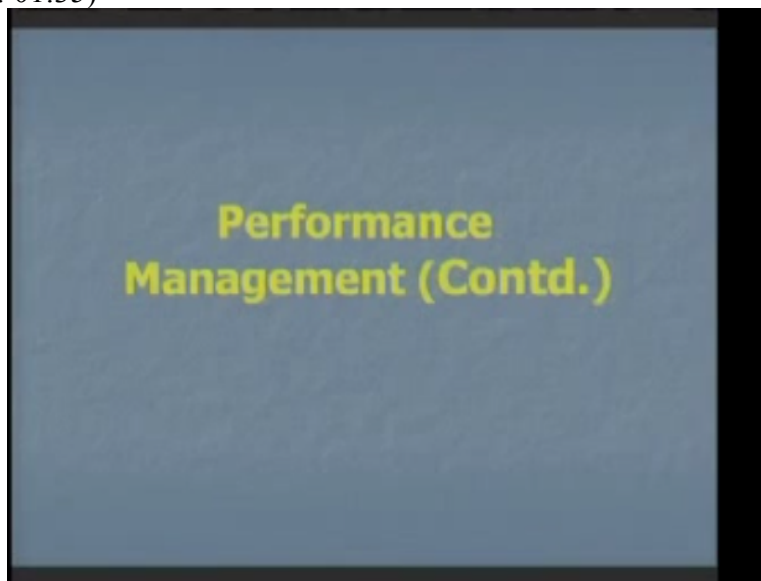


**Indian Institute
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Presents
Under the auspices of
National Program on
Technology Enhanced Learning
NPTEL
(An MHRD initiative)
TECHNOVISION
Educational Technology
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PRESENTS
A Video Course
On
Management Science
BY
Prof. Anuradha Sharma
Department of Humanities and
Social Sciences, IIT DELHI
Lecture # 27
Performance Management
(Contd.)**

We are discussing Performance Management. And, this is our third Lecture on this. Because, this is one of the most important aspects of managing.

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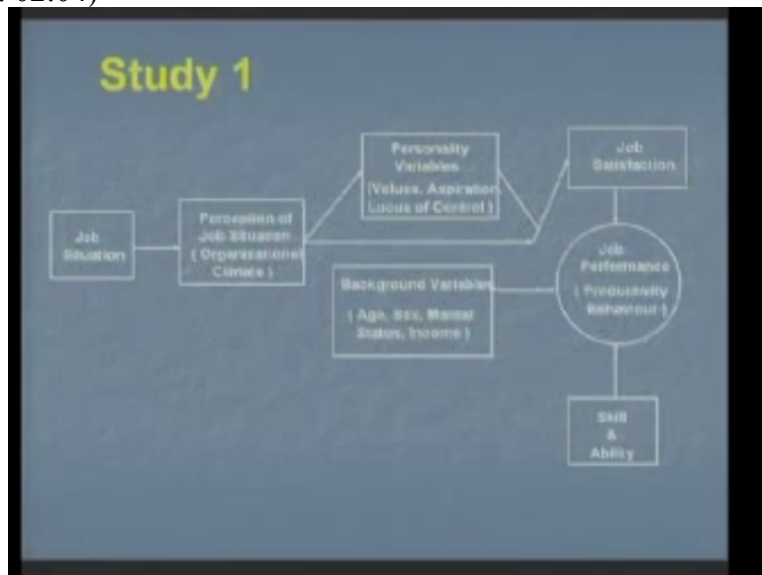


In this section, I wish to discuss with you number of research studies.

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Some research studies on individual and organizational performance

Which relate to individual and organizational performance? Because when we look at the whole management process, individual performance, which we have enthused perhaps much more. But, also the organizational performance becomes important. (Refer Slide Time: 02:04)



So, here I am going to discuss three. No in fact five. Earlier I was planning to discuss three. Five studies, and where you will find that various parameters have been discussed to understand the performance process. Let us look at the first study, the study one; this has been conducted with industrial workers in Faridabad. And some of the public sector organizations, in Bhopal and Haridwar.

And we had collected data from 397 industrial workers. To understand what are the factors which make them better performers. As we have discussed, earlier part of our lecture, that performance could be measure in a different ways. And, that could be multiple judges that could be a single judge that could be only supervisors, as a judge. And number of factors is important for managing performance. So, in this is studies to judges for the two persons the immediate

supervisors, and the senior supervisor two persons were evaluating the performance of each industrial worker.

And side by side we gave them number of tests; we make all them as the personality test and some physiological tests. And, also we looked at their background. Their family background, their age, their education and so on. And, the objective of this study was to find out whether good performers had different profile. And in this module you can see that we are trying to depict, that they how the relationship of performance management, moves on and how this moves on from the job situation.

That is available to them in an industry. And, then how the whole social and the attitudinal factors including the physiological factor they are intelligence, and other things will make an impact on their performance. Data were collected from a number of industries in Faridabad. These were 11 in number and, different products, engineering products, were their business. And two of the public sectors, they were working in the heavy engineering sector. In this is the study, we try to find out whether there is a relationship between these set of factors in these organizations.

So also we try to make analysis of different sectors. And interesting part in this study, we have taken up was about the general differences. They were male and female workers, and also try to compare their performance. Because as we have seen in our lecture on diversity and, also on the gender work on an organization. That it makes a difference what type of human discuss, we have in our organization. So, having understood that some of these factors, have been considered in this study. We look back upon what manage performance, management is all about. This is study goes on analysis that performance is a result of the ability multiplied motivation. So one we have ability, but if one is not motivated, if one is not interested, in performing, then how do you get the result?

And the factors that we have try to analysis in this particular study, on looking at say the issues like locus of control. One personality variable. Which I suggesting that we have different kinds of perception based on our socialization process. And, many at times, we believe that whatever I have done this is because I was not working hard. Or I was not doing what I am expecting to do. So, my success and failure depends on my own effort. Alternatively, person may believe that whatever has happen to me because, of my luck because of chance, because of god or because of anything in two other than me.

So the external factors. We called it locus of control. And this is the personality trait, not that we cannot change it. but, it takes time to change this. And we have found that is the employees or internally, controlled. They have internal locus of control performance is better. Do you understand? The internal and external locus control. So this is a personality trait. And, this is study; we have tried to find out this. In addition to this we will looking at of course the age and other in associative factor and their attitudes.

We also looked at the factor intelligence. Intelligence as we all understands that intelligence again in a multi dimensional factor. And, we can then this status of the whole knowledge goes we understand that intelligence has so many factors, which may cognitive, which may be abilities,

like mathematical abilities cognitive complexity, diversion thinking, and so on. So numbers of factors are there.

In this particular study we had used an intelligence test, that was the actually culture free. Culture fair test, that the name of the culture fair test. So, it is culture free on the test, I will just wait briefly give you an idea, that this test had only the diagrams and that pictures, so no language. Because many intelligence test, that we have these have certain languages and because of that or certain concepts.

That a person may not able to understand. So, in this particular test, only the figures and the lines and only the diagrams were there. So, there are you expected you know, that no cultural effect will be there on the intelligence. Otherwise sometimes you know some people believe that those who are coming from the rural area they are not intelligent. That is not true. They may not appear to be that bright in there that particular point of time.

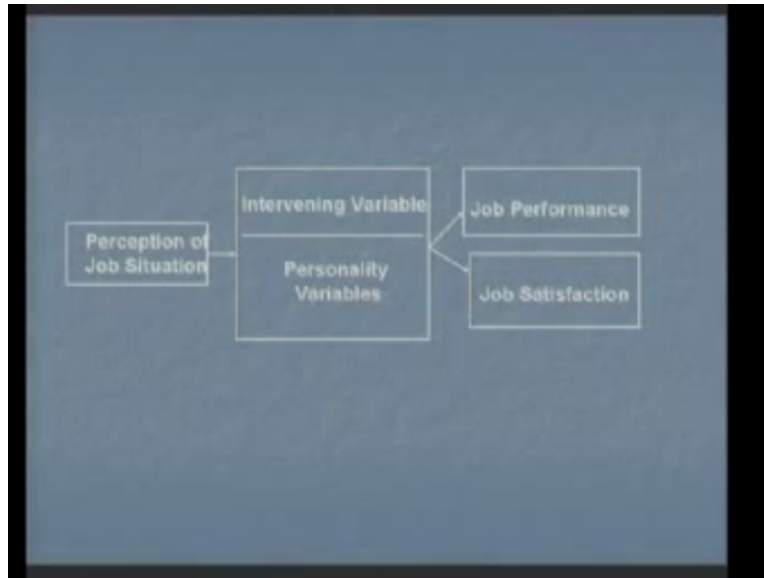
But, they may still have intelligence. Only thing is perhaps, they have not polished themselves. So, they do not appear different you know like a perhaps one of my student coming from IIT or coming from the metropolitan city. So, that is the different. So what we are trying to understand whether in the performance that makes the different. So the concept becomes very important. In this is study, we also have looked at the values, the values of employees and the analysis of value we are taken up is the all port Vernon linsae classification.

