

Strategic Performance Management
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Lecture –39
PMS in Select Indian Companies

So, very good morning to all of you and welcome you to this last session of my course on Strategic Performance Management and in these two sessions basically what we are going to talk about is that how Indian companies are using performance management systems. And that is where we are going to discuss companies examples related to their performance management system. And when we are going to discuss examples of various companies we have taken examples from all kind of companies FMCs, manufacturing, it services, banking.

So, I will try to give you different kind of example to explain you that how performance management system has been adopted by Indian organizations specifically, in this lecture. The idea is that see we have already talked about the performance management system, right? We looked into the process; we looked into that what needs to be done to have an effective performance management system, right? We also looked into the role of technology, leadership, culture, right? And we also see that what needs to be done in order to make performance management system more effective.

Now, in this context we are trying to examine some examples from Indian companies to see how performance management system has been progressed and in what way they are using this performance management system. And then need to critically examine is that whether Indian organizations are doing better and how much importance are given, what is happening to performance management system in certain operations especially with reference to Indian context.

So, in this lecture probably we are going to discuss some of the examples related to Indian companies and they belong to all walks of life across sector, across industry different type of industries have been taken as an example.

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National Thermal Power Corporation

Executives: Online Performance Management System
Non Executives: Manual

PMS Process

STEP 1: Performance planning
STEP 2: Midyear Review
STEP 3: Annual
STEP 4: Assessment
STEP 5: Normalization Process
STEP 6: Feedback

**एनटीपीसी
NTPC**
A Maharatna Company

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So, we start this discussion with the first company that is national thermal power corporation. National thermal power corporation you know that is a Maharatna company and they are basically into production of power and they also and lot of mines, which are used as a raw material per producing power, right? And it is a pan Indian company many big company it is a Maharatna company.

Now, if you look at the performance management system they have two different kind of performance management systems for executives they have a system which is known as the online performance management system. So, that is where they are using technology. So, they have tools and software's that is used to major manage and monitor the performance of the employees.

Especially executives are those who are at the manager of the senior level. Now those who are not working at the senior level for them they are using a manual system. So, for non-executives they are using a manual system it means that they are not using technology the system is not automated at all right.

Now, if you look at the difference that why they are using two different kind of system, you can think that is the assess management are the people who are working at the managerial level they are familiar with the technology and if you remember we about literacy in technology that is very, very important, but at the nonexecutive level you have people working in a different level starting with some semi scaled, scaled, unscaled and

all kind of workers, who are in the role of the company. So, for them it is not possible to have a automated system and that is why they are using a manual system.

Now, if you look at the processes that they adopted if you remember we talked about prerequisites, planning, execution, review, right? Feedback and then going to the renewal and re-contracting; so, this is the process that we have discussed. Now, if you look at that process in the process that is adopted by thermal power corporation national thermal power corporation, you will you find that yes to start with that they go for performance planning. It means that they do see to with that they carry out the exercise to plan the performance of the employees at all levels and also ensure that it is aligned with the goals and objectives of the organization right.

Now, the next step they also go for midyear review, it means that; they do not go continuous review right. So, after midyear review they go for annual performance. So, it means that the kind of system that they adapted is annual appraiser right. So, and then important thing is that they also use assessment it means that try to assess employees based upon this strengths or weaknesses and try to see that, what is the performance level of the employees.

After assessing they also go for the normalization process. This normalization process is that they are using a standard to ensure whether you have achieved the performance target that is given to you or not, right? Many companies do not use this kind of processes. So, suppose the rating that has been done that is normalized and the process of normalized is normalization is to see that how are fearing compared to the standard process that is there or standard benchmark that you have created for the targets and the goals, right? And through this memorization process basically they try to ensure the kind of errors that have been there is removed. And also, they have a feedback mechanism.

So, this feedback management basically they help them to see that they try to give feedback to the employees about their performance. And the kind of feedback system that they adapted is that they call the employees, they discuss it with them and then they try to see that what needs to be done. So, this is the performance management process that is adapted by what you call the national thermal power corporation.



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PMS assessment on four parameters with different weightages for various levels in NTPC

Sl. No.	PMS Parameter	Weightages for different grades					
		E1-E3	E4	E5	E6-E7	E7A-E8	E9
1.	KPAs	80	75	65	60	50	50
2a.	Functional competency assessment	10	10	10	10	10	05
2b.	Managerial competency assessment	05	05	10	10	15	15
3.	Potential assessment	Nil	05	10	10	10	10
4.	Value assessment	05	05	05	10	15	20
	Total	100	100	100	100	100	100

For junior executives higher weightage on KPAs and functional competencies due to higher focus on achieving immediate functional task.

The weightages on managerial competencies and values increases with grade due to greater importance of achieving business goals managing work of other employees through ethical means.



Now, here I am giving you an example to explain that how it is done, right? So, now if you look at this is especially correct for executives. So, what they do there if you look at this that the first of all they try to look at the KPAs or key performance areas. So, first of all they define the key performance areas, right? And then for each of these key performance areas they also give weightage depending upon the level that you are working, right?

