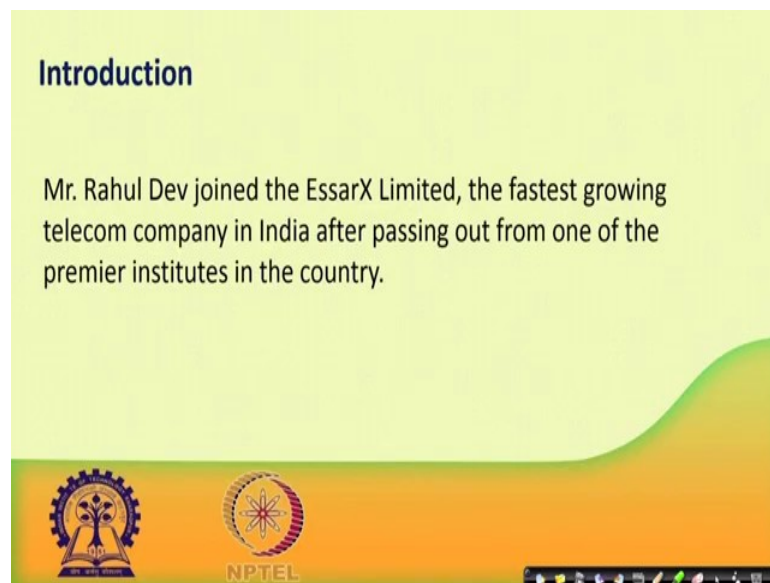


Performance And Reward Management
Prof. Susmita Mukhopadhyay
Vinod Gupta School of Management
Indian Institute of Technology, Kharagpur

Lecture - 59

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

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Introduction

Mr. Rahul Dev joined the EssarX Limited, the fastest growing telecom company in India after passing out from one of the premier institutes in the country.

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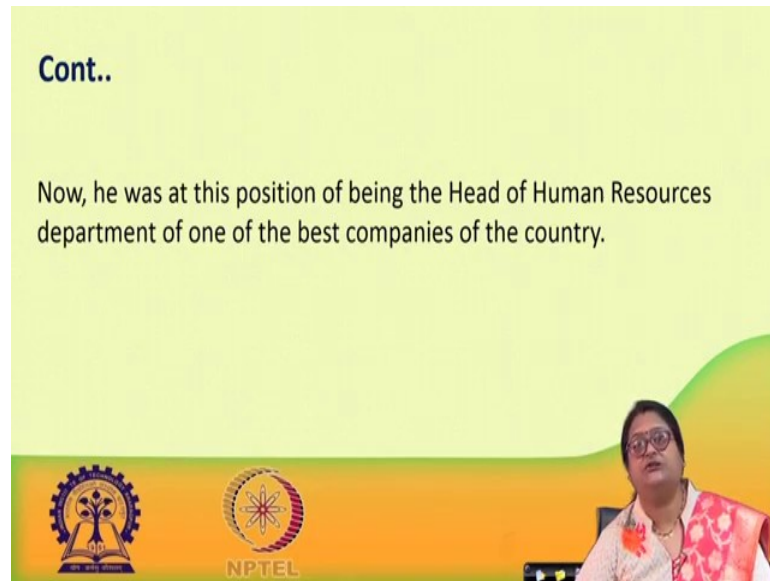
Now, we will discuss the case 2 connected with this module. And the case 2 tells like it which is

about Mr. Rahul Dev who joined the EssarX limited, the fastest growing telecom company in India after passing out from one of the premier institutes of the country.

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Now, he was at this position of being the Head of Human Resources department of one of the best companies of the country.

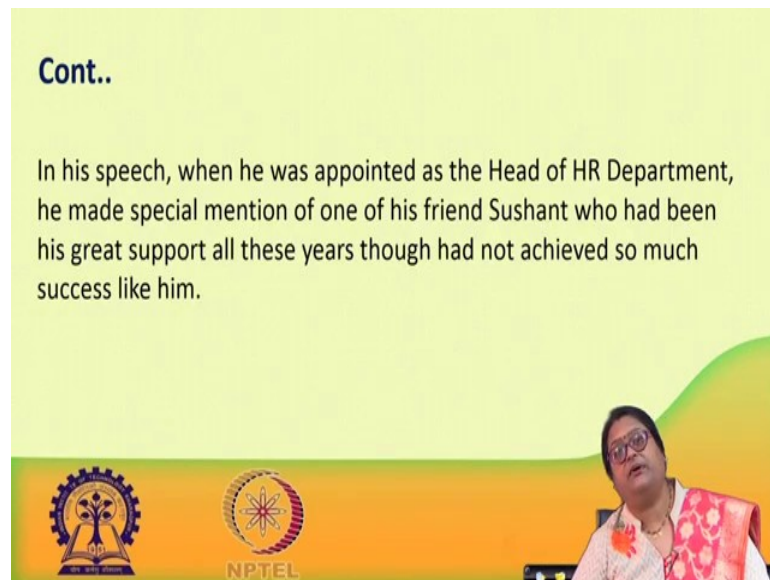
The slide features a woman with glasses and a pink and white patterned vest speaking. The background is a gradient of light green and yellow. At the bottom, there are two logos: the Indian Institute of Technology (IIT) logo on the left and the NPTEL logo on the right.

So, now he was at the position of the head of the Human Resources department of one of the best companies of the country.

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In his speech, when he was appointed as the Head of HR Department, he made special mention of one of his friend Sushant who had been his great support all these years though had not achieved so much success like him.