And in fact there tool will also we use. I translated to tool into Hindi then validated it in the Indian culture. And then you start in for my industrial workers. Obviously, because they do not understand that good English. Also if I use the original form it would not have given me good results. So, I did you know work of adapting this scale. In fact about all port Vernon study will discuss little bit more.

When we are discussing our tractor on evaluation ethics. Once again we will be discussing there, so I will explain the concept there in much greater details. For, now you should remember that we are also talking about the values of people in organizations. So, without you know going in your much more details, let me move on to say that with this flow diagram, we have moved on to make this analysis, in other version of we are developed in our certain research questions in hypotheas. To find out whether performances are could be explained with some of these set of factors or can we develop some kind of a strategy for the selection recruitment and training of people in organizations.

Or one of my student also try to look at you know, this study which are published in form of your book. And, he has develop in the algorithm for the performance management. So, which I may discuss in some other lecture. So, we move on just in to see what happen in this study, and then we will take up the study number 2. Intact I am going to discus five step studies, introduce lecture.

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So, here what we are seeing in this one, we have looked at the perception of job situation, and we have looked at the job performance and job satisfaction. Because people believe that job satisfaction will necessarily or all the time lead to job performance and the personality variables, or working as the intervening variables. Interestingly, in this study we found that the predictors for job performance and job satisfaction are different sets of variables.

Are you getting, are you understanding predictor, that means we try to predict. We try to use an equation there, and looked at in one equation we try to look at job performance as the criterion variable. And, then looked at what are the factors which are predicting job performance. In another analysis, we try to put job satisfactions as predictor variables, and then try to see what the factors which predict job satisfactions are.

So, normally managers believe that if the people are happy. Satisfied they will be very good performers. So, the predictors should be the same or the similar at least. But, in our study we found that there are different sets of predictors for job performance, and different sets of predictors for job satisfaction. This is suggesting that not necessarily that happy worker as a good worker.

Performance has so many things beyond that, is not that very interesting? Normally people think it in a different way. So, in our research study we found in this way.

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Intercorrelations between Job Performance and Background Variables (N=397)

Variables	r
Age	-.050
Marital Status	-.044
Experience	-.028
Length of present tenure	.025
SES	.127*
Income	.108*

* P<.05

So, we move on to discuss so here I just put in even though you have gone in for lot of analysis. But here I put in few correlation and coefficients in this table. And, just to give you an idea that the correlation and coefficient between the job performance and the background variables. Background of the person age, marital status, experience, length of the present tenure, then of course the SES social economic status, and also the income.

And, we try to see that, what the factors which are related to the performance are. And, you can see that job performance is related to social economic status income. Okay, whereas with age, marital status, experience we did not really find any clear cut relationship. And with the age and marital status we found. That the relationship which is also negative in the sense is not necessary that if aging proof the person who will be a better performer, in fact in our study we found negative relationship.

That is younger people were better performer in that particular study. But remember we can generalize, just from one study this is just an example that I am giving you that in that particular study industrial workers this was their salary. See with the social research in the management research will be have to conduct the number of studies. Only then we can jump in the trussing. We cannot jump in one developing the toddlers performance management. And, this the one study.

But, telling this is an input as to how to manage people of different characteristics. Manpower management how should that be done?

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Intercorrelations between Job Performance and Background Variables (N=397)	
Attitudes	r
Job satisfaction reported	-.177*
Perception of self development opportunities	-.108*
Feeling of belongingness (Espiril, Warmth)	-.067
Attitude towards working conditions	.086
Attitudes towards supervision	-.035
Attitudes towards financial benefits	-.019
Attitudes towards employment security	-.055
Attitudes towards interaction & communication opportunities	.198**
Attitudes towards employment security	.118*
**P<.01	
*P<.05	
N=397	

In another one we are taking about inter correlation between job performance and th4e background variables .and, here you can see that the job satisfaction in reported, negative relationship can you see that. Just now all the talking to you about the not necessary that job performances satisfaction will have positive relationship. That means no linear relationship. The satisfaction happen is increases.

So performance increases. No such relationship. At least we found here and also they literature that is actually reported. So, we did not find that I can say that we are validated these studies which are also reported in the literature. Then here we also looked at, you know the attitude towards self development.

Whether industries, giving you self development opportunity, whether It gives you the feelings of belongingness, whether the working conditions are very good, whether type of supervisors that you have is good the attitude of supervisor.

Whether you are taking about the benefits like the financial benefits, employment security also we are taking about the interaction and communication opportunities, and attitude towards overall employment security. In fact, employment security, this has been wrongly typed here.

This should not have been here.

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Variables	r with job performance
Locus of control	.189**
Level of occupational aspiration	.465**
Religious Value	-.125
Aesthetic value	.036
Political value	-.019
Economic value	.004
Social value	.012
Theoretical value	.166**
N= 387	**P<.01 *P<.05

Okay, so we move on to, to talk about the personality variables now, as I was discussing locus of control. Now you are all understood this is actually defined as a generalized expectancy of behavior, or perception of people. Very technically easy that. But, I have already explained to you that how people believe in there, internal control or external control that we have already discussed. So, you can see that the relationship with the internal here, the internal locus of control was measured.

Because, the scale is continue from 0 to 100. Okay, so, we here measuring internal locus of control and we find you can see that the correlation is very hard. It is highly significant. That also the occupational aspirations, those who have desire to really grow, desire to really grow I had in my life. That performance also we found was much better than others. So there is again you can find very significant positive correlation, we can find here.

Similarly when I am taking to you about the values, we are taking about the all port Vernon links devalued. That we are given and these values have we know the different kinds of values are there, which we measured. Which are religious values, Aesthetic values, Political values, economic values, social values and theoretical values? We found that out of these, only theoretical value was very much significant to deep performance management. And others were did not show us you know in a lot of significant. Where as in case of political value, we found and negative relationship, with performance of the employees.

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Study 2

Strategic HRM Perception and Organizational Performance Outcomes

When we move on to talk about, in fact you know in this study we have also look at the gender relationships. We have also talk about in some other factors like intelligence in other switch I have already explained to you. But for now I just very briefly trying to give you an idea that how performance management is analyzed in the research studies which eventually actually form part of some kind of a policy making of some kind of a strategy decision, that the manager might take.

We were wanting to the second study. This study was about the strategy human resource management perception and the organizational performance outcomes. In this study we have taken the all the multinational corporations not all. In fact in a all the sample of this study are the multinational corporations. Which are in the national capital region around on Delhi? And in this which tries to find out.

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Strategic HRM Perception and Organizational Performance Outcomes

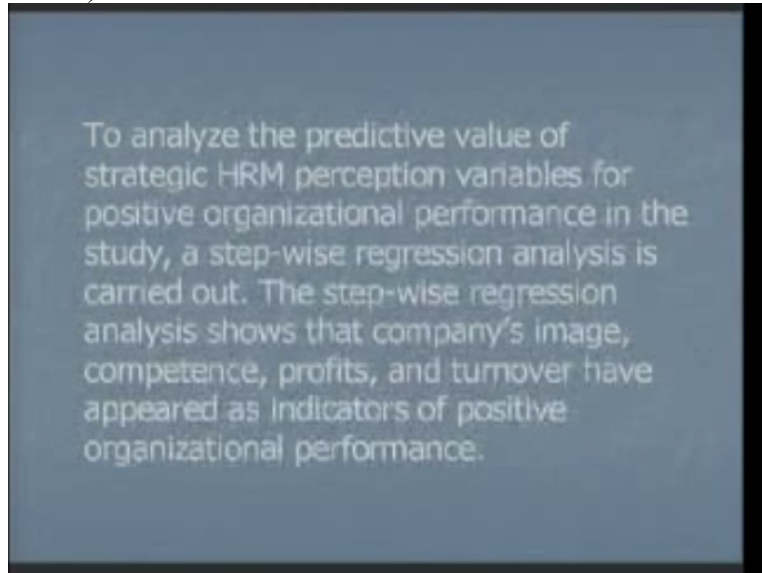
Variables	B	SE B	Beta	T-value	Sig.t
Turnover	0.629	0.102	0.764	6.161	0.000
Profits	2.453	0.284	0.770	8.652	0.000
Competence	0.334	0.056	0.750	6.154	0.000
Company's image	-0.856	0.073	-1.379	-11.752	0.000
(constants)	11.629	0.732		15.888	0.000

Whether, what are the factors which will relate to the performance outcomes performance management of the organizations. I am coming to now from micro to macro. Recollect we were

discussing that in our performance management. There are some, micro level factor and there are some macro level factors.

