

Performance And Reward Management
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Lecture - 12

Implementation of a performance management system, defining performance and choosing a measurement approach and understanding the meaning of results (Cont.)

Welcome to the second session of the third week discussion on the topic Implementation of performance management system, defining performance and choosing a measurement approach and understanding the meaning of results.

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The concepts that will be covered today are measuring results and measuring behaviours. So, you have already understood how to measure like what is we have defined, what is performance, what are the different kinds of performance and we have discussed and also like what are the implications of having a behaviour focused approach and the result focused approach in the previous discussion.

In this discussion we are going to discuss on like how to measure results and how to measure behaviour. So, let us begin for today's discussion.

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Measuring Results

In case an organization adopts a results oriented approach, complete clarity over these three aspects must be established:

- ❖ Key accountabilities of an employee considering his or her job
- ❖ Objectives expected to be accomplished
- ❖ Performance standards

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In measuring results so, what happens like in case a organization is adopting a result oriented approach a complete clarity of 3 aspects must be established. What are those 3 aspects? First is key accountabilities of an employee considering his or her job, second is objectives expected to be accomplished, third is performance standards.

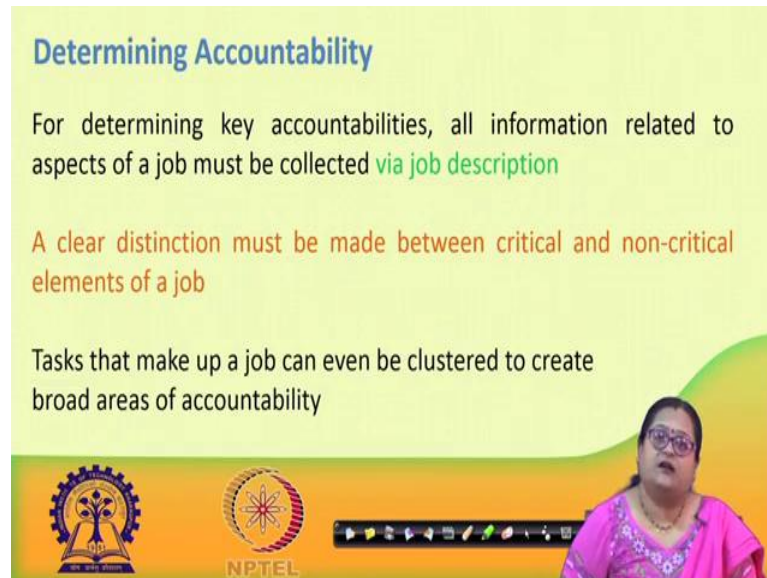
So, what are the employees responsible for key accountabilities, mean what are the employees should be responsible for, second is what they are should be achieving which is the objectives and what are the standards against which they will be judged, which are the performance standards. For doing this again if you understand goal setting is very important, objective setting is very important, job description is very important and understanding the role responsibilities and communicating these things to the employees role in government is very important.

If we do not say in very clear terms this is what we expect of you and we expect that the people will understand on their own then maybe in some situations the gap of understanding may happen. So, you have to communicate properly about these 3 things to the employees and we have to take a feedback from them like whether they have understood our expectations properly in the way that we understand ok.

So, this gap needs to be checked and minimised first and then these 3 things should be like we have to ensure like the key accountabilities of an employees, objectives expected

to be accomplished and the performance standards are very very clear to the employees and they understand it properly in the way that we feel like they should understand it.

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Determining Accountability

For determining key accountabilities, all information related to aspects of a job must be collected **via job description**

A clear distinction must be made between critical and non-critical elements of a job

Tasks that make up a job can even be clustered to create broad areas of accountability

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Determining accountability so, for determining key accountabilities all the information related to the aspects of the job must be collected via job description. So, and a clear distinction must be made between critical and non critical elements of the job. What are the critical elements of a job and what are the non critical elements of a particular job, we have already discussed it in the previous modules.