Now, if you look at this key performance area we will find that more weightage is given at higher level jobs compared to lower level jobs, though the maximum weightage that you have is for KPAs because KPAs is something that contributes maximum to your performance.

Next is that they also look at your competencies at different level that is, functional competencies and managerial competencies which is. So, this basically it is related to your talks performance and contextual performance. Then they also try to assess your potential, right? At the higher level they do not give it any weightage because that is the highest level that you can reach. So, for that you do not require any potential you have to have potential in order to perform well right and then they also try to look at the value assessment.

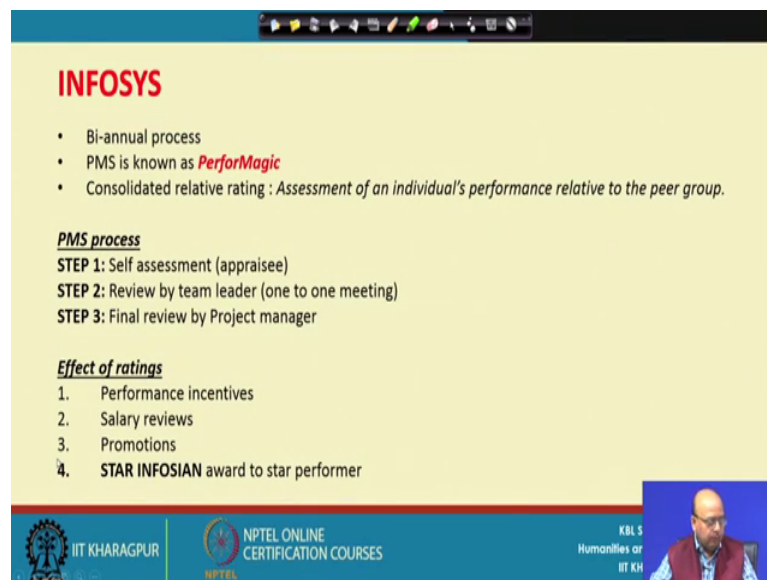
Value assessment that what kind of values ethics integrity you have and whether it is good for the organization or not, right? Now based on that you see that from E1 to E3

moving to E4, E5, E6, E7 that up to E9 that is the level, right? You will find that the total weightage that is for each of these category is are grades is 100, but if you look at the parameters that has been used there are different parameters given for different grades, right? So, if you will find the far junior there is a higher weightage for KPAs and functional competencies because that is more important to them for senior level you move to a higher level then it is less.

So, the idea is see that you have to devise a system where you say that what are the parameter against which your performances to be elevated, right? And then you go for a differential weightage system to see that what would be the weightage that would be given to each parameter in each grade all right. And then whatever your score is out of 100 that is used as a standard for performance and then your performance is measured against these criteria, right?

So, this example is basically meant for executives if this is not meant for non-executives, right?

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INFOSYS

- Bi-annual process
- PMS is known as **PerforMagic**
- Consolidated relative rating : *Assessment of an individual's performance relative to the peer group.*

PMS process
STEP 1: Self assessment (appraisee)
STEP 2: Review by team leader (one to one meeting)
STEP 3: Final review by Project manager

Effect of ratings

1. Performance incentives
2. Salary reviews
3. Promotions
4. **STAR INFOSIAN** award to star performer

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Now, we are moving to a different company from power sector we are moving to an it company it is a big it company you all know about Infosys, right? Infosys if you look at it that they adopt a bi-annual process it means; that review happens twice in a year, right? And the performance management system that they use is basically commonly known as PerforMagic is it means that how good you have been able to perform, right?

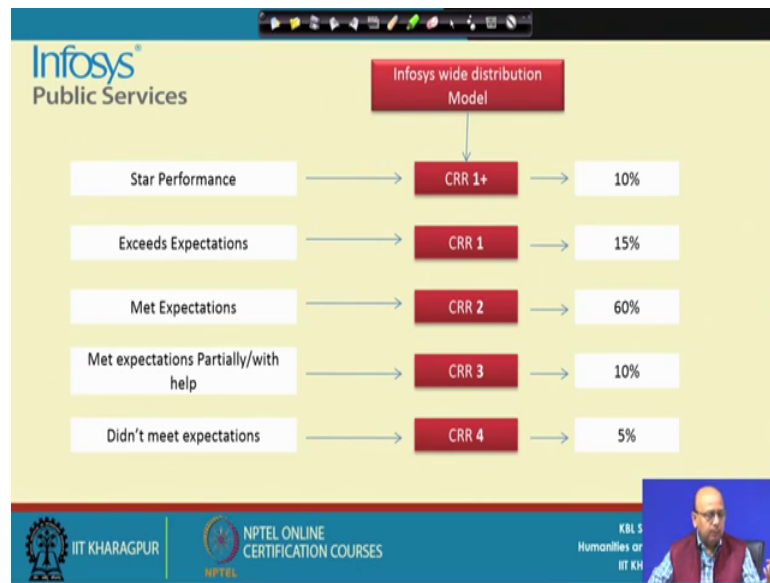
And then you go for consolidate relativity, relative grading means that you are going to see that; how your performance is compared to others in the peer group. So, they do not go for absolute grading in evaluating the performance of the employees, but they go for relative grading where the performance of one employees evaluated against the performance of others, right?