So, micro level factors are the factor we are discussed in the earlier study, individual level they personality factors differ section of peoples these factors. And macro level at the organization and the part of the country that. So, her you can find this particular study we are taken macro level factors, and we are found that the turn over, profit, competence, company's image these are some of the factors which are important as the parameters of companies performance. Okay, so in this study I am taking about company's performance.

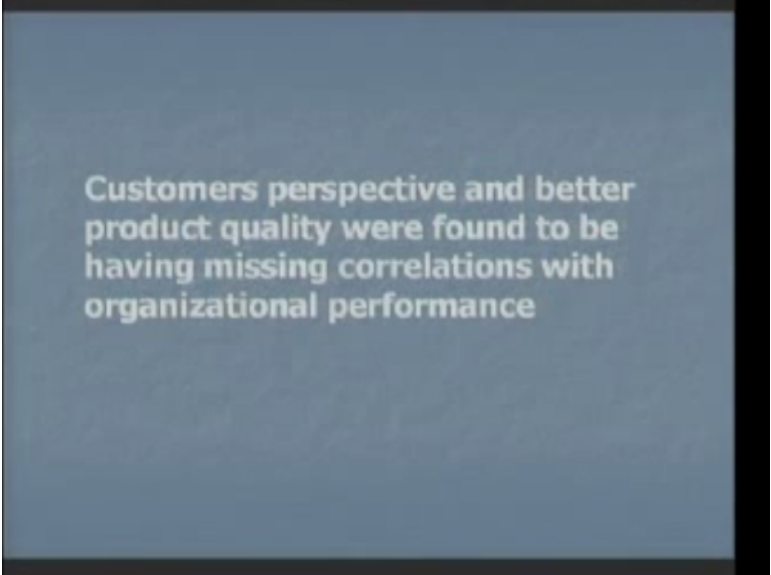
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And, we have also done further analysis in this. And then is including that lot of multivariate analysis. But this is just a very deep catch of what we have done. To analyze, the predictive value of this strategic human resource perception variables for a positive organizational performing in this study. The step wise regression analysis has been carried out. And this step wise regression analysis shows that company's image, competence, profits, and turnover these appeared to the indicators of positive organizational performance.

Is it clear? We were talking about earlier study it worked about the macro level factors. Now, we are talking about sorry, micro level factors now we are talking about macro level factors. And, in macro level factors some of the factors came out as the indicator of the organizational performance.

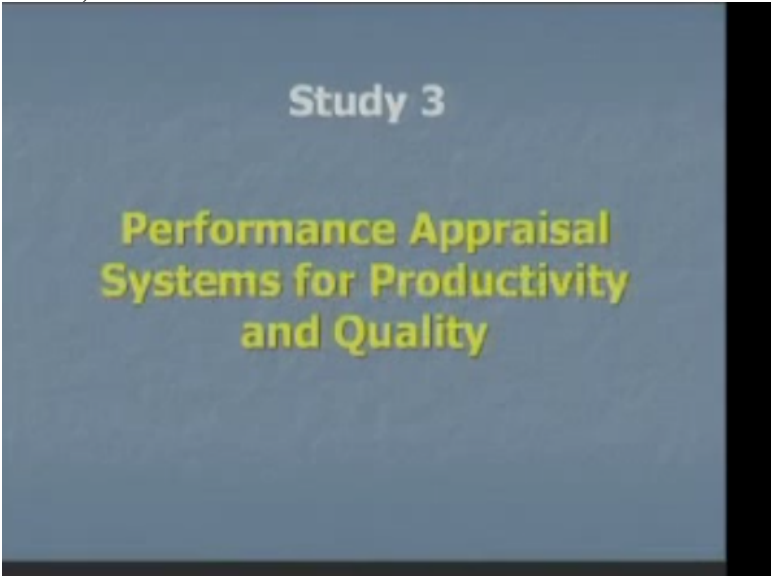
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Customers perspective and better product quality were found to be having missing correlations with organizational performance

Customer perspective and better product quality were also found to be having missing correlations with organizational performance. In fact missing like we could not decalcify the missing values were there. So, could not find the deal clear cut relationship. May be because the organizations did not give as sooner there is. So, this is one of the difficulties when we are conducting such studies.

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Study 3

Performance Appraisal Systems for Productivity and Quality

So, in those studies we purpose that we had in our mind to find out whether in the multinational corporations. We have any cert of analysis whether the turnover in and the other things are important. We find that we are some of these things are important. We cannot replicate the first study also in the multinational corporations. Okay, but these are different sets of studies done at the different point of time with different objectives. And that is why, the different variables you can find in this studies.

In the third study, we found performance appraisal systems are different or people have different perceptions of the performance appraisal system when it comes to productivity and quality. Let

us see the productivity and quality analysis. We have seen in our introductory lectures that productivity and quality are two twin concepts, and most important for any organizations and most important perhaps, the management indicatives and concepts.
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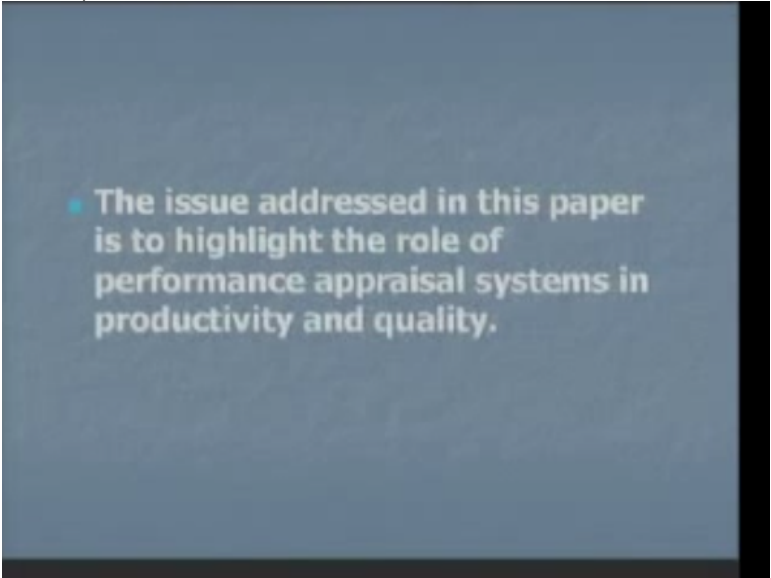
- Productivity and quality researches are multivariate and multidisciplinary in nature.

So we are here talking about productivity and quality, in terms of how people value the various parameters of productivity and quality in terms of performance management. So, these are multivariate and multidisciplinary in nature when we are talking about productivity and quality. Do you recollect we had one session on productivity and quality earlier? And there we have discussed with you the productivity and quality as multivariate, multidisciplinary concept.
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- There have been various macro level perspectives, but this paper focuses on the micro level, i.e. understanding the human side of this issue.

So, there have been various macro level perspectives I discussed macro level earlier. But in this paper again I am coming back to micro level perspectives. That understands the human side of this issue. Okay, the third study is again about the micro level side of the performance management.