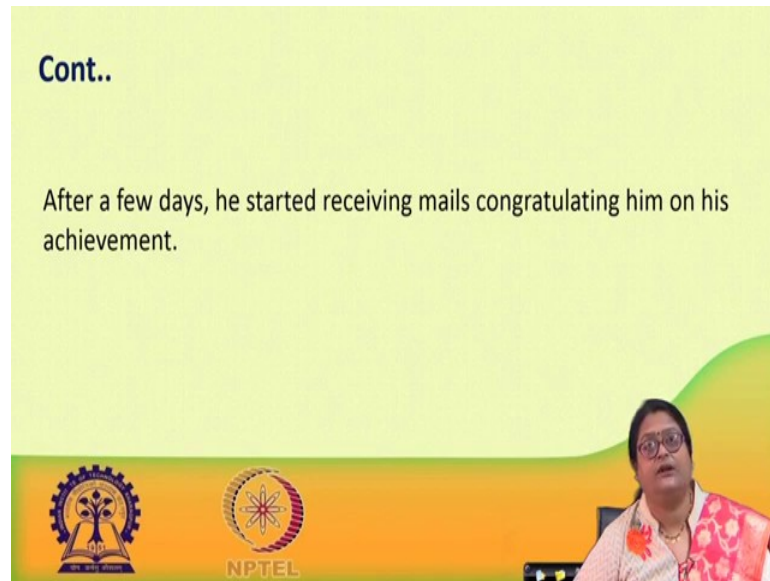
The slide features a woman with glasses and a pink and white patterned vest speaking. The background is a gradient of light green and yellow. At the bottom, there are two logos: the Indian Institute of Technology (IIT) logo on the left and the NPTEL logo on the right.

So, where he was appointed as a head of the HR department, he made some special mention of his friend Sushant, who had been his great support all these years though he himself Sushant himself had not achieved so much success like him. So, what Rahul Dev did is he openly acknowledged that support like Sushant has given him through these years and in spite of he not having a very good career himself.

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After a few days, he started receiving mails congratulating him on his achievement.

The slide features a woman in a pink and white patterned jacket speaking. The background is a gradient of green and yellow. At the bottom, there are two logos: the Indian Institute of Technology (IIT) logo on the left and the NPTEL logo on the right.

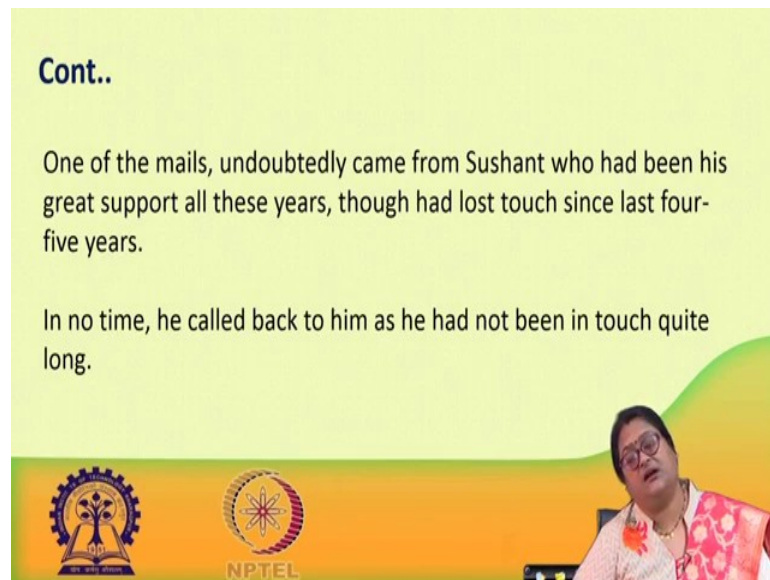
So, as a natural flow of the case what we find after a few days Rahul started receiving emails congratulating him on his achievement.

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One of the mails, undoubtedly came from Sushant who had been his great support all these years, though had lost touch since last four-five years.

In no time, he called back to him as he had not been in touch quite long.


The slide features a woman in a pink and white patterned jacket speaking. The background is a gradient of green and yellow. At the bottom, there are two logos: the Indian Institute of Technology (IIT) logo on the left and the NPTEL logo on the right.

Now, one of these mails, undoubtedly came from Sushant who had been his great support for all these years, and though he had lost his touch with him for the last four-five years. So, what happened in no time, Rahul also as an act a gesture of reciprocation called back to him as he had not been in touch for quite long.

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To his surprise, after having a long conversation with his friend, he got to know that his friend's son was coming up for an interview next week for the position of Zonal Head of HR – North in his company.

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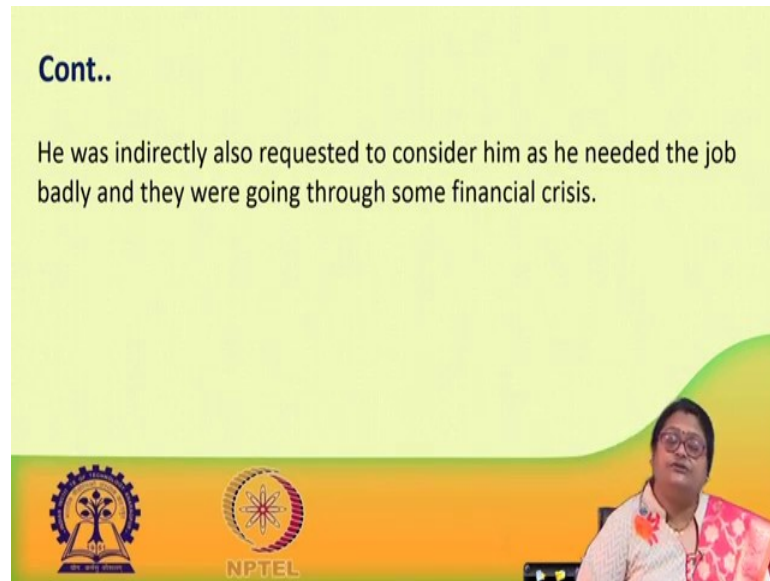
So, what found after conversation with him. So, to his surprise after having a long conversation with his friend, he came to know like his friend's son was coming for an interview next week for the position of Zonal Head of HR North in his company. So, now, the dilemma starts. Till now the cases what like Rahul acknowledged in an open may be platform like he is much like him acknowledge the support he has received from one of his friends who is called Sushant.

And, who has helped him though he may not have achieved like a good career in his life just like Rahul has done it. So, after that he starts receiving different mails from different people congratulations mails. And, one of those mails was obviously from Sushant and because he was he has like last touch with him for the last four-five years. Rahul calls him back and what he finds after the conversation is that; this Sushant's son is coming for the interview for the position of the Zonal Head of HR North in his company.

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He was indirectly also requested to consider him as he needed the job badly and they were going through some financial crisis.

A woman with glasses and a pink patterned jacket is speaking in a video recording. The background is a light green and yellow gradient. At the bottom, there are logos for IIT Bombay and NPTEL.

So, he was also indirectly requested by Sushant to consider him as he needed this job badly as the Sushant was or in his family were going through some financial crisis. So, here is what we find is that like this is a seed of the conflict of interest starting.