Now, if you look at the process for senior managers especially are the managers right because you do not have workers at the lower level. So, everyone is asked to go for self-evaluation self-appraisal remember we talked about self-evaluation, then once self-assessment is complete then they are reviewed by the team leaders right into one to one meeting that how will you have performed. And then the project manager is going to finally, review your performance, right?

Now based on this performance management record the company is going to take certain decisions related to incentive that is to be given which is based on performance. at the level of performance that you have achieved it is also used to take certain administrative decisions like salary and promotions.

And then you also try to identify good performers the star performers and then you are try to reward them, using some non-financial rewards not financial rewards. And the important thing about Infosys is that now Infosys is moving towards a more continuous evaluation and feedback process this is a new development that which has happened. So, instead of going for annual review biannual review they are moving to, what you call? A continuous evaluation, and feedback process.

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Now, if you look at this that how they are going to rate performance. So, if you look at the rating this is how it happens it means that; more or less are using the force distribution. It means those who are on the bottom line means ok. The last one it means that they have not been able to meet the expectations then meeting expectations partially with support from the managers and supervisors, 60 percent have been able to meet expectations ok. 15 percent exceed expectations and similarly you will find that 10 percent other 10 percent are star performers.

The idea of using this kind of force distribution is to reward only those who for come into the first 2 categories. The other may not be rewarded or the level of reward would be very less ok. And those who are in the last category they when may asked they asked to leave or they could be asked to do switch over to other jobs which they can perform better right?

So, if you look at the kind of distribution that they have it is more or less what we call a force distribution model, right? Where you are trying to fit people into certain categories with the objective that you are going to reward only few people, who are good performances, who are exceeded the performance.

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GAIL

- Once in a year (employees who have completed 3 months service)

PMS Process

STEP 1: Self appraisal

STEP 2: Reporting officer's assessment

STEP 3: Reviewing officer's counter signature

STEP 4: Report sent to personnel department of regional office

STEP 5: Regional office to corporate office

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Now, from I think we are moving to another company which is gas authority of it is it basically to the marketing of oil and natural gas products, right? This being a public sectors organizations they basically this company goes for annual appraisal. And appraisal happens only in those cases where the where the employee have complete at least 3 months provision period, right?

And for managers basically they go for self-appraisal then from self-appraisal they move to reporting officers. So, the supervisor is going to evaluate his performance then, then from reporting officer it goes to next level that is higher level, where you have reviewing officers who is above the reporting officer and in the hierarchy and then he is going to look at it then put his signature, right? And was reviewing officer reviews the performance then this report is sent to the HR department of the regional office. And then from regional office it goes to the corporate office.

Now, if you look at this you understand that Gail is adopting a very traditional performance management system. It is not basically a performance management system, but it is basically a performance appraisal system. So, when you are trying to look at and critically examine the Gail's system it is not performance management, but it is what you call? A performance appraisal it is you cannot call it performance management because you are not going for planning the performance you are not you just review the performance you do not give it feedback simply we will look at the performance level,

and then review it and then send it to the HR office and from there it goes to the corporate office and the corporate office might be taking certain decisions based on the performance of the individual, right?

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The slide features the IOCL logo (Indian Oil Corporation Limited) in the top right corner. The main content is divided into two sections: 'Performance Planning' and 'Final Year Review'. The 'Performance Planning' section lists three steps: 1. Appraiser assigns weightages to KPAs, 2. Appraiser do necessary modifications, if needed, and 3. Plan is sent to the reviewer for final approval. The 'Final Year Review' section lists five steps: STEP 1: Self Appraisal, STEP 2: Appraiser rating, STEP 3: Reviewer's validation, STEP 4: Calculation of PMS scores, and STEP 5: Linking the scores to PRP (Performance related pay). A blue box on the right side of the slide titled 'Range of ratings:' lists five levels: Level 1: Significantly below expectations, Level 2: Moderately below expectations, Level 3: Just meet the expectations, Level 4: Moderately above expectations, and Level 5: Significantly above expectations. The slide footer includes the IIT KHARAGPUR logo, NPTEL ONLINE CERTIFICATION COURSES logo, and a small video inset of a speaker.

Now, we are moving to another oil sector company which is into the marketing of oil prod oil and oil related products that is Indian oil corporation, right? Now if you look at Indian oil they go for 3 kind of things that is planning review and assessment right evaluation.