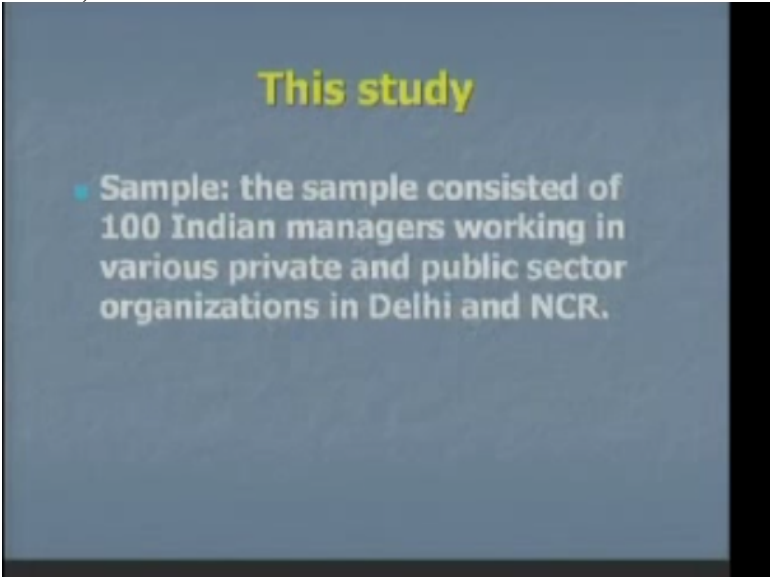
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- The issue addressed in this paper is to highlight the role of performance appraisal systems in productivity and quality.

This study addresses to highlight the role of performance appraisal systems in Indian organizations.

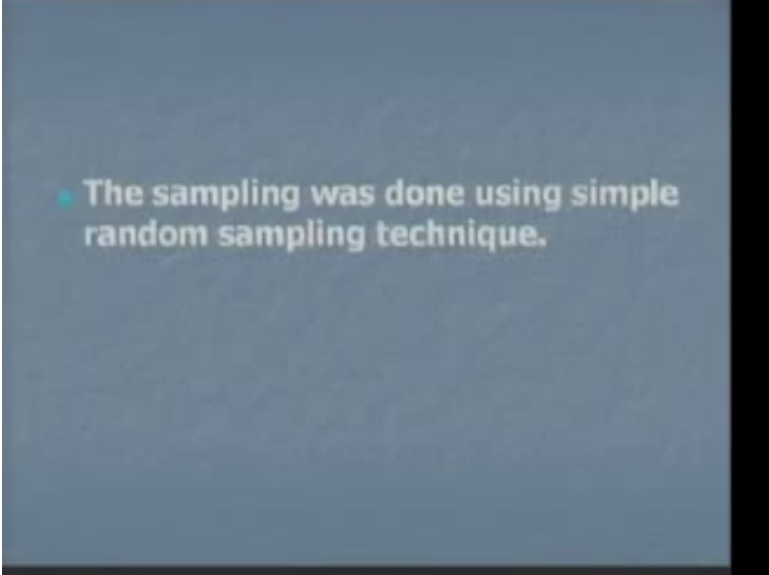
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This study

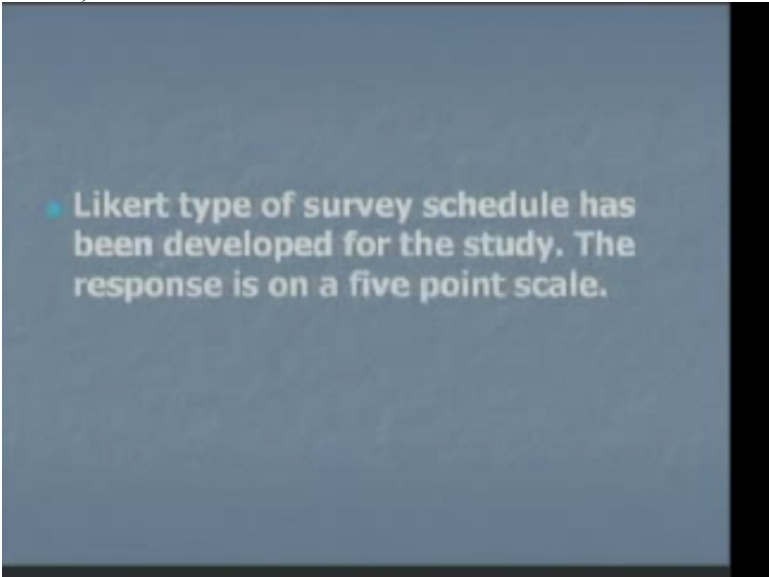
- 
- Sample: the sample consisted of 100 Indian managers working in various private and public sector organizations in Delhi and NCR.

And this sample, of this study consisted of 100 Indian managers working in various public and private sectors companies in Delhi and NCR National Capital Region. In fact the earlier study of the multinational corporations which also limited to this only geographical area.

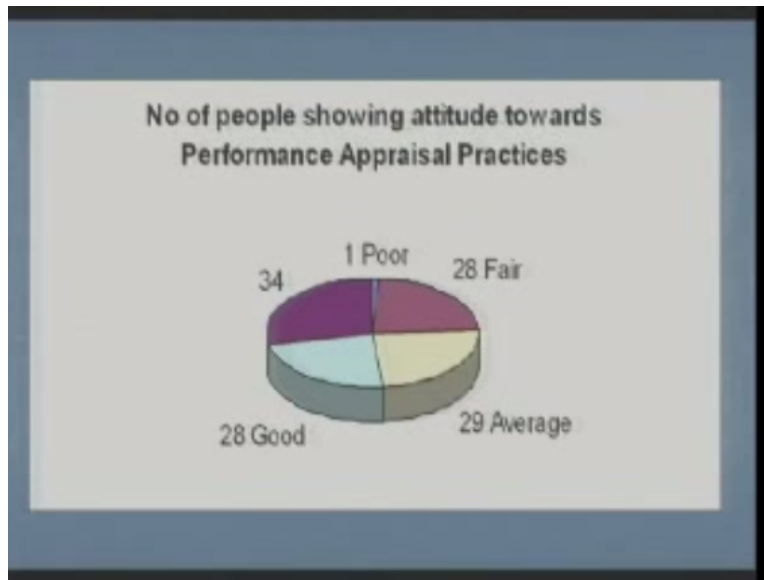
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- 
- The sampling was done using simple random sampling technique.

The sampling was done using simple random sampling technique.
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- 
- Likert type of survey schedule has been developed for the study. The response is on a five point scale.

And likert type of scale was used for survey schedule has been developed for this study. And, then the response collected on a five point of scale. We have discussed these aspects in our lecture on the business research methods. So, I will not discuss in this in great details. Now,
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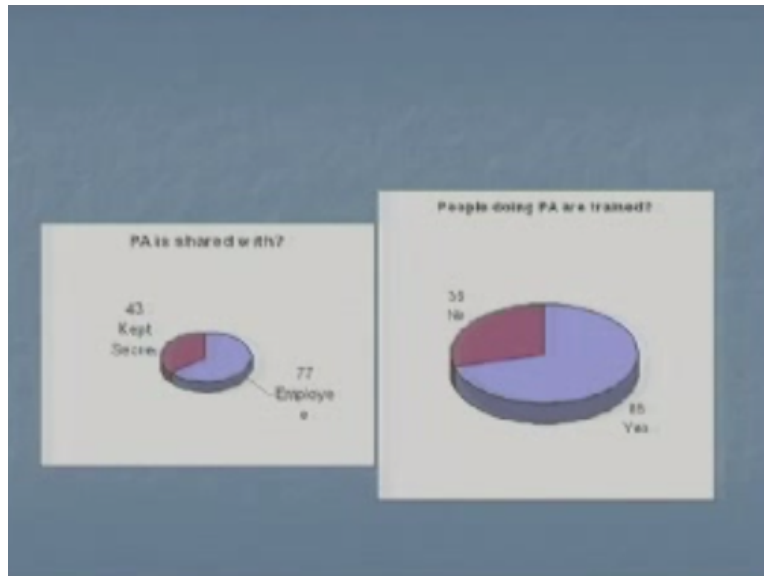
We move on. Here I will put them in the cert of the pie chart graphical manner. Let it see the number of people showing attitude performance appraisal practices. See people have the poor attitude. they have average attitude, their good attitude. So, we can here see that how many people have poor attitude and the number is large. Why? So, somewhere some question mark. Why should people have poor attitude towards performance appraisal system at all? But this is what we found in this particular study.

Then what performance appraisal always doing?