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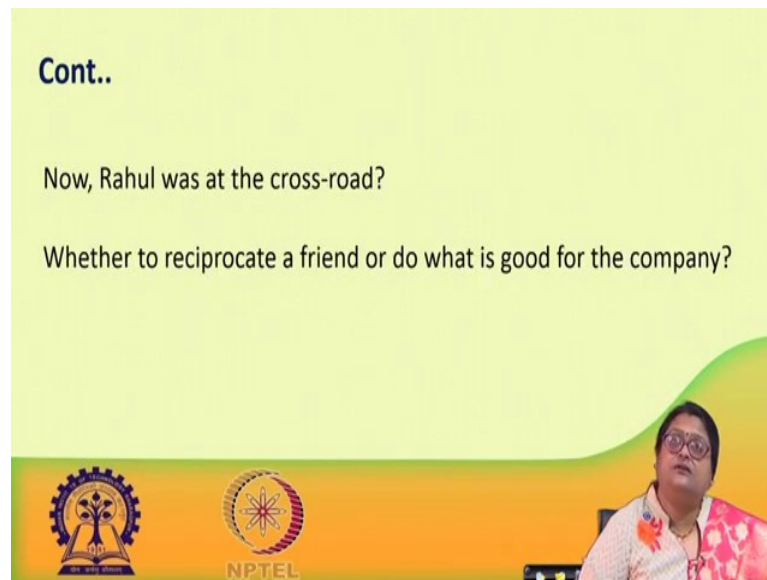
His friend's son Krishna attended the interview.

He was good but not the best amongst those who appeared.

A woman with glasses and a pink patterned jacket is speaking in a video recording. The background is a light green and yellow gradient. At the bottom, there are logos for IIT Bombay and NPTEL.

So, what we followed next is that his friend's son Krishna attended the interview. Though he was good, but he was not the best amongst all those who had appeared for the interview.

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So, now Rahul was at the crossroad like whether to reciprocate a friend or to do what is good for the company. So, this is a dilemma which is based on the conflict of interest; when you are in an important position of selection and you are a director of the HR person. So, what we need to do? What is the dilemma? So, where we have to understand like somewhere it is very important to keep like the personal lives and the professional lives separate.

And, there are lots of ethical issues involved in these cases, because this is a clearly a case of conflict of interest happening where there are two interests like one is like I am indebted to a particular friend of mine who I come to know like is going through a financial crisis. Now, if like I can help him out by giving this job to his son then maybe his family gets some financial stability.

So, that is one interest one set of personal interest which is maybe pushing me towards thinking of whether like we will give the job to Krishna on one side. But again on the other side there is a bigger interest of the company for which we are like serving. And when we find like the yes Krishna is good, but he is not as good there are other better candidates than him also. Then my primary responsibility lies towards the organization that I am solving.

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So, in that case what is the like what the question is; what would you do if you are in the position of Rahul? So, clearly speaking like, if we are in a position of Rahul; we should keep as a personal interest aside and put the organization's interest first. And because we are and the position of the director of HR is a very crucial position very critical position, position of strategic importance for the like from the like the performance and excellence level for the organization and its competitive advantage.

So, if we are thinking of the organization's purpose, then what needs to and what we should be doing is that; like I should keep myself away from the panel in which Krishna is appearing. And, I should keep myself away from the selection process and keep myself away from the panel when where Krishna is appearing and I should not like try to influence the panelists who are there who are going to evaluate Krishna. And we will take the panelists decisions to be final.

I am not going to use my position power to influence the decision taken by the panel because, in the best I should act in the best interest of the organization. If in the panel there are other candidates, who are better than Krishna. So, I cannot do injustice or be unfair to those people because they have not done anything wrong and they are very deserving candidates who are better capable than Krishna better fit to the position and the expectations of the role that their supposed to fulfill.

So, I will keep myself away from the panel. I am not going to use my position power to influence the decision taken by the panel and take the decision of the panel to be the sacrosanct and accept it. So, that is my responsibility towards the company. Then do I have any responsibility towards my friend? Yes, definitely if we think like I have we have I have been helped by the my friend and like it is also my turn to reciprocate.

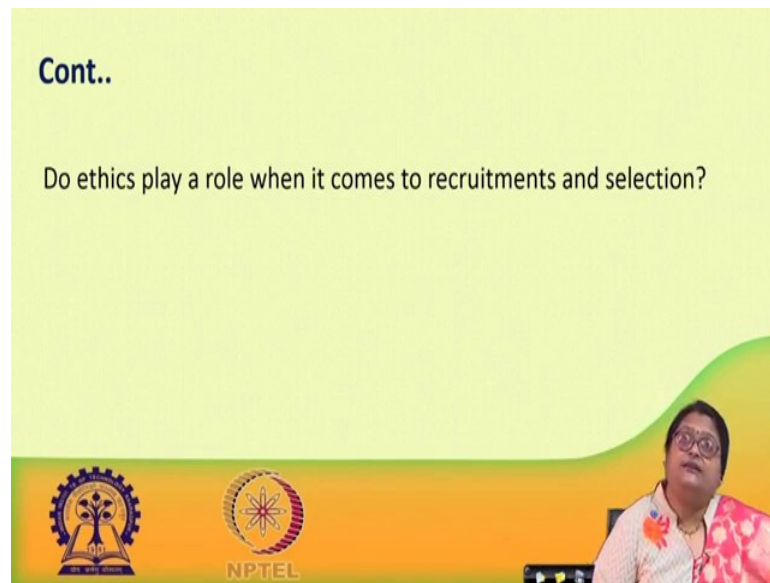
So, what I can do? Because, I am director of HR and maybe I do have connections with other organizations or networking with another set of friends. So, what I can do? I can try to find out like if Krishna is not getting selected over here by an independent panel who judges Krishna, I without and I am not influencing that panel to take Krishna. So, then it is good, but if Krishna gets rejected by an independent panel in my organization who is judging Krishna, because there are better candidates than Krishna.

Then what it can do? I can recommend Krishna or try to find out his mapping for job positions in other organizations connected organizations, because I am in an influential position of a HR director feature. I may have a set of networks with other organizations other directors of other organizations. And me try to find out; whether he can find his like employability and employment in other organizations and write recommendations referrals for this person.

