually you want to achieve right in terms of performance. So, what you do? You define your job you clear your role you set your standards, because that will be used to review your performance. So, that you use you are using certain matrix or performance indicators to see what level of performance you are achieving. So, in order to see that you need to set your standards against which your performance is to be measured.

You need to define what exactly you are going to do and what is the expected performance level right. Next is documented we have already talked about this point, but again I am mentioning here because it is very very important. So, you need to create a record of the performance that is achieved by the individual because you are not documented, then how are going to me measure it. So, documentation helps you to see that whether your performance level has achieved the target level or not, and if it has not achieve the target level; that means, that you have not able to do justice with your performance. The next stage is discuss what does it mean? It means that once you come to know this is your performance level you are going to provide feedback to the employees right. The idea of feedback is that you review the performance and see that what are the problems or issues with your performance.

Whether you need to take certain interventions in terms of learning and development or the other issues because of which your performance is not good, whether the management and the line managers or the resources are supportive, where the climate and structure are supporting or not whether external environment was good or bad. So, in when you are going to discuss about it, you need to ensure that these factors which contribute effectively to the performance is discussed during the review with your managers and finally, based on this you are going to develop yourself. So, the idea here is that once you have identified your goals you got feedback ok.

So, you understand what you need to do in the next cycle. This develop is not for the current cycle because whatever has happened has happened now up to think about the next cycle of performance. So, in the next cycle of performance what you are going to do that how you are going to manage your performance well. So, based on the feedback and the analysis that has come through in the past cycle, you are going to set your agenda for the next performance cycle and see that how you need to improve or what are the other opportunities or the areas where you need to grow, and see that it is going to help you to achieve the expected performance level right moving further. So, we are going to stop it here.

Thank you.