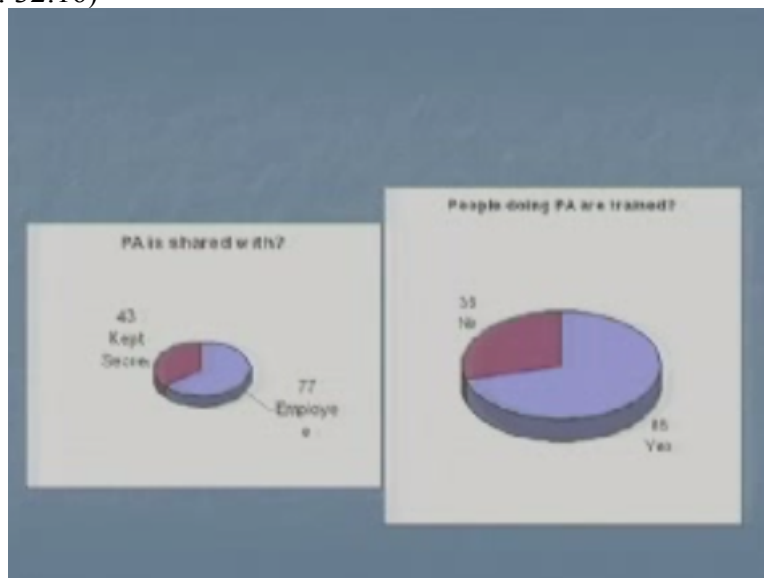
Okay, here what we find that in the performance appraisal system, we are finding that different people you know, again have different kind of a perception on the performance appraisal when performance appraisal is done. Okay, when it is done annually, when it is done quarterly or when it is done you know semi annually, then how much enough people are happy and you can see that 67% of people believe that the performance appraisal should be done quarterly.

Okay, whereas in our discussion in last lecture we have seen, that normally performance appraisals are done annually.

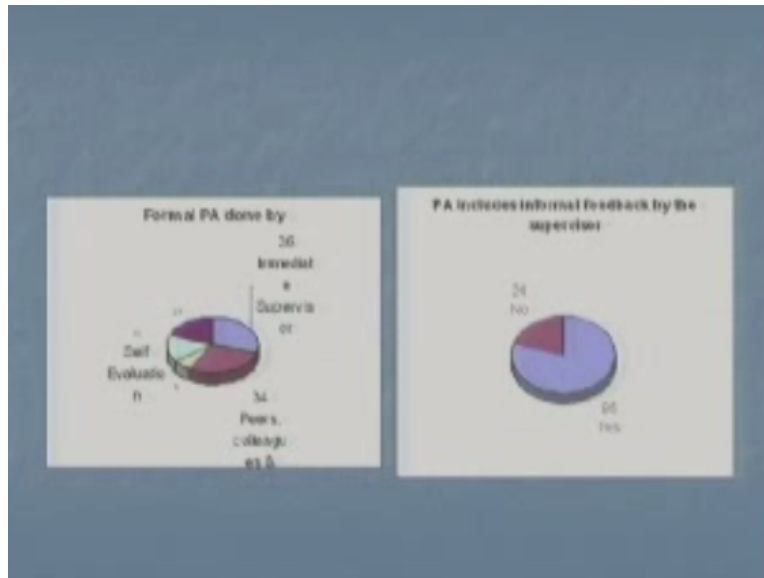
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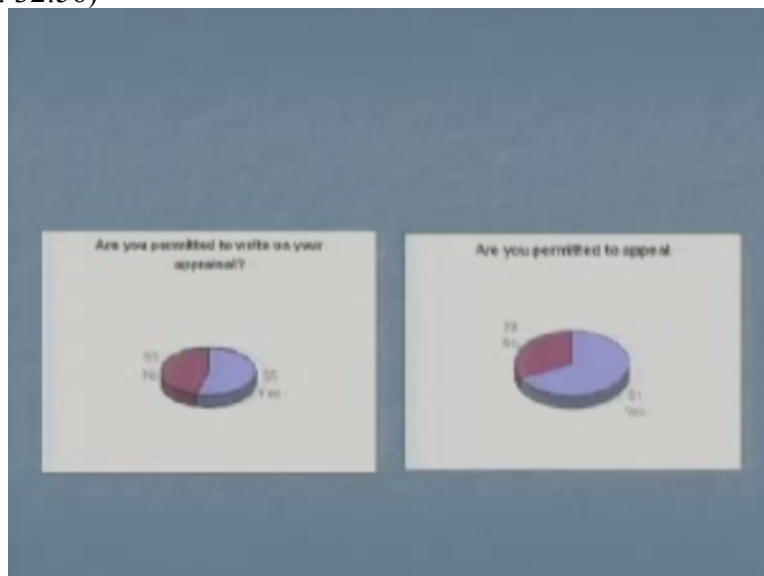
We more want to talk about the, this is based on survey on earlier we have discussed the theoretical part of it in our last lecture. And here we are, based on this survey we are trying to arrive at a conclusion whether theoretical part that we had discussed earlier. Whether people in these organizations also actually supports this kind of a strategy. Okay, so what we can say that again in the performance appraisal system we can see that how there is difference in the response of people in, how, when they are devaluating the performance appraisal system.
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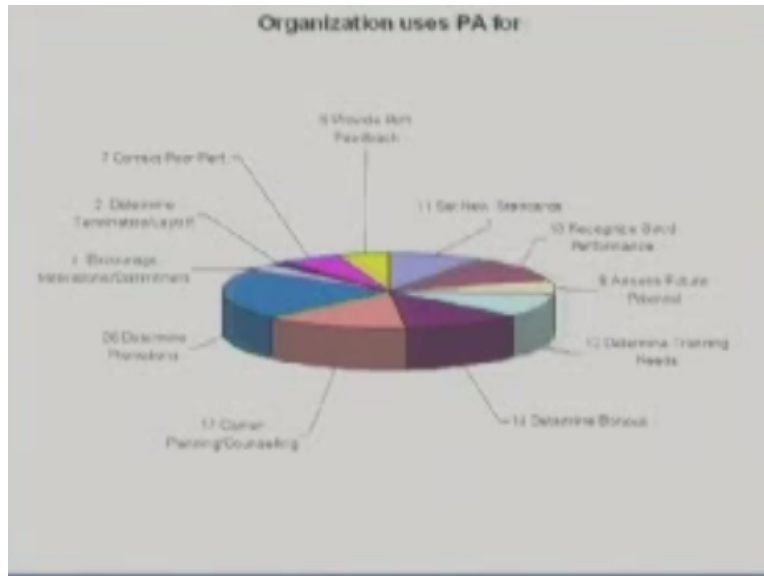
Okay, like in the two perceptions here you can see the percentages are written on that. I will move on because since I have been in number of, number of slides, I think I will move on slightly fast. You can just look at in all, how we have looked at the each question how many people respond to these questions positively or negatively.
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Okay, so you can see that people respond positively or negatively to the performance appraisal system in Indian organizations.
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Okay, can you see that? We are looking at the each question and looking at how many people said yes and no. hmm? So,
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Okay, now can you see this analysis? Okay what are you understanding from this analysis? So, what do you understand? What is that? Some of these factors okay, which are the perception of people in Indian organizations. Okay, some of these factors become important. Okay and you can see okay, that how different people moreover less in out and they equal number of people giving in a different reasons. Okay, in this particular situation Okay, from here to we move on to the results,
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Our results indicated that within the Indian organizations, performance appraisal was generally perceived as being favorable.

And our results indicate that within the Indian organizations performance appraisal is generally perceived as been generally, being a favorable, kind of a event, we can say, okay. Even though in the first pie diagram we have seen that more number of people were showing negative perceptions but overall we can see at this.
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- Usually performance appraisal is being done by the immediate supervisor or the HR department.

And usually performance appraisal is being done by the immediate supervisor or the hr department, usually in Indian organizations.
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- Formal performance appraisal is usually done by immediate supervisor and colleagues & it includes informal feedback given by the supervisor.

Formal performance appraisal is usually done by immediate supervisor and colleagues and it includes informal feedback given by the supervisor.
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- Our research also found that in more than 50 percent of the cases, an employee was permitted to write on his/her appraisal & permitted to appeal.

In this research, we also found that more than 50% of case is unemployed was permitted to write his/her appraisal and he was also permitted to write an appeal. These are some of the, we can say the new, steps being introduced to the performance appraisal system. In the earlier performance appraisal system it was limited just to the supervisor or at the latest stage, supervisor and another perhaps two persons.