So now if you look at the performance planning that is the first stage this they try to identify the KPAs for each up. And then they try to assign weightage to each of the KPAs for example, if you look at NTPC example what they did for is the different level of executives they identify the KPAs, right? Once you are able to identify the KPAs then that is, key performance areas depending upon the job description. Then you try to give differential weightage to each of these KPAs that how much contribution it makes to the performance of the individual, right?

now once this kind of assignment is designed then you are ready with the KPAs for each grade in the organization, right? Then you consult with the person who is to be evaluated. And if it is required to make certain modifications in the KPAs and the weightage that is given to each of the parameters that you have identified, right? And then this performance plan is send to the reviewer who could be a senior level officer and

he once it up it is approved and then that is used as a criteria for evaluating the performance, right?

But IOCL also adopts if annual appraisal process it does not go for continuous evaluation and feedback system. So, what they do basically once the appraisal period is complete they ask executives to evaluate their performance. So, they go also go for self-assessment. They rate themselves on the various criteria that has been identified based on the job descriptions and the parameters that have already been decided during the performance planning stage.

Once the rating is complete then it goes to the reviewers, who could be his immediate supervisors he is going to validate it. He will look at the KPAs look at your performance level and see that whether we have achieve them or not. Now, some of the problem that may come up is that some of the criteria which could be qualitative in nature ok.

That is to be verified and validated ok. And then based on that whatever score you are achieving is identified depending upon the KPAs and other competencies that you have and then it is seen that what is your total score ok. Out of say with the total score is 100 then how much you have achieved out of 100 based on all the criteria and using a differential weightage process, right?

Then based on this performance you try to provide reward to the employees, right? So, it is related to performance related pay, right? So, performance related pay if you remember you talked about that it is related to incent it is related to what you call incentives that is given for higher performance, right? And when we are discussing about pay for performance one thing that you need to remember is that it is not related to achieving the targets are the standards which I have already been identified in the performance plan.

For them there could be some weightage, but additionally if you want to link performance with the pay means it is based on the merit if you have exceeded performance levels or the targets then you need to rewarded, right?

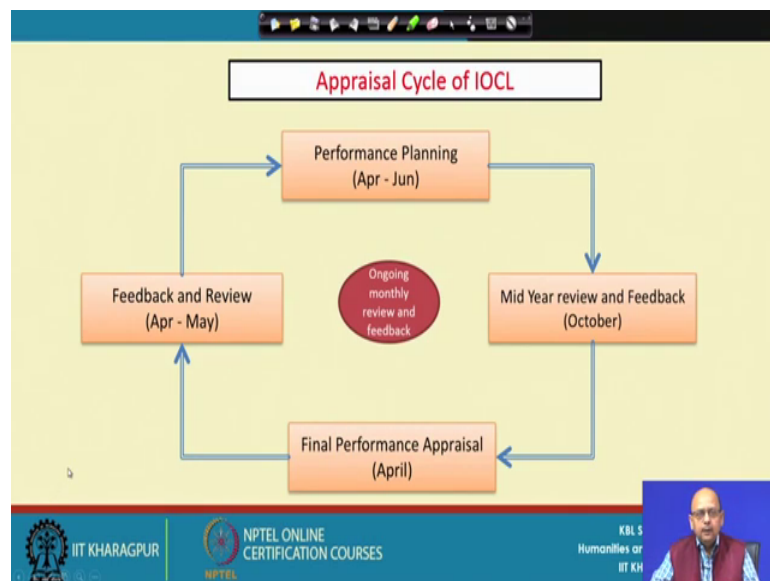
So, another important issue is that for each level the rating is something like that that they are try to identify the level of performance ok, is starting with level one to level 5. So, if you are your performance is at level 1 say for example, the if it is a how out of

100, and you have achieved a score between one to 24 25 something like that it means your signify level of rating is below expectations.

Say if you have achieved somewhere in between 25 26 to 49, then no relatively low expectation. So, 50 to 70 few got something a score like this then you it means that is the standard performance that is expected from you and you have been able to achieve it, right?

If your performance is above 70 then you can say yes, it is above expectations because you have crossed the average at the standard level of performance, right? If it is above 85 or 90 it means that it is much about the expectations, right? So, when you are going to link performance with the pay it is based on the level of performance that you have achieved. So, depending upon what level you are the incentives are decided. And based on that you are rewarded, right? So, Indian oil corporation follow this policy when it comes to giving reward.

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Now, this is the appraisal cycle that is adopted by the Indian oil corporation, now if you look at the cycle you can see that in the beginning of the financial year, they go for performance planning then October, September they basically go for mid mid-year review. Then again April they go for performance appraisal and finally, after the performance appraisal period is over you go for review.

But if you look at this cycle and in between you will find that they go for regular review and feedback. So, every month so they conduct a review session and give feedback to the employees whether they have been able to meet the targets and what else needs to be done to in order to achieve the targets, it means; that they go for continuous review and feedback of employees performance and this is a part of the system, right?

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SBI

- Applied in 2016
- PMS is known as **Saksham** (not meant for identifying low performers).
- Five grades: AAA, AA, A, B, & C
- Three roles: Budgetary, measurable, & non-measurable
- A monthly view will be taken on all budgetary and measurable roles.