So, next is task and make up a particular job can even be clustered together to create a broad areas of accountability. So, this we can understand like we are accountable for these many type of things. So, it can be given a broad heading also and we can do that grouping of that task.

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After accountabilities have been identified, their relative importance must be identified so that there can be effective time management as regards various aspects of a job are concerned.

For e.g. Would it be wise if a field sales man spends 80% of time in calling and only 20% in visiting customers in field

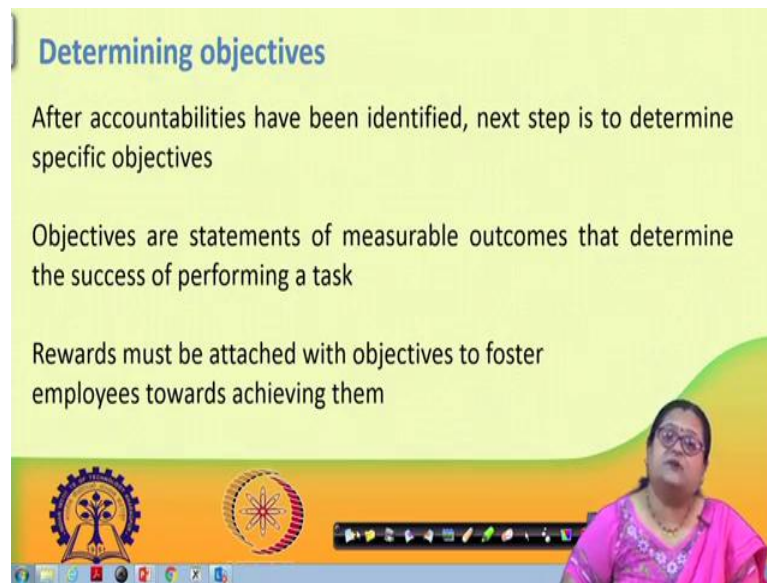
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After accountabilities have been identified so, next is prioritizing. So, that we have to determine the relative importance for which is more important which is more urgent and we have to prioritize it so, that it can lead to effective time management as regards various aspects of the jobs are concerned.

So, because that helps you like we are accountable up for so many things maybe, but again there are certain elements of the job which are critical which we cannot miss out or for which we will spend more time because it is important. So, like prioritizing that the relative importance giving is very important.

So, that we can like give your time properly for example, like if a field salesperson spent 80 percent of the time in calling people and only 20 percent in visiting customers in the field I think it will not be a very wise kind of time management as per the job description of the person is concerned.

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Determining objectives

After accountabilities have been identified, next step is to determine specific objectives

Objectives are statements of measurable outcomes that determine the success of performing a task

Rewards must be attached with objectives to foster employees towards achieving them

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Next is determining the objectives, after accountabilities have been identified the next step is to determine the specific objectives. So, what our objectives are specific statements of measurable outcomes that determine the success of performing a task. So, the emphasis of the word is on measurable outcomes so and for doing this how to measure it, what are the matrices for it, all these things need to be well determined.

Next is rewards must be attached with objectives to foster employees' work towards them, towards achieving them. So, it is not only important to understand what are the objectives we have to understand like what are the measurable outcomes and whether there are what are the matrices for it and how to attach keywords towards it.

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Characteristics of sound objectives

- ❖ Specific and clear: no scope for ambiguity
- ❖ Challenging: must foster employees to stretch but should not be impossible to achieve
- ❖ Agreed upon: Must not be imposed upon rather agreed upon to seek cooperation
- ❖ Significant: must relate to the critical aspects of a job
- ❖ Prioritized :Not all objectives are equal in there importance

What are the characteristics of sound objectives are, it is specific and clear, no scope for ambiguity, challenging, must foster employees to stretch, but should not be impossible to achieve. This is very important like too much challenging, objective may become stressful, like too much challenging, too much challenging objectives may become stressful for the employees.