But now we had made this change and we have added the performance appraisal opportunity of self appraisal can defecting and if you recollect in our last lecture we were talking about this self appraisal becoming an important factor and we have also introduced the 363 60° performance appraisal system. And so that beginning as also happened in Indian organizations. So, once you know you are giving the opportunity of self appraisal and also opportunity for appeal that make the system very healthy.

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- Performance appraisal had the greatest impact to determine promotions followed by career counseling and planning, bonus, to recognize good performance and to determine training needs.

Performance appraisal has the greatest impact to determine the motions followed by career counseling planning, bonus to recognize good performance and to determine training needs. This is what I was trying to show in that pie diagram which appeared rather complex.
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- Regardless of the intended purpose, formal performance appraisal provides feedback to employees about how the organization views their performance (Murphy & Cleveland, 1995).

So, performance appraisal has least influence on determining layoffs or correcting poor performance to assessing future potential. Now, this is a point to be considered, because for one of the important factors in performance appraisal is also that we have to use that for the purpose of correction cancelling on perhaps you know developing the potential of the individual. But unfortunately in this study we found that people feel that, that that has performance appraisal has the least influence on these.

So, Indian industries have to really gear up in terms of the designs of the performance appraisals to look at the performance appraisal has a development emphasis. That is arising out of these particular study we can give this suggestion to managers that they have to look at the performance appraisal from this point of view too.

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- **Regardless of the intended purpose, formal performance appraisal provides feedback to employees about how the organization views their performance (Murphy & Cleveland, 1995).**

Then the, this study is also suggesting that regardless of the intended purpose, formal performance appraisal provides feedback to employees about how organization views their performance. This is what the Murphy and Cleveland in their study they had suggested and so some, so this is what we have to take in as a, as our guidelines and part of fit we are found in a coming out as correct in our studies also. Some of these studies, but we need to really gear up for that.

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- **Positive performance appraisal feedback is often assumed to develop more favorable work attitudes and plays a significant role in the development of job and organizational attitudes such as organizational commitment, job satisfaction.**

Positive performance appraisal feedback is often assumed to develop more favorable work attitudes and play significant role in the development of job and organizational attitudes such as organizational commitment, job satisfaction and so on.

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Study 4

Values in relation to performance

So, we have seen in our third study that performance management has so many aspects. We have to look at this, in fact the scenario or the status of performance management in the Indian industries and in the, through those, those pie diagrams, I was trying to share with you the perception of people in some of the Indian organizations regarding performance management. We now move on to look at performance in relation to values.

Values the idea of human values. In our first study we were talking about human values in terms of six different types of human values. Do you recollect now? The economic value, the political value, the religious value, the theoretical value, the social value. Do you recover I the first study? In this study also we are talking about values, but the values here we have developed, we have gone in beyond those values and we are talking about the human values institutionalization in industries.

So, in every organization, we institutionalize certain values for work performance which we may call as part of the culture of the organization and in fact you know these values perhaps in a flow from top to bottom because those who are in the top they have been a certain philosophies, certain machine and certain values. And then that curriculates down and creates a culture in the organization. In this study we try to find out whether the organizational culture and values, value institutionalization we can say, is related to performance of the organization.

Okay, so this is the fourth study so, I just picked up in a few studies to give you an idea about performance management in Indian industries.

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- Gonzalez (1990) talks of "key performance levers" in order to raise individual and business results.
- It is important to achieve a clear understanding of the organization's strategy and developing high-potential people.

After we have done the theoretical the concepts analysis in the first two lectures. Here I will begin with one of the, in fact not one with some of the observations by some earliest lectures and for example, they say that the key performance levers in order to raise individual and the business results. Okay, so the values are actually the factors and it is important to achieve the clear understanding of the organizations or strategy and development for high potential of people.

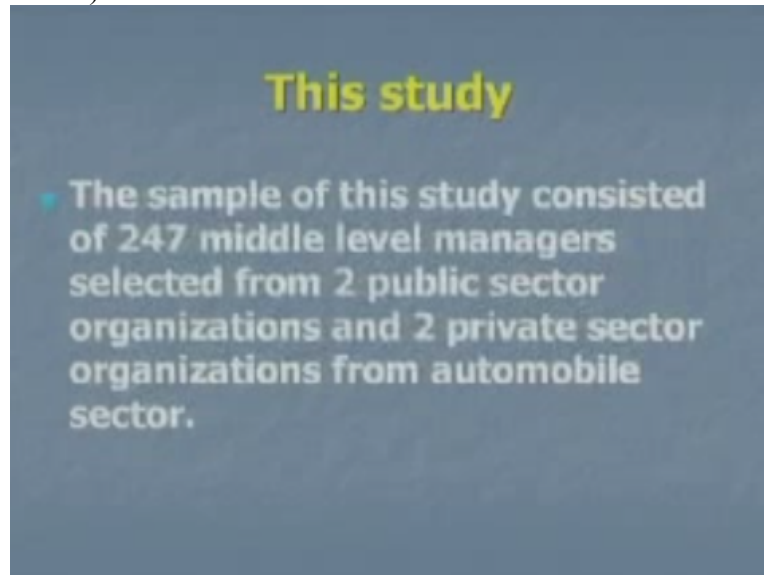
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- Saffold III (1988) said that distinctive cultures that dramatically influence performance do exist.
- These are organizational learning, leadership, integration & differentiation, behavior control, strategy formation, efficiency etc which should be understood to analyze culture performance link.

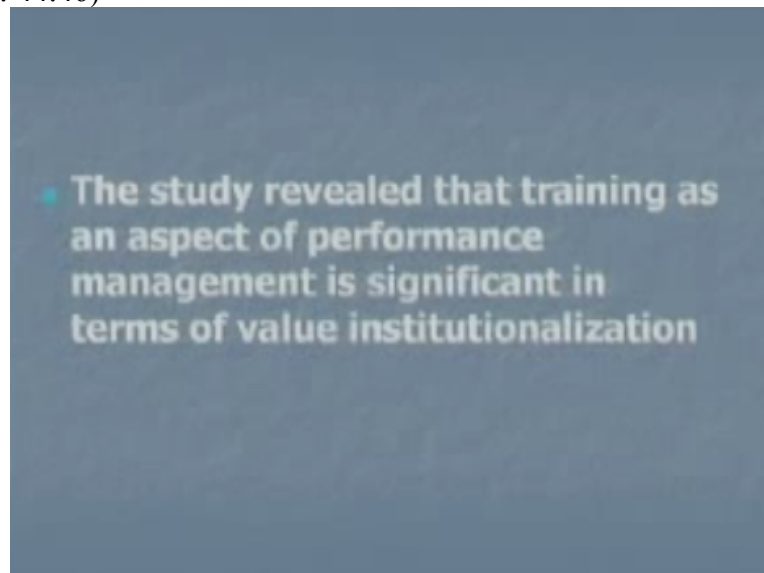
And that is why we need to make this analysis of values and performance. For example, in another study, scaffold said that the distinctive culture that dramatically influences performance that does exist. Just now short while ago I was talking to you about that. So, there are factors like organizational learning, leadership, integration and differentiation, behavior control, strategy formation, efficiency etc which should be understood to analyze the culture performance link. In fact in our earlier lectures we have discussed some of these factors like leadership, the organizational culture, philosophy, and ethics and so on. So, I am not really going to devote

much time explaining these concepts because you already know about it and so here I am quoting some of the senior recaptures to say that there is a close linkage between culture and performance.

And based on some of these assumptions,
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We conducted a study and in which we have taken a sample of 247 middle level managers selected from two public sector organizations and two private sector organizations from the automobile sector. They are the car manufacturing, scooter manufacturing sectors and see some of those are new entry to India and some of those are in the public sector organizations
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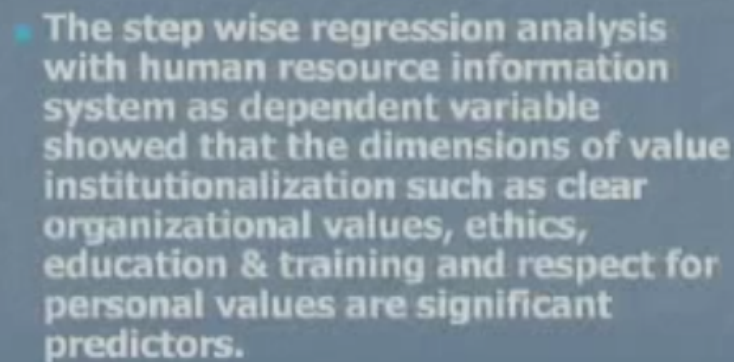


And this sample we collected from there and the study revealed that training becomes an important aspect performance management. In our earlier lectures we have seen that when we are looking at performance management one of the outcome of the performance are appraisals

that we have to devote a time for training because we are looking at performance management also has the, from the development perspective.