So, he gets placed in some of the any other organization if he is not getting selected over here through a proper panel; that independent panel. But you know it is very true just true like I am not going to influence any of the selection decision of the panel over here. Because, that is against the best interest of the organization best interest of the larger society that the organization is serving, but I am at the same time I am also not like telling I do not have any personal responsibility to reciprocate to my friend's help which I once received for myself.

And I will try out my best effort to find out whether I can place Krishna in other organizations that I know of. And try to like give recommendations and referrals to him and find out maybe some job positions where he can apply in other organizations and get his employment there.

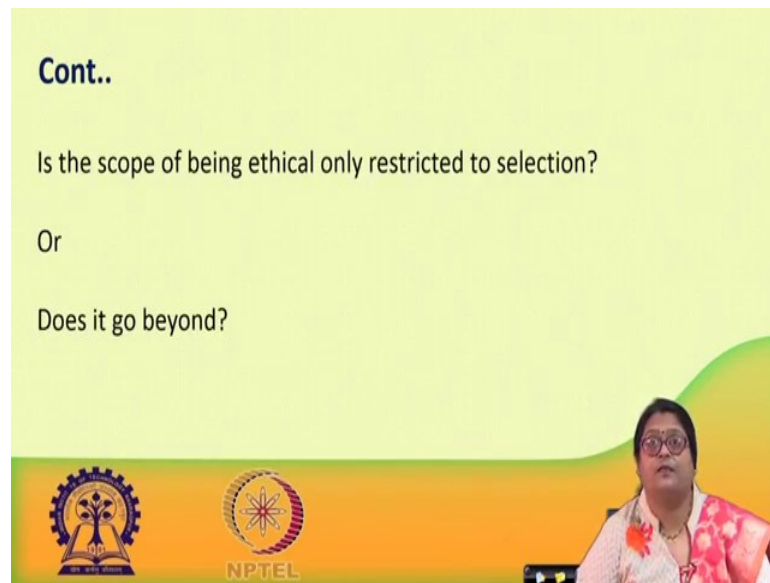
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Next question is, like do ethics play a role when it comes to recruitment and selection ethics really plays a very important role. So, as I was discussing of the conflict of interest case. So, this is where we have to see like which what all are my priorities. And which whose interests to give first? And, whose interest to prioritize first? What are my expected role over here? What all things can I do over here? How I should like try to maintain my position?

So, that I am not influencing the decisions on recruitments and selections and trying to bias the decisions for some. And so, for something which is not in the best interest of the organization, but maybe some of my personal purposes; so, for this reason, justice and fairness, conflicts of interest, caring aspect. So, all these things are very very important pillars of decision making for recruitment and selection and ethics definitely play a major role when it comes to recruitment and selection process.

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Is the scope of being ethical only restricted to selection?

Or

Does it go beyond?

Next, like when you talk of like is the scope of being ethical it is only restricted to selection or is or it goes beyond it definitely it goes beyond it also like, when you talk of the scope of being ethical. It is at every phase of the and every activities functions connected with the HR. So, it is not only selection process, but it also like while sending people to training it is also connected with the appraisal process it is also connected with the distribution of the reward process.

So, it is also connected with the process of maybe monitoring people in the organization. It is also connected with the maintaining the privacy of the organization health checkup, medical checkup. You take each and every event and functions which are which are connected with HR. And for every case there is a huge and huge responsibility and like we huge and huge responsibility connections of being ethical.

So, one of the primary competencies required for an HR person is this brings us to this question, like one of the primary competencies, values required by the HR person is that of having like integrity, honesty, grounded in proper values and ethical in being ethical in nature. So, that is one of the primary major qualities required in HR person.

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Introduction

Mr. Sridharan Pillai was recently appointed as the head of sales staff team at Zydex Limited – An inverter manufacturing firm.

On first day of his joining, he was asked to lead the team of 5 sales persons and was also given the target of selling 100 units of inverters in Central Chennai in the month itself.

The slide features a green and yellow background with a white wave-like shape at the bottom. On the left, there are two circular logos: the first is the Anna University logo, and the second is the NPTEL logo. On the right, there is a small inset video of a woman with glasses and a pink floral patterned top.

Now, we will discuss about the case 3. The case 3 tells about Mr. Sridharan Pillai who was recently appointed as the head of the sales staff team at Zydex limited an inverter manufacturing firm. On first day of his joining, he was asked to lead the team of five sales persons, and also given the target of selling hundred units of inverters in central Chennai in the month itself.

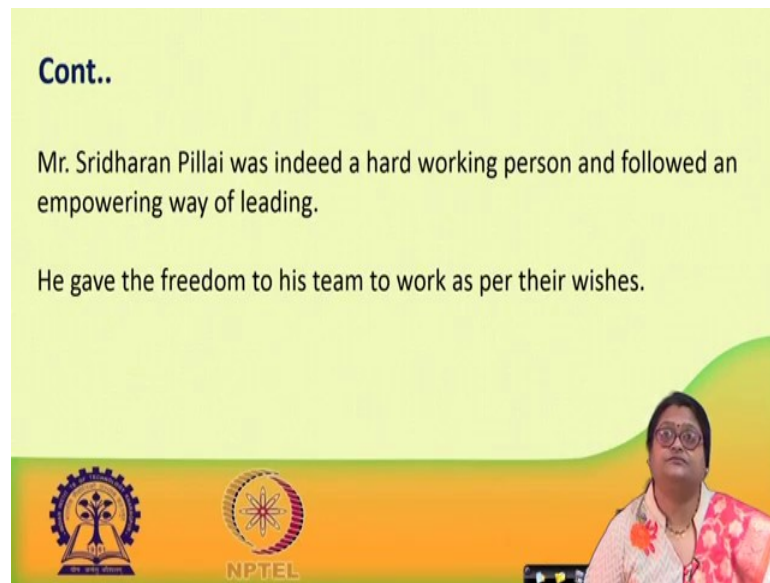
So, what you see like, he was appointed as the head of sales staff team at Zydex limited and on the day of his joining he was ask to lead the team of 5 salesperson and also given the responsibility of selling 100 units of inverters in central Chennai in that particular month itself.

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Mr. Sridharan Pillai was indeed a hard working person and followed an empowering way of leading.

He gave the freedom to his team to work as per their wishes.