So, how do you set a goal, how do you define the objectives, how you gradually increase the difficulty level of the objectives, these are important as a part of performance design when you talk of objective design because in performance management how you are designing for it is very important whether the objectives or the performance.

Agreed upon must be discussed and agreed upon with the employees because it helps in seeking cooperation and it should not be imposed on the person. Significant like the objectives should be significant in that it should be meet to the critical aspects of the job and it should be prioritized, because not all objectives are equally important something can be something or not urgent something more important. So, prioritizing is very important in understanding like which one to do first and how much time to be devoted to each of the objectives.

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- ❖ Bound by time: time lines for achievement must be established
- ❖ Fully communicated: Employees must know their objectives, should not come as a surprise to the time of evaluation
- ❖ Flexible: there must be some scope for making adjustments
- ❖ Limited in number: Too many objectives can loose the purpose of performance and can be too demanding

It is bound by time so, timeline for achieving these objectives must be established, it should be fully communicated clearly to the employees and it should not come to the employees as a time of evaluation as a part of surprise. So, there should be flexibility, there should be some scope for making some minor adjustments if possible. And it should be like the limited in number because too many objectives mainly took over demand on the employees.

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Determining Performance Standards

After accountabilities and objectives have been set, next step is to determine the performance standards

Performance standards are actually the yardsticks which help employees to understand the level at which their performance will be evaluated

These actually help raters to understand what they should look in a performance

Next we will determine next we will discuss on determining the performance standards. After accountabilities and objectives have been set next step is to determine the performance standards.

Performance standards are actually the yardsticks which help employees to understand the level at which their performance will be evaluated. These actually help writers to understand what they should look in performance. So, without given a yardstick without given a proper standard then we cannot understand like where their performance is a good performance like fulfil all the expectations or not.

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After accountabilities and objectives have been step, next step is to determine the performance standards

Performance standards are actually the yardsticks which help employees to understand the level at which their performance will be evaluated

These actually help raters to understand what they should look in a performance

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So, it is very important to determine the performance standards.

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Performance standards can relate to any of these aspects:

Quality: how well the objective has been achieved?

Quantity: how much has been produced?

Time: considers aspects like meeting due dates, cycle times, deadlines, time tables etc

Performance standards can relate to any of these aspects, like quality, how well the objective has been achieved, quantity how much it has been produced and time, considers aspect like meeting, due date, cycle times, deadlines, timetables et cetera.

So, these are the things which performance standards can be related to whether the things are good in quality like, what type of quantity has been produced and whether it has been performed within a time or not, because if you understand when we defined performance we talked of like it is done within a time, time frame is there.

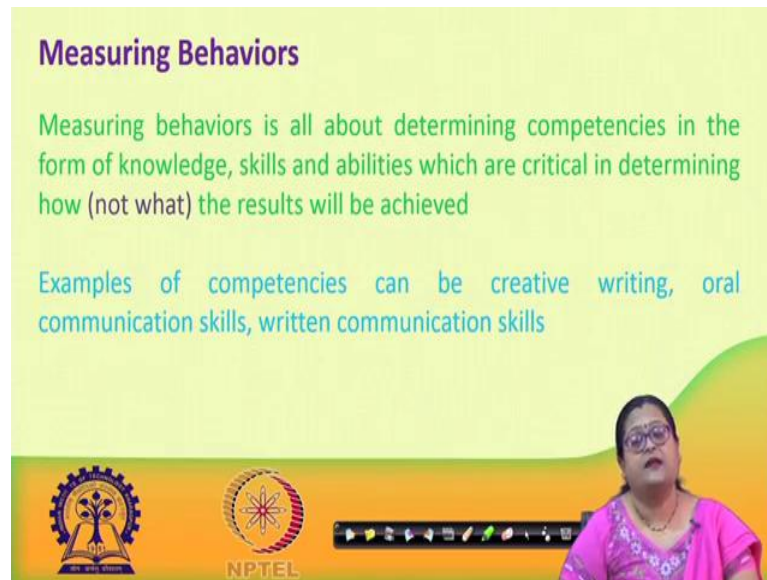
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Following characteristics determine whether one has a useful standard or not

- Determined standard must be related to the job/position
- It should be specific and measurable
- Can be measured
- Realistic and achievable
- Can be reviewed regularly or not

So, what are the 4 characteristics which determine one has a useful standard or not, is it is determined standard must be related to the job position, it should be specific and measurable, it can be measured, it is realistic and achievable, can be reviewed regularly or not.