- 70% weightages on KRAs
- 30% on Supervisor assessment

Ratings linked to:

- Monetary benefits
- Request for Transfers
- Extension in service

Facing challenges in implementation:

1. The current Annual Appraisal Report Format was faulted .
2. Can not adequately differentiating one employee from the other in terms of performance.
3. 80 per cent scored more than 90 marks.

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Now, from that company we are moving to another important company is in a banking service and it is in the it is one of the largest bank public sector bank in India, right? And it has been doing well performing well, right? So, this they have adapted a new system of performance management which is known as Saksham. And this system was adopted in 2016 before that they all had the regular system, what you call this annual performance appraisal, right?

So, in annual performance appraisal these to see that how employees have feared and now this Saksham means; is basically is over when you try to see that how competent you are, what is your level of competencies, right? That is identified right and the idea of using this Saksham is not to see that what is your level of performance, but see whether your competent enough to take up the job at your given level or not, right?

And based on that they basically try to identify the competencies of the people and they have certain categories, right? Like triple a double A A B and C. So, based on that you try

to that how Sakham you are to how competent you are what is your performance level, right?

So, if you are in c and b category it means that your performance is not good are below expectations right, but if you are in a category mean that your performance is up to the standard, but if you move to the double a and triple a means that you have exceeded expectations and triple a means that is this much above the expectations that is given, right?

The idea of using this kind of performance parameter and identifying the competencies is that; it is more quantifiable and see that the budget that is allocated is used effectively. So, it has three roles budgetary measurable and non-measurable there are certain competencies which are measurable, certain competencies are not measurable. And then you try to see that it is we within the framework of the finance that is allocated to the organization, right?

The maximum weightage in SBI is given to a key result areas it means that it is identified and based on that if you have achieved those result areas then you get higher weightage plus 30 percent weightage is given to assessment from the supervisors, right? And it is directly linked to what you call the reward like monetary benefits transfers extension in the service, right?

But some of the challenges that have been there in implementing this like, earlier they were there were annual appraisal system which was at fault because if you are not able to capture the performance of the employees, right? And it was very difficult to actually differentiate a high performing employees with low performing employees, right?

And an annual appraisal system what happened that everybody used to score very high level. So, it was very differentiate difficult to differentiate people so far as performance was concerned, that is why; they move to this new system. So, that they could classify people into 5 different categories and maximum weightage was giving to what you call this key result areas.

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TATA MOTORS

- Bi-annual appraisal system
- Quarterly self assessment

PA process:
Superiors fill online appraisal templates of the subordinates.
This is the base for promotion.

- Designation hike depends on individual, team and departmental performance
- Salary may increase twice a year
- Monetary incentives
- Travel packages for within India or outside
- Accumulated incentive scheme (employee can accumulate incentives and get them annually with interest)
- Performance linked pay is also applicable.

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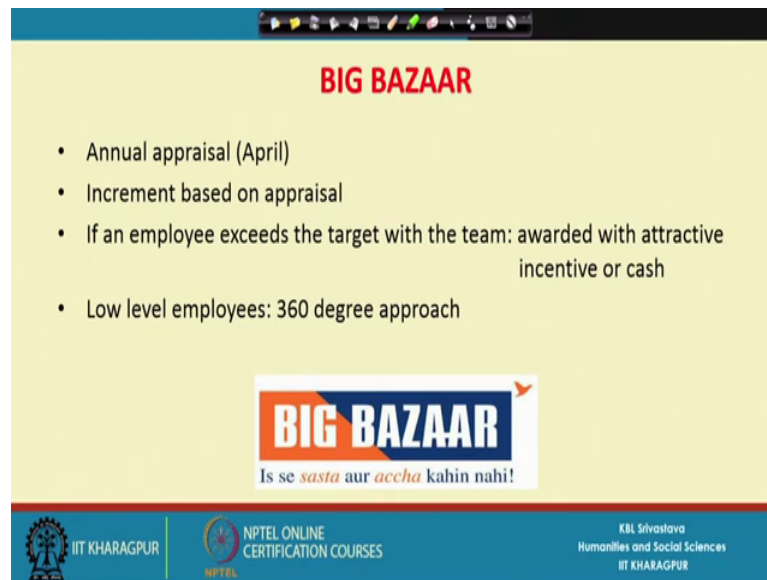
Now, moving to a manufacturing sector there is a Tata motors say Tata group companies is one of the best performing companies of the Tata group.

Now, if you look at this instead of moving to annual a continuous performance system, they have two kind of assessments of employees that is, by annual and quarterly self-assessment. And if you look at their process right it is the immediate supervisor who evaluate the performance of their subordinates. So, there is a form which is filled by the supervisors, right?

And there are certain thing that is linked with the evaluation are the performance of the employees. Right? It is any kind of administrative decisions the link with that relative performance, salary hike or other things, right? And if you are doing very well then, your salary may go up at least twice in a year ok.

And then you are also given monetary incentives for better performance and there lot of fringe benefit that is provided like travel packages ok. Incremental incentive schemes and also, performance like the pay, but it all depends upon how well you have been able to perform in the organization especially and what is your contribution to the organization.