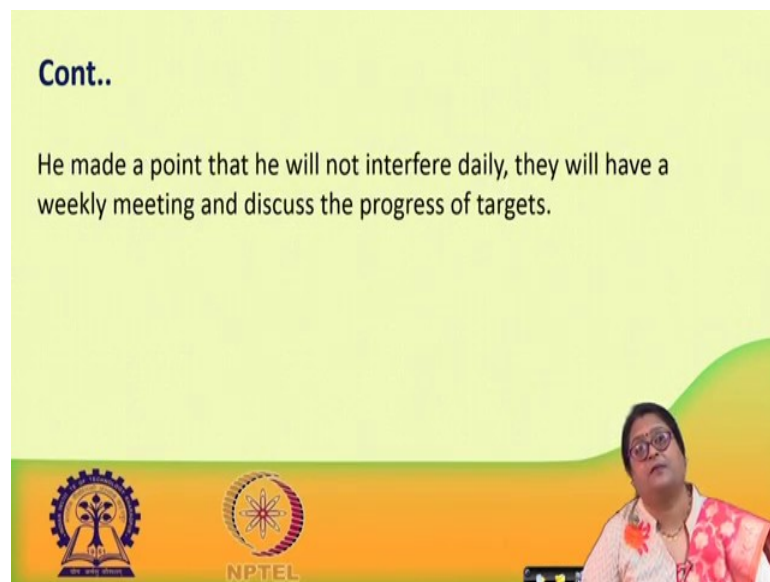


So, Mr. Sridharan was like an hardworking person and he followed an empowering way of leading. So, he gave the freedom to his team to work as per their wishes.

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He made a point that he will not interfere daily, they will have a weekly meeting and discuss the progress of targets.




So, what he made clear is that he is not going to interfere daily. They will have a weekly meeting and discuss the progress of targets.

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In the first week only 14 inverters were sold and they were supposed to reach 100 units by the end of the month.


The slide features a green and yellow background. At the bottom left, there are two logos: the Indian Institute of Technology (IIT) logo and the NPTEL logo. A woman with glasses, wearing a pink and white patterned jacket, is visible in the bottom right corner, appearing to be speaking or presenting.

So, in the first week only 14 inverters were sold and they were supposed to reach 100 units by the end of the month.

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The situation did not improve much in next week as only 10 more inverters were sold.




The slide features a green and yellow background. At the bottom left, there are two logos: the Indian Institute of Technology (IIT) logo and the NPTEL logo. A woman with glasses, wearing a pink and white patterned jacket, is visible in the bottom right corner, appearing to be speaking or presenting.

So, the situation did not improve much in the next week as only 10 more inverters were sold.

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In the weekly discussion, Sridharan after analyzing the situation decided to go on rounds himself.






So, in the weekly discussions, Sridharan after analyzing the situation decided to go on rounds himself.

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He realized that the challenge which they were facing was more of retaining existing customers , than selling more.




So, what he realized is that the challenge which they were facing was more of retaining existing customers, than selling more.

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Cont..

Existing customers through negative word of mouth had affected the brand name of the company and new customers despite attractive offers were reluctant to purchase their brand.

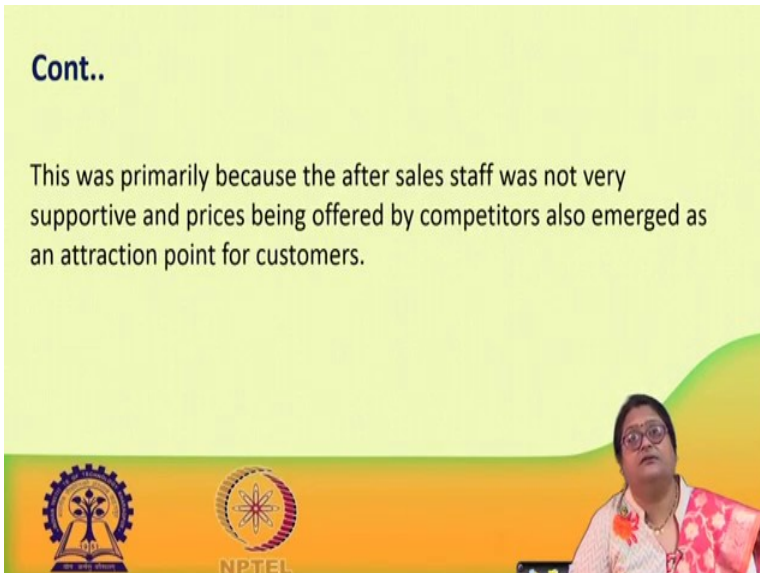
The slide features a light green background with a yellow-to-green gradient at the bottom. On the left side of the bottom gradient, there are two circular logos: the first is a gear-like emblem with a tree and a book, and the second is the NPTEL logo. A woman with glasses, wearing a pink and white patterned jacket, is visible in the bottom right corner, appearing to be speaking or presenting.

So, what was the problem over here is that, existing customers through negative word of mouth had affected the brand name of the company and new customers despite attractive offers were reluctant to purchase their brand.

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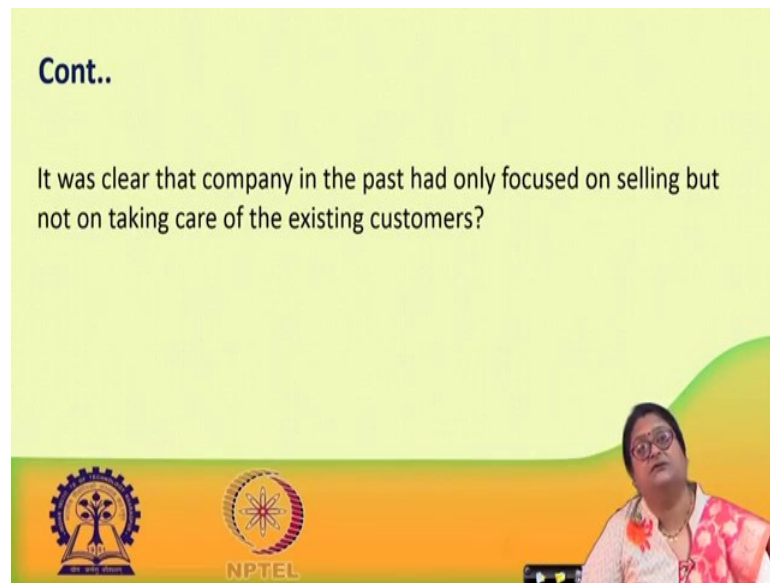
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This was primarily because the after sales staff was not very supportive and prices being offered by competitors also emerged as an attraction point for customers.