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Measuring Behaviors

Measuring behaviors is all about determining competencies in the form of knowledge, skills and abilities which are critical in determining how (not what) the results will be achieved

Examples of competencies can be creative writing, oral communication skills, written communication skills

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Next we will talk on measuring behaviours, measuring behaviours is all about measuring behaviours is all about determining the competences in the form of knowledge, skills and abilities which are critical in determining how, not what, the results will be achieved. So, it can mean competences like creative writing, oral communication, written communication, these are like skill sets, knowledge and abilities, which are there in the individual and which can determine like how these very competencies well used can help to like achieve the result.

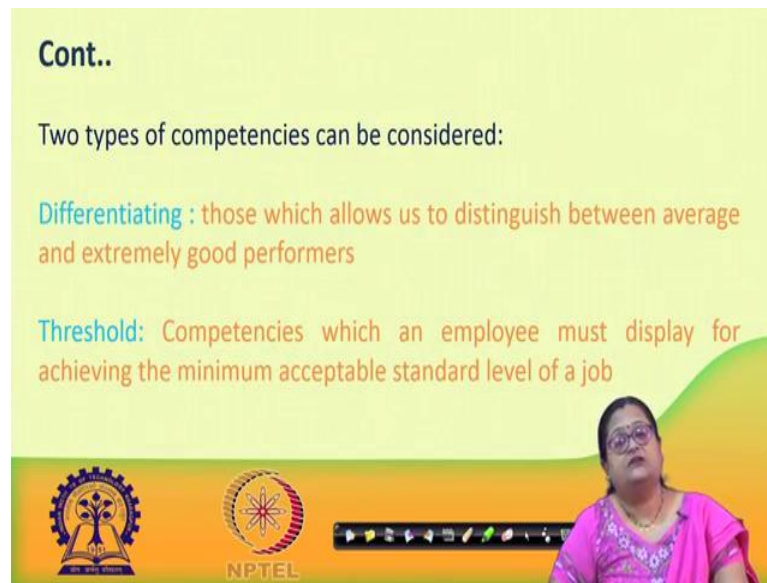
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Two types of competencies can be considered:

Differentiating : those which allows us to distinguish between average and extremely good performers

Threshold: Competencies which an employee must display for achieving the minimum acceptable standard level of a job



So, 2 types of competencies can be considered so, if one is differentiating so, which talks off which helps us to distinguish between an average and an extremely good performer. And second is a threshold so, which is which an employee must display for achieving the minimum aspect standards of a level of a job. So, differentiating competencies and threshold competence is something which is in general it should be there and something which creates the differentiator.

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Michael Armstrong in his book on performance management has however explained competencies across these two dimensions:

Technical competencies: what people need to know and be able to do to accomplish a task effectively

Behavioral competencies: About getting things done well. Encompasses those skills sets which contribute to the development of an individual in an organization



Michael Armstrong in his vocal performance management has; however, described competencies in two dimensions, like technical competencies like what people need to know and be able to do to accomplish a task effectively. And behavioural competencies, in behavioural competencies is defined it is about getting things done and it encompasses those skill sets which contribute to the development of individual in an organization, like your approach towards the thing your flexibility how like.