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BIG BAZAAR

- Annual appraisal (April)
- Increment based on appraisal
- If an employee exceeds the target with the team: awarded with attractive incentive or cash
- Low level employees: 360 degree approach

BIG BAZAAR
Is se *sasta* aur *accha* kahin nahi!

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Now, if you look at this I am taking another example which is basically in to say E retain or E business are this is the Big Bazaar. Big Bazaar if you look at the big bazaar you know that say low cost ok. Low Margin Company, but which is making good profit because attracts lot of customers. Now, if you look at see the how employees are evaluated in big bazaar.

So, they have again have annual appraisal process increment based appraisal is there. And if you exceed the target then you are awarded with incentives or cash, but most cases you will find that level of employees is very low ok. So, they adopt a 360-degree approach it means; the employees are evaluated by the individual itself maybe from the customers right while the fellow colleagues and also from the supervisors.

So, even you are going to adopt 360-degree technique you get a more comprehensive evaluation of the employees. And in the case of big bazaar all employees are evaluated comprehensively to see that how well they are performing, right? And then they also add cash incentives related to the performance.

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	Measurement	Below Par	Par	Above Par
Standards	Manager's assessment			
Leadership				
Ethics/Integrity				
Customer interaction				
Community involvement				
Contribution to overall business				
People	Manager's assessment			
Performance				
Teamwork				
Training and Development				
Employee satisfaction				
Control	Auditor's Assessment			
Audit				
Legal				

Now, moving to another company that is Nestle and if you look at Nestle you will see that how they are evaluating their performance Nestle. So, now if you look at this Nestle and Nestle you know that is a multinational company. So, we have moving from Indian companies to multinational companies. Now if we look at Nestle they have a number of parameters against is the performance is evaluated.

And then are the 3 levels of assessment happens. The individual then the managers assessment is there and then the auditor's assessment is there. Now if you look at some of the criteria against which is the they, they are going to be evaluated include the standards of performance, your leadership quality, ethics and integrity, your interaction how well you interact with your customers community engagement, right? Contribution to the business people related what is the performance teamwork, right whether?

How effective the training and development have been. And these criteria are used by managers for the assessments, right? Then auditors also asses assess you especially relates with the financial that whether you have been able to control it within the budget rate. And then whether the art it art it has been done for this not or then again whether you have followed all the legal rules and regulations complied with the law of the land or not ok.

And then you have only 3 categories below par and above par based on then you try to see that how will you have been able to perform ok.

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The slide displays a performance appraisal system for Nestlé. It features a grid for tracking various metrics against objective standards, categorized into three performance levels: Above Par, Par, and Below Par. A separate table details the bonus structure based on these ratings.

Customer satisfaction		External company survey (Goal of 80%)		
		Above Par	Par	Below Par
Strategy Implementation	Objective standards			
Households				
Cross-sell, splits, mergers				
Retail asset balances				
Market share				
Financial	Objective standards			
Revenue				
Expense				
Margin				

Ratings	Bonus
Above Par	30%
Par	15%
Below Par	0

So, let us in again you if you look at an examine the contribution, you will find that Nestlé has been following a annual appraisal system and to the more traditional in natures, right?

Now, the kind of rating that is done like they try to classify people into 3 categories, right? Below average, average and above average, right? And the bonus is dependent upon the, your performance for example, if you have average performance standard performance that the rate is 15. If it is much above the average then it is 30 percent, but you have not been able to perform well then you are not given any bonus, right?

Now, another imp since it is a into services you have to see that whether customers are satisfied with or not, right? So, you go first external company service right especially whether we have been able to implement a strategy that is adopted by the organization. Then you collect data from households you see that what was the cross sales, right? Retail a set balance with a market share with an objective is objective standards like usually it will the especially that is more financial in nature like revenue expenses profit margin.

So, you calculate all these 3 and see that what is the performance level. So, this could be for the sales people basically. And then the criteria that is used here as an example is customer satisfaction, right? and their certain objective standards in terms of what is your

sale, right? How much market you have been able to improve and then in terms of finances also you are being evaluated.

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AMUL

- Annual appraisal system

PMS Process

STEP 1: Self appraisal
STEP 2: Manager's appraisal
STEP 3: Recommendation by the divisional heads
STEP 4: Final confirmation from MD

Effect of ratings:

- managerial level gets special allowance.
- workers get promotions
- performance linked allowance is provided in relation with performance that is: 25%, 50%, 100%, Not allowed.

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Now, this is the different examples it is a cooperative this into the business of milk products and Amul adopts an annual appraisal system and if you look at the performance appraisal system it is self-appraisal. Then it is evaluated by the manager reviewed by the manager can say and then the performance appraisal is recommended by the divisional heads it is head of the departments recommends the case and finally, confirmed by the managing director of the company, right?

Now, if you look at the rating if they get good rating at the senior level then you get special allowances workers also get promoted. And your high-performance link incentives, right? So, depending upon the level of performance right you are given incentives and it could be up to the tune of 100 percent also, right? So, Amul follows a very straightforward system when it comes to rewarding employees based upon their performance, right?