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Because, why this was happening, because the after sales staff was not very supportive and prices being offered by competitors also emerged as an attraction point for customers.

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Cont..

It was clear that company in the past had only focused on selling but not on taking care of the existing customers?

The slide features a light green background with a yellow-to-green gradient at the bottom. On the left side of the bottom gradient, there are two logos: the Indian Institute of Technology (IIT) logo and the NPTEL logo. On the right side, there is a small inset video of a woman with glasses and a pink floral patterned top, who appears to be the presenter.

So, it was clear that the company in the past had only focused on selling, but have not taken care of the existing customers.

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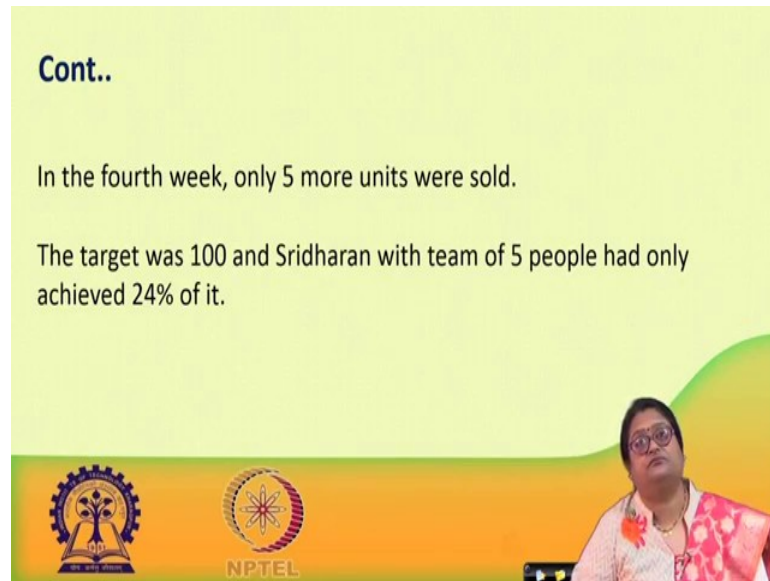
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In the third week, not even a single unit was sold as most of time of Sridharan and his team went in working towards retaining existing customers by making sure that after sales support visited them and ensured their complaints were resolved.

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So, what happened, as we see like in the third week, not even a single unit were sold as most of the time of Sridharan and his team went on in working towards retaining existing customers by making sure that the after sales support visited them and ensured that their complaints were resolved.

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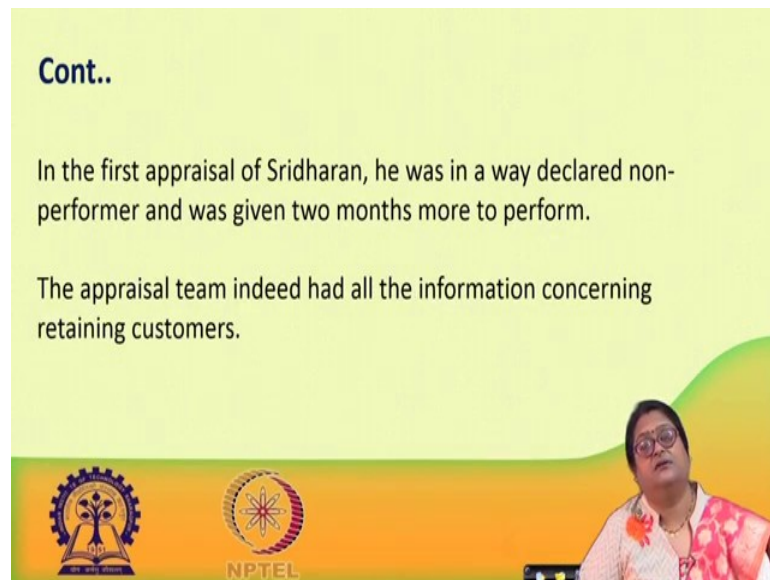
In the fourth week, only 5 more units were sold.

The target was 100 and Sridharan with team of 5 people had only achieved 24% of it.

The slide features a light green background with a yellow and green wave at the bottom. On the left, there are two logos: the Indian Institute of Technology (IIT) logo and the NPTEL logo. On the right, a woman with glasses and a pink floral patterned top is visible, likely the presenter.

So, in the fourth week, only 5 more units were sold. The target was 100 and Sridharan with his team of 5 people had only achieved 24 percent of it.

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In the first appraisal of Sridharan, he was in a way declared non-performer and was given two months more to perform.

The appraisal team indeed had all the information concerning retaining customers.

The slide features a light green background with a yellow and green wave at the bottom. On the left, there are two logos: the Indian Institute of Technology (IIT) logo and the NPTEL logo. On the right, a woman with glasses and a pink floral patterned top is visible, likely the presenter.

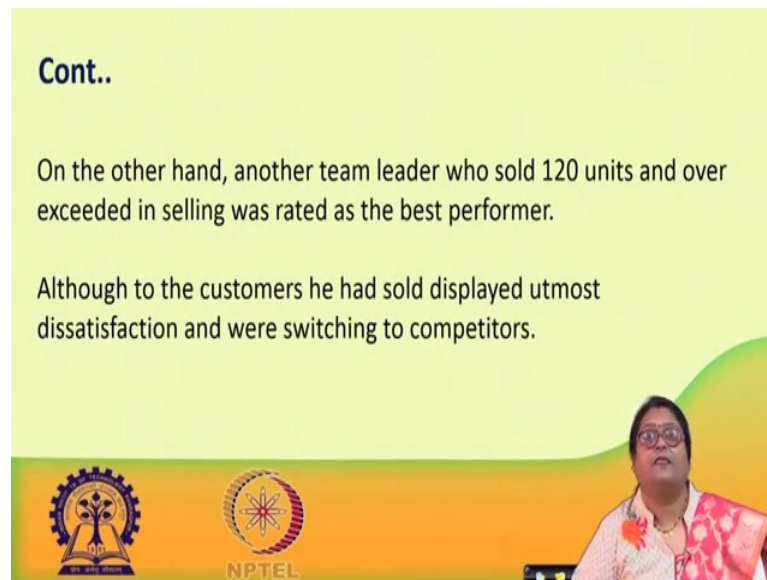
So, what happened; in the first appraisal of Sridharan, he was in a way declared non performer and was given two months more to perform. The appraisal team indeed had all the information regarding concerning retaining customers.