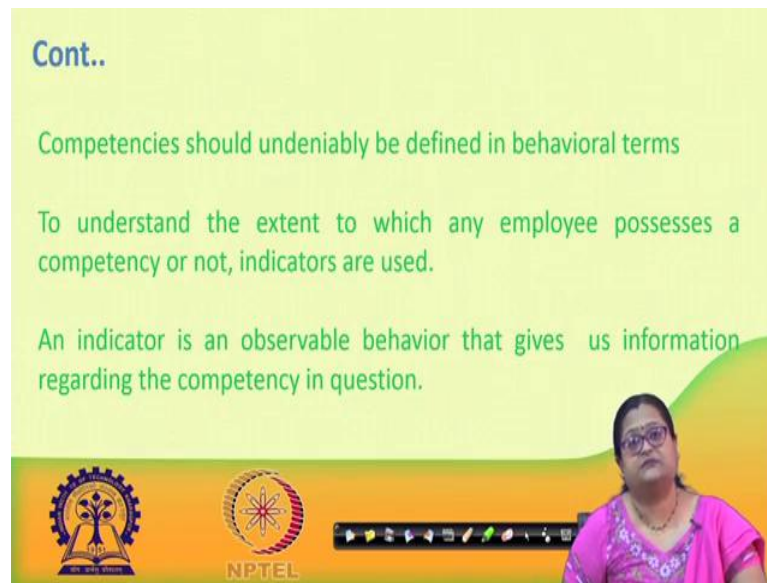
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As we are telling example or trying to achieve business awareness, leadership, skills, teamwork, customer focus communication, flexibility, planning, problem solving. These are the set of behaviours that you have, you nurture you try to develop which help you to perform your work in a better way and help you to grow as a person also the more business awareness you develop, the more you develop your customer focused communication.

And like we train yourself towards flexibility, we train yourself for problem solving the better equipped person you become and that helps in your performance and it helps you to develop and also helps you to contribute towards the organization's purpose.

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Competencies should undeniably be defined in behavioral terms

To understand the extent to which any employee possesses a competency or not, indicators are used.

An indicator is an observable behavior that gives us information regarding the competency in question.

So, what we understand is competencies should be defined in behavioural terms. So, it is very important to understand the extent to which an employee possesses a competency or not and for that such indicators are used. What is an indicator? It is an observable behaviour that gives us the information regarding the competency in question, like if you have certain indicators then you will be like showing certain kind of behaviour and those are called observable behaviours which looking from outside people can understand you have that competency.

Like if you are like good in grasping facts if you are able to solve problems clearly then we can understand you do have a competency of problem solving. If you are able to deal with complex problems and give solutions to it then, in the we can understand you do have a competency for problem solving. If you can help to negotiates like if you are good in talking and you can negotiate between the people well, then we can understand you have a competency for good oral communication and maybe leadership skills and negotiations skills also.

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Comparative and Absolute measurement systems

Comparative systems: Employees are compared with one another like simple rank order system or paired comparison

Absolute systems: Supervisor provides evaluations of employee performance without making an reference to other employees like essay method, behavioral checklist etc.

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So, there are like comparative and absolute measurement systems. So, when you talk of comparative systems these are employees are compared with one another like simple rank order system or a paired comparison. In absolute system supervisor provides evaluation of an employee performance without making and reference to other employees like essay method, behavioural checklist et cetera.

So, we have to understand why we are discussing it over here is we from here, we will gradually draw the sense of performance appraisal system as is followed in the organization presently. We may debate in the future also about which is a good one like should we follow a comparative system, where employees are compared with one another or it is good to give a follow an absolute system or again we will have a mix of both.

In comparative system what happens, you get to like see where you are placed and you are you are comparing yourself with others, but in absolute system what happens you understand what you are good at and you would like you know how do you map yourself to the requirements of the job and what are those factors that you need to develop. It is like understanding your own potential and developing on it and understanding your own strengths and weaknesses and developing on it is not like you are getting compared with other people.

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References:

Performance Management, 2nd Edition by Herman Aguinis, Pearson Education, New Delhi.

Performance Management, 3rd Edition by Michael Armstrong, Kogan Page, UK.

These are the references that we have used for developing this chapter, you can go through the books in details again and any questions please ask in the forum.

Thank you.