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Check list Method

Attributes	Outstanding	Good	Satisfactory	Poor
Job knowledge				
Work output				
Quality of work				
Interest in work				
Initiatives				
Past records				
Seniority				

The overall assessment is done through rating scale method

Amul
The Taste of India

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Now, if you look at some of the attributes that is used for measuring performance is like the job knowledge, what is your performance standards, quality of work, what is the level of interesting motivation that you have, what new initiatives you have taken and what is your first performance and one of the attributes that is considered is seniority.

While in other companies you have seen that seniority is not be used as a criteria for evaluating the performance, right? And they adapted for graded scale that is from poor satisfactory good and outstanding. So, the level of incentives you can say that it is 0 to 25 to 50 to 100 percent is when you move from poor to outstanding, right? So, they use the rating scale method to evaluate the performance and the performance is linked with the incentives of the employees, right?

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Emerging trends in PMS

- Annual performance reviews will continue to fall out of favour
- Personal development will become as important as performance goals
- Employee autonomy will become a huge perk
- Use of 'traditional' performance ratings will decline further
- New performance management software tools will be rapidly adopted

The role of HR:
Align closer with business
Increased emphasis on culture building
Greater technology integration

89%
OF ORGANISATIONS SURVEYED
HAVE RECENTLY CHANGED THEIR
PERFORMANCE MANAGEMENT
STRATEGY

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Now, we have discussed a number of companies and given that example to explain that how companies are using performance management system, right? Now, if you look at the some of the emerging trends which has to be identified through these companies that is, though a lot of companies are still going for annual performance reviews, but gradually they are moving to what we you call other kind of evaluation like biannual semiannual or quarterly evaluation, right?

So far as most of the decisions that is taken by the companies based on the performance record is related to administrative decisions, but now companies are also thinking to take certain administrative developmental decisions depending upon the performance of the employees; So, that their performance could improve, right?

Most of the companies have not been able to give enough control and authority to the employees, right? Because they are still using the traditional performance management system if you look at from the examples that I have given, right? So, one of the issue that has come up come out is that how much autonomy and authority you are giving to the employees, because that could be a huge perk in terms of being a non-financial rewards. That might motivate employees to perform well.

Now, most of the companies are using software tools to see that how it is working. So, if you look at some of the performance management tools you remember you talked about technology and we say that we can go for EPM that is electronic performance monitoring

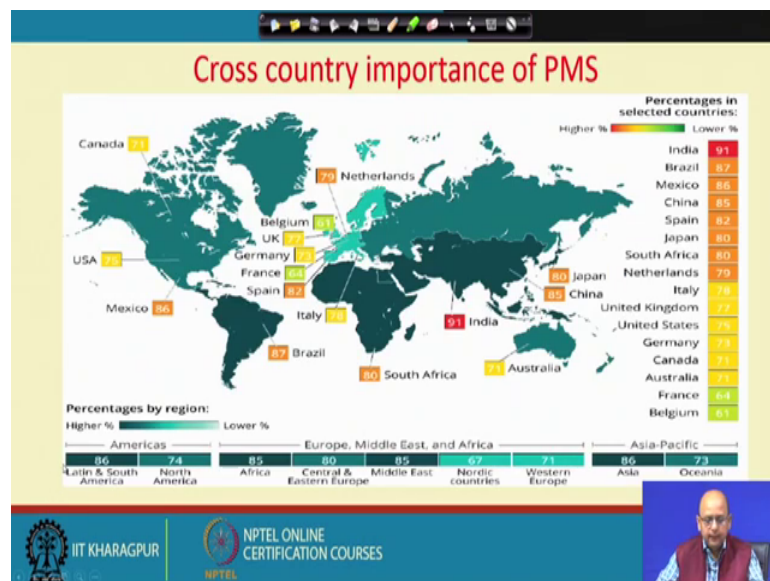
systems, when you go for automatic tools and software's to measure, monitor and track the employees performance and how much they have progressed, right? So, these are some of the things which had come up, but still it will in very in fancy states Indian normalizations.

Now, HR has a very important role to play because they have to see that; how they can aligned the goals and objectives of the individual to business and develop those competencies which is require for higher performance. Similarly, the other two issues that you remember we talked about in the previous lecture is that you need to develop a culture where people are really motivated ok and to innovate and perform well.

So, you need to develop entrepreneurial culture, but and also use more and more technology. So, integrate technology with all kind of HR systems including performance management system make it automated. So, that you are going to monitor it more accurately there is a greater transparency and accountability in the system, right?

Now, in once that it was found that yes though many companies have changed their performance management strategy, but it has been found that they are not doing enough right they have only gone for changing their strategy, but rest of the things are more or less same right. So, this is one example that I have given to explain.

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Now, I am trying to also give you something which basically talks about that how much importance is being given to performance management system across nations, right? Now, if you look at this is across country data. And a lot of organizations have been actually contacted and have responded that how much importance they are giving to the performance management system in the organization. And why I am presenting this data here if you look at it and look the case of India ok, it means; India gives maximum weightage do the performance management system compared to any country in the world.