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On the other hand, another team leader who sold 120 units and over exceeded in selling was rated as the best performer.

Although to the customers he had sold displayed utmost dissatisfaction and were switching to competitors.



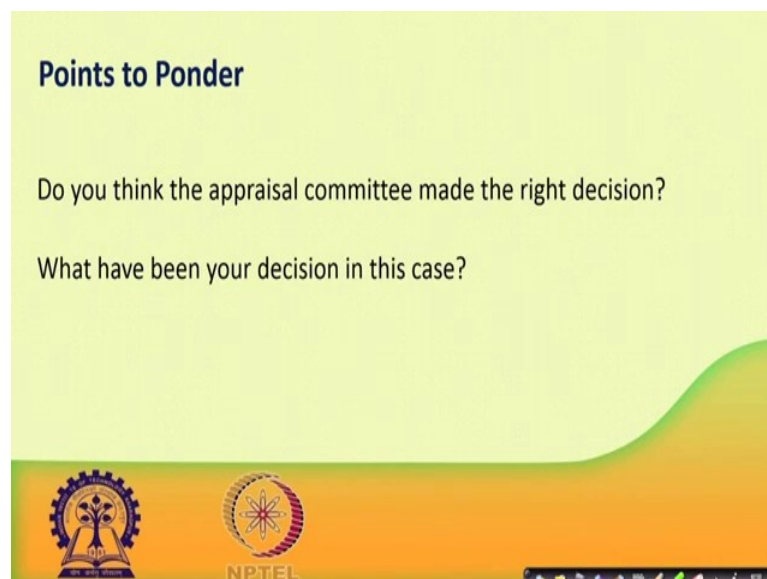
On the other hand, another team leader who sold 120 units and over exceeded in selling was rated as the best performer. Although to the customers that he had sold displayed at most dissatisfaction and were switching to competitors.

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Points to Ponder

Do you think the appraisal committee made the right decision?

What have been your decision in this case?



Now, question over here is, do you think that the appraisal committee made the right decision? So, here is the again the paradox or the dilemma between what we understand as performance management and performance appraisal. So, when we talk of like whether do you think the appraisal committee has made the has made the right decision.

So, to me actually this decision was not very correct. Because, it was taken in silo in terms of like the performance appraisal. And what we find like when we were talking of the responsibility of the leader of a sales team and job is defined. So, and it is the per se the definition of like what is the sales person's job is it only to make a sale or else or the team sales leader's job is it only to make her sale or the it is also to see, how to retain existing customers.

Because, here what, what we find the problem is like because existing customers have not being like sold properly by the after sales team. Then they are leaving for the competitors or they are like were going or spreading bad word of mouth which is affecting the further sales for the organization.

So, here I think the appraisal committee has not made the right decision, because in what are the metrics, because the metrics of evaluating a sales leader's performance has not been defined here clearly. So, because we find Sridharan has tried to focus on what is the pain point for which the organization is not able to increase on its sales and he has tried to address on those issues. So, those two issues of how to retain the existing customers and how to connect with the after sales team and to ensure like they give better services to the existing customers.

So, they become satisfied customers should also be embedded as a part of the key performance indicators of a sales leader's job. However, what Sridharan could not do over here is maybe proper time management and prioritizing of the activities of, like what like he devoted maybe. If you see the entire third week towards like working on the satisfaction level and complaints of the existing customers and somewhere like he did not make him take an effort to find out new customers and make new sales.

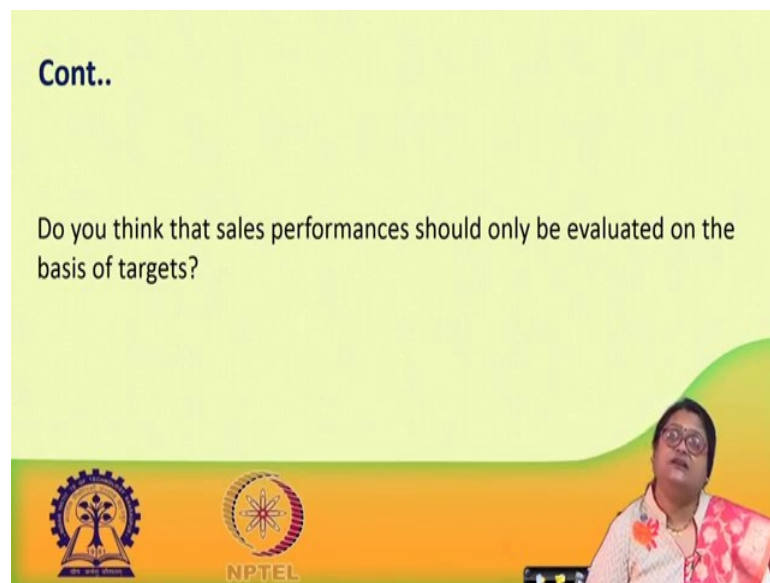
So, how to like divide time between these different kinds of activities? First is dividing and finding out the matrices of performance of sales lead team. Sales leader in terms of sales team leader in terms of getting new customers trying to make calls to the existing customers, finding out whether sales people after salespeople are giving them proper services or not. First this different parameters matrices needs to be fixed up then we have to fix up like time allotted for each activity.

So, here what we find Sridharan may have may not have been able to prioritize it properly and also allot time properly to each of the three activities. So, what we like if it

is told like what would be your decision in this case. So, I would definitely give credit to Sridhran also based also or not only on the sales that the new sales that the person has done. But also recognizing his effort to go to the root cause of the problem; why sales are not increasing and connecting with the existing customers connecting with after sales team.

So, that if this like repairing activity is done now it starts now. It is definitely going to have a positive effect in the future sales and this is the future sales are definitely going to increase. So, I will definitely recognize the appraisal like, if we are in the appraisal committee we are definitely going to recognize the effort taken by Sridharan to like focus on these areas and also give him like marks on these and that will become his holistic appraisal.