And so in this study we looked at that, the aspect performance management is analyzed we found that this is significant in terms of value institutionalization in these corporate houses in India. So, the analyzes we have done in, in fact I am going to again

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- The step wise regression analysis with human resource information system as dependent variable showed that the dimensions of value institutionalization such as clear organizational values, ethics, education & training and respect for personal values are significant predictors.

I am referring to the regression analysis earlier I was talking to you about the co-relation, co-efficient and the other analysis. Sine, we have already done our lecture on the business research method and not going to discuss these methods again but let me just put you in some of the results here.

So, the results of this study are, that the stepwise regression analysis with human resource information system as dependent variable showed that the dimensions of value institutionalization such as clear organizational values, ethics, education and training and respect for personal values are significant predictors. Similarly, in another analysis,

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- Further, regression analysis taking training as a dependent variable revealed that clear organizational values, ethics, education & training and respect for personal values are important predictors of performance management aspects.

Further, another regression analysis we have done taking training as a important factor and here you can find that training as a dependent variable in a regression analysis we have one dependent variable and the independent variable will give us the equation and here that revealed that clear organizational values, ethics, education and training and respect for personal values are important predictors of performance management aspects.

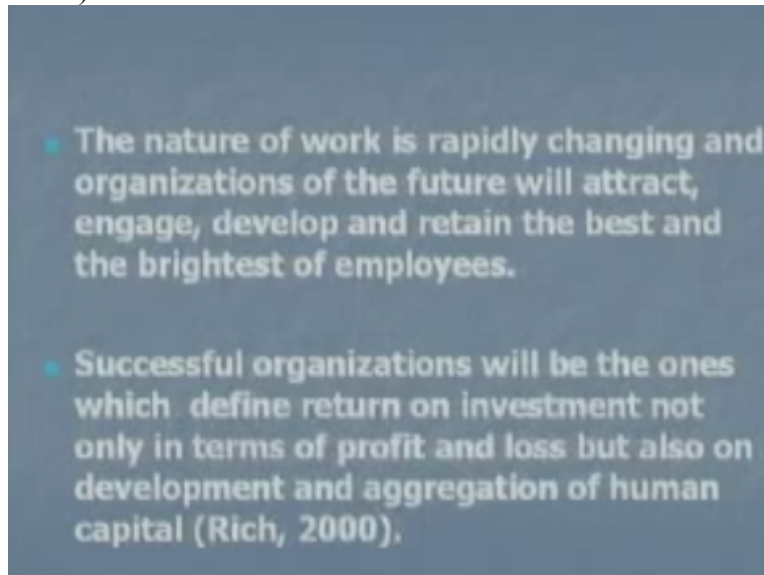
So, here are you, are you understanding that in this industry, not this industry, in fact these industries which we are taken for analysis, we have looked at values in the organization and we are trying to find out whether values are related to performance management. As some of the values which we have found are important in terms of our statistical analysis are depicted here. (Refer Slide Time: 48:07)

Study 5

Factors related to Performance management

From here, we move, so is it clears the fourth study we were looking at that whether the values are predictors of organizational performance. So, tasking in the automobile sector we tried to look at that and we found that yes values are predictors of performance management. In our fifth

study, which are, I am talking about the factors related to the performance management. This is the study we have looked at
(Refer Slide Time:48:43)

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- The nature of work is rapidly changing and organizations of the future will attract, engage, develop and retain the best and the brightest of employees.
 - Successful organizations will be the ones which define return on investment not only in terms of profit and loss but also on development and aggregation of human capital (Rich, 2000).

Number of factors about performance management. Some of these are again the personality factors but not the similar set of factors it is a different study one of the very recent study is that we have conducted in 2006 just we have completed and here you will find that some of the different variables we are trying to analyze. So, the nature of work is rapidly changing and organizations of the future will actually attract, engage, develop and retain the best and brightest of the employees.

This is we are talking about now we are in the year 2007 and the next millennium, India is developing and so this is statement we are making that the nature of the work is rapidly changing and perhaps the brightest employees are the ones who will have their, the future is for them perhaps also for that performance management and factors which are related to performance management are important and so that is also a challenge for all the manager including those who are in the area of human resource management more so for them.

Also successful organizations will be the ones, which define return on investment not in terms of profits and loss but also in terms of the development and aggregation of human capital. So far, we have discussed in our management studies written on investment only in financial terms. But here what we are trying to say that with the advent of, say globalization and the development and the new millennium, the environmental the new millennium we have to understand that the return on the investment is also the terms for the human capital. And this is again new challenge for performance management and for all the organizations. So this strategy

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- Strategic HRM is viewed as strategic as it involves the managerial personnel of the organization and regards "people as the single most important asset of the organization" (Poole & Jenkins, 1990)
- Strategic HRM practitioners now consider human resources to be a major competitive advantage and a growing body of research supports this view (Arthur, 1994; Guest, 1997; Tyson, 1997; Youndt et al, 1996; Wright et al, 2005)

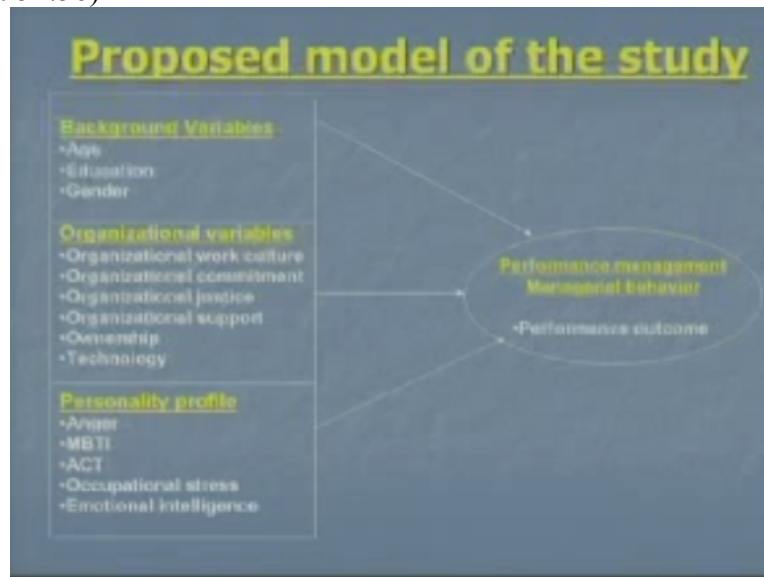
Human resource management that is viewed as strategic as it involves the managerial personal of the organization and regards "people as the single most important asset of the organization". And in fact all this studies that I have quoted we have looked at in the performance management from this perspective that we are quoting now. Also strategic human resource management practitioners now consider human resources as a major competitive advantage and as a growing body of research support and this view have been supported by many writers including (Refer Slide Time: 51:59)

Performance management

- Performance management is an integrated process of defining, assessing, & reinforcing employee work behaviors & outcomes (Mohrman et al 1990).
- Because performance management occurs in a larger organizational context, at least three (3) contextual factors determine how these practices affect work performance:
 1. Business strategy.
 2. Workplace technology.
 3. Employee involvement.

Some of the research worked out that we have done here out in the IIT Delhi. So, the performance management we have already defined that in the earlier part of our lecture and very quickly just as a recap I will give you this the performance management is an integrated process of defining, assessing and reinforcing the employees behavior and outcomes, we have already discussed these in the first lecture on performance ,management. This is because performance management occurs in a larger organization context at least in a three contextual factors are there

to determine the performance and these are the business strategy we work place technology employee involvement
(Refer Slide Time: 52:56)



And so, we have looked at these aspects when one of these studies were we have proposed this model and we are looking at the background variables. Some of the organizational variables and some of the personality variables and you can see, we have tried to put linkage that performance management will depend on how these three set of factors make impacts. And here we can see that when we are looking at the organizational variables,

We are talking about the work culture, we are talking about the organization commitment, we are talking about the other factors like technology, organizational support and so on. Coming to personality variables we have looked at the angering manager, you see a good performance management person, you see a good performer. So, anger we have looked at one factor of personality, we have looked at the profile, the cultural profile, the occupational stress that people might have that make an impact on performance?