So, and if you look at some of the other companies here like India Brazil, Mexico, China most of them are developing countries. What does this suggest this suggest that developing countries are still not matured enough to fully implement an effective performance appraisal system and they are taking lot of decisions which are administrative in nature based on performance data. Though they are trying to in use and integrate technology with the performance management system that they have not been able to build a culture of performance, where people are driven to innovate and perform well, right?

While if you look at some of the developed countries like Germany, Canada, Australia, France. They are not giving that much importance to performance there are certain other parameters they are using for the taking certain decisions related to administration and the development of the employees.


So, what I wanted to tell you that India is still lying behind and they have to move forward to build a culture to integrate technology in a better way and see that, how performance management system can be integrated better with other HR systems how it can be used effectively not only to measure and monitor performance of the employees, because that is given more weightage in Indian context, but to use it for other things, right? And develop an effective appraisal and management system in organizations, right?


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Changing emphasis of PMS


TRENDS IN PERFORMANCE APPRAISAL

<i>Item</i>	<i>Former Emphasis</i>	<i>Present Emphasis</i>
Terminology	Merit Ranking	Employee Appraisal Performance Appraisal
Purpose	Determine qualifications for wage increase, transfer, promotion, lay-off	Development of the individual, improved performance on the job; and to provide emotional security
Factors Rated	Heavy emphasis upon personal traits	Results, accomplishments, performance
Techniques	Rating scales with emphasis upon scales. Statistical manipulation of data for comparison purposes	Mutual goal-setting, critical incidents; group appraisal; performance standards; less quantitative
Post Appraisal Interview	Superior communicates his rating to employee and tries to sell his evaluation to him; seeks to have employee conform to his view	Superior stimulates employee to analyze himself and set own objectives in line with job requirements; superior is helper and counselor





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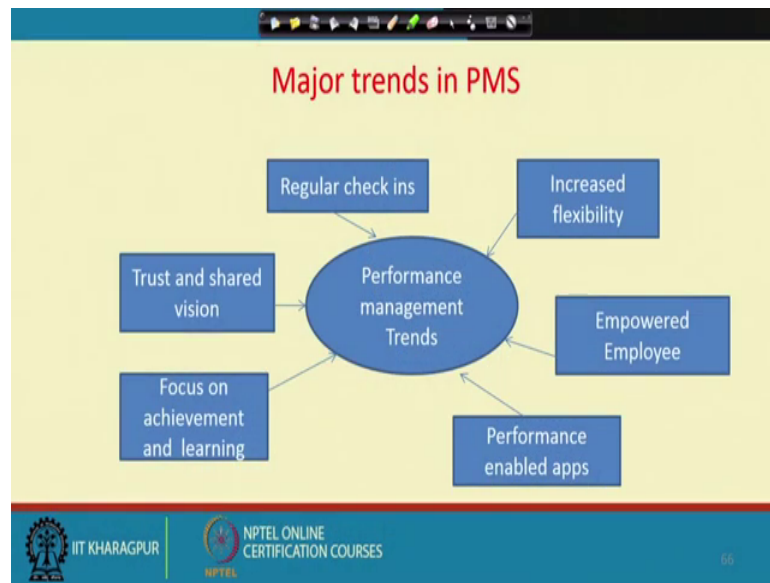
So, with this we are going to complete and finally, see that the kind of shift that is happening in the performance management, right? We are moving away from the merit ranking to what you call appraisal performance appraisal system that is the present emphasis. The objective has been to see that not to take administrative decisions only, but also the development of the individual.

So, the safety is from are taking administrative decisions to the development of the people, right? Earlier the factors that have been rated were more personal in nature now we are trying to. So, it is going to be more outcome-based result accomplishments and performance.

The technique that we have been using was mostly the rating scales, right? But from rating scales we have moved to self-appraisal team appraisal 360 degree techniques. So, these are the new technique that I have been used for evaluating the performance, right? And most of the companies do not go for post appraisal review earlier the review was done to see that how well you have performed, right?

And to get the views of the employees; but now the idea is that based on this performance review you try to find out the development plan from the individual and also set the goals and objectives for the next performance cycle. So, this is a paradigm shift is the happening so far as performance management system in India is concerned, right? So, that is all for this lecture.

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And finally, when we are trying to look at the overall trend that is happening is this is what you can see the companies are trying to more flexible, their regular check ins means you are moving from annual or semiannual to more frequent appraisals and evaluations giving review and feedback. And then employee employees are trying to have a feeling of trust and they are trying to share the vision of the company.

So, they are trying to see that the goals and objectives are aligned with the goals and objectives of the organization, right? And the focus is or not on the individual, but what they have achieved in terms of performance and how much they have done in the process, right? And also, they are trying to empower employees they are trying to give them greater authority in control.

So, that they can do better and they are also using technology to monitor and map the performance of the employees. So, these are the major trends which have emerged today ok.

Thank you very much.