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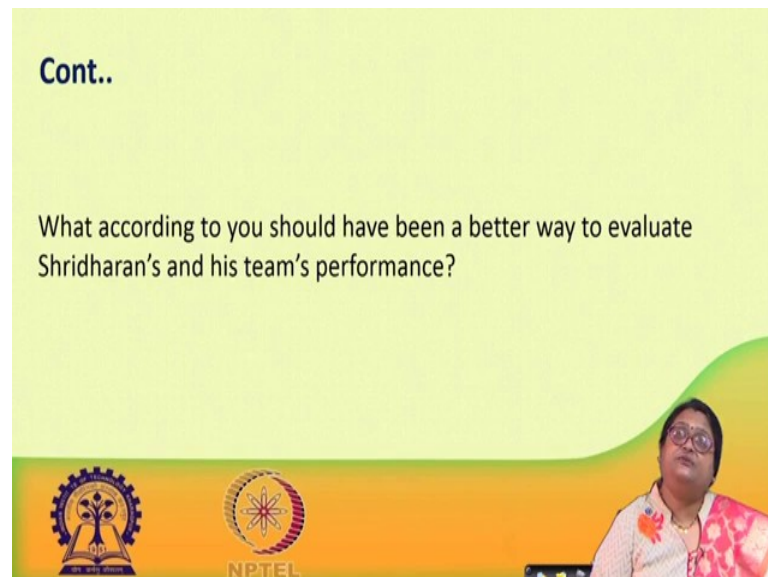


So, next question is like what we are discussing do you think that sales performances should only be evaluated on the basis of targets, no. Because it should not be evaluated only on the basis of targets, because we do not know in this case also that the person who has sold one twenty units what was the process taken by him. Did he take any ethical route or any unethical measures also? So, that just to reach his target anyhow he is showing people who have bought it. But whether they will leave or not what is his responsibility towards retaining these customers those things are not shared over here.

So, definitely the answer to this is, like the sales performance should not only be evaluated on the basis of targets. Targets is one of the components, but other components are definitely like serving the existing customers, taking feedback from them, studying their level of satisfaction, trying to provide them, with an hand holding support.

So, that in the next life time to come they become the spokesperson for our brand and they like spread a positive word of mouth about the our brand. And that helps to increase the further sales. So, we its definite like we are not going to evaluate the sales performance only on the basis of the targets reached.

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So, what accordingly should have been a better way to evaluate Sridharan's and his team performance is definitely like as we have told. We have to first decide for ourself like what are the key components of a sales versus performance indicators and sales leaders performance indicators. We need to list those activities it is not only targets it is connecting people and then seeing the after sales people and also new customers generated.

So, what efforts taken towards those things and then maybe weekly time allotted for each of these activities and the results obtained for that. So, when we talk of like maybe third week Sridharan has devoted towards taking care of the complaint level of the existing customers and after sales teams have been asked to visit them and see like whether they have answer to their complaints.

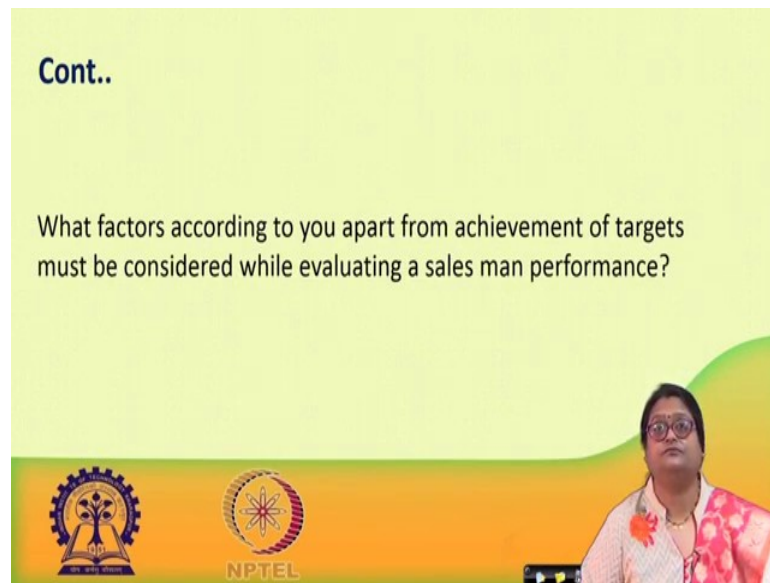
So, again maybe whether he has taken up a measure in the like fourth week to find out; whether these effort have yielded result in. Now, these people referring to new customers and telling like go to them, they can buy from you kind of thing. So, this dividing the whole performance into these different parameters and then find giving points to them in terms of time allotted and efforts taken and then giving points to it. And then prioritizing it in such way like the contribution of each of these gets reflected in the total performance evaluation would have yielded a better result.

And, this would have recognized the effort taken by Sridharan and his team to find out the pocket in which the real problem lies and trying to like answer to finding out that root cause and trying to heal that root cause of the problem. So, that in future it will increase the future sales. So, according to us, that is the better way to evaluate Sridharan and his team's performance. Otherwise if these things are not taken care of in future what happens, no people would be like motivated to take proactive steps to like find out something, like why this is not happening.

They will just be focused on reaching their targets and getting recognition for themselves, but whether it truly add value to the organization or not that will not be the concern of the salespeople and his team lead. But, if Sridharan's effort to like this proactive effort to find the problem like, where it lies and how to take care of it gets recognized by the organization, then in future maybe other team leads and their sales team will get motivated enough to take proactive steps in finding out like the why certain things are not happening.

What needs to be taken care of? What they can do something proactively to answer to these issues and address the main problems of the organization. So, that in future the organization reaches a level of excellence.

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What factors according to you apart from achievement of targets must be considered while evaluating a sales man performance?

So, we have already discussed like in beside achievement of targets, so many talk of salesman performance like whether like they take the feedback from the employees existing customers; whether, like the sales of the products that they have made. Whether, it is functioning properly do they need any after sale service connecting them to it the after sales people. So, that they can take their help properly are also like measures taken for it, self proactive measures taken for it to find out like the sales man's performance is not only just selling.

But, to see whether the person who has bought it, is with the use of the product and has got the after sale service like trying to connect it to these teams; whether he has taken any effort for it or not. Whether he has tried to take any feedback on how the product is working or not will also be like factors which are like should we consider as factors of evaluating a sales man's performance. So, in the next module we are going to discuss case 4 with you.

Thank you.