Will emotional antilogies make an impact in performance? Will MBTI file which is very popularly known may be most of you have, in our chapter on personality we were talking about my big scale of personality and we have talked about the decision making, we have talked about intuitive qualities and so on. So, the MBTI profile and the ACT profile, so we have looked at some of these factors in this study to find out whether there is an, they make an impact on the performance, performance of all people managers in fact in organizations and in this study
(Refer Slide Time: 54:59)

Design of the study

- The study has been conducted within a survey research framework.

Conducted within a survey research framework.
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Sampling design

- The study was conducted on a sample of 427 managers from different organizations.
- The study adopted a two-stage sampling for selecting the sample. In the first stage, the organizations were selected purposively to adequately represent industries from various sectors (manufacturing sector, information technology, banking sector etc).
- In the second stage, simple random sampling was used to select managers from lower, middle and higher organizational hierarchy across all departments in the organizations.

And the sampling design this is the study you can see we had taken 427 managers from different organizations and we had a two stage sampling at the first stage managers were selected and at the second stage the industries were selected. And the major findings of this study are
(Refer Slide Time: 55:30)

Major findings

- It has been found that some background factors like gender, education of managers, their marital status, number of children they have, and the number of times they have changed jobs, designation and tenure, showed no significant relationship with performance.
- Organizational variables such as the type of organization and size of organization had no significant relation with performance either.

We have found that the some of the background factors like gender, education of managers, their marital status, number of children they have and the number of times they have changed the jobs, the designation and tenure, showed no significant relationship with performance. Many a time times' people believe that perhaps the background will matter but actually that does not matter. Then organizational variables such as the type of organization and the size of organization had no significant relationship performance either. The other background variables such as h, total work experience organizational sector
(Refer Slide Time: 56:22)

- Other background variables such as age (significant at 0.05 level), total work experience (significant at 0.05 level), salary (significant at 0.05 level), and organizational sector (significant at 0.01 level) showed significant relationships with performance outcomes.
- Chi square value reveals significant results for various background factors.

Shows some significant relationship with performance or outcomes. So, we have calculated chi square values for to understand the various significant factors
(Refer Slide Time: 56:34)

- Organizational culture has shown to affect work performance.
- Significant positive correlations (0.01 levels) have been obtained for openness, confrontation, trust, proaction, collaboration and experimentation and performance outcomes.
- Factors such as autonomy and authenticity failed to establish any relationship with performance measures. On analyzing the results it was found that gender showed a significant correlation (0.01 levels) with various performance factors.

On the work group factors, the cultural factors and which I shown that there is some difference in the performance outcomes and significant positive correlations we have found in terms of the openness, confrontation, trust, collaboration, experimentation, and so on. And factors such as autonomy and the authentically behavior etc also shown some relationship on some point of time (Refer Slide Time: 57:12)

- Significant positive correlations (0.01 levels) have been obtained for affective, continuance & normative commitment and total commitment with various performance factors.
- Also, other factors such as organizational support and organizational justice are significantly correlated (0.01 level) with performance.

But not really so much. So, the significant positive correlations also we have found in terms of the affective and normative commitment of employees with performance outcomes on what we have found that the organizational support and organizational justice are significantly correlated to performance factor (Refer Slide Time: 57:38)

Tukeys' post hoc comparison was done and results obtained verified that there were significant mean differences (0.01 & 0.05 levels) in the groups when they were compared on:

the basis of ownership i.e. public sector organizations v/s private sector organizations & MNC's

type of industry; namely banking sector, information technology, manufacturing sector, service sector and R&D organizations.

Chi square value reveals significant results for various organizational sectors.

Significant correlations (0.01 & 0.05) were also obtained for these various subgroups, highlighting their varied nature and how performance outcomes vary across different organizational sectors.

So, here what we have found, we have again done in order to key analysis we have done the chi square analysis and some of the correlation analysis were we have found that these factors make impacts and in the turns of ACT
(Refer Slide Time: 57:58)

- ACT (Assessment of character traits), showed significant relationships with performance outcomes.
- The various dimensions of ACT namely, helpfulness, sociable, conscientious, achieving, and innovative showed significant positive correlations (0.01 level) with most of the performance measures, whereas other dimensions such as dependent, tense, rigid, controlling showed negative significant correlations (0.05 level) with various performance outcomes.
- Only the competitive dimension of the ACT showed no relationship with performance.

And the other dimensions again we have found that there is relationship.
(Refer Slide Time: 58:05)

- Emotional intelligence emerged as important variable and significant relationships (0.01 levels) have emerged between emotional intelligence and various personality constructs and performance outcomes.
- Anger, namely state anger, trait anger, anger in, anger out and anger expression showed significant negative relationships (0.01 level) with performance measures whereas anger control showed a significant positive correlation (0.01 level) with performance outcomes.

So, finally when we are looking at the emotional intelligence we find that emotional intelligence occurs as the significant factor. Anger as also showed us in some relationships with some performance management. Different types of anger also we have looked at (Refer Slide Time: 58:25)

- Organizational stress or work stress has also been found to affect performance. Significant positive correlations (0.01 levels) were obtained for role overload, role insufficiency, role ambiguity, responsibility, self care, social support and rational cognitive coping and performance.
- Role ambiguity, physical environment, vocational strain, psychological strain, interpersonal strain, physical strain and recreation show significant negative correlation (0.01 levels) with performance outcomes.

And we have found organizational stress is also related to performance. Role ambiguity, physical environment and vocational stress, psychological strain, interpersonal strain all these are reacted to the performance management (Refer Slide Time: 58:44)

- MBTI profiles have been analyzed in relation to quantitative results and which have shown validity to the results.

And then MBTI profile also has been analyzed and we find that these quantitative results not really relation to quantitative results of course this quantitative results have shown the validity (Refer Slide Time: 58:58)

- Step wise multiple regression analysis was performed and a combination of factors emerged namely: background factors such as total work experience, age, number of children, marital status, size of the organization, which affected performance.

And also the step wise multiple regression analysis was performed and the combination of factors which emerged were the background factors work experience or some of these background factors (Refer Slide Time: 59:16)

- Various personality and organizational factors like rigidity, openness, innovative, conscientiousness, tense, sociability, anger, organizational stress and autonomy etc showed impact on performance outcomes.
- The role of organizational commitment, organizational justice and emotional intelligence can also been seen to predict and influence performance outcomes.

And some of the personality factors, some of the organizational factors
(Refer Slide Time: 53:23)

- The concept of performance appraisal should be integrated into human resource policies of the organizations.
- Research supports that when performance appraisal is integrated into HR policies it impacts employee's attitudes and fosters organizational commitment (Caldwell et al, 1990; Kinicki et al, 1992; Fletcher & Williams, 1996) which in turn impact organizational performance (Ostroff, 1992 & Patterson et al, 1998)

And some of the appraisal related factors were the predictors and the research supports that when the performance appraisal system is integrated into the hr policy it impacts the employees attitudes and fosters the organizational commitment process.
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- The emphasis should be placed on making performance appraisal a more reflective process, where the individual's look at their own self- assessment rather than others and to increase performance against established competency standards rather than on comparisons with others on the same level.

And this leads to organizational performance. The emphasis should be placed on making performance appraisal more reflective process, where the individuals look at their own self-assessment and then the others to increase the performance against established competency standards rather than on comparisons with others on the same level.

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- Strategic HRM is based on the notion that HR strategies should be integrated with corporate or business strategies.
- It covers broad issues like organizational effectiveness, performance, competence and places greater emphasis on strategic HR practices like, flexibility, communication, organizational learning, leadership, empowerment, management of change, organizational commitment, organizational culture to name a few (Sharma & Khandekar, 2001, 2006).

And so this strategic human resource management based issues have to be taken into consideration. It covers broad issues of organizational effectiveness performance, competencies and also places greater emphasis on the strategic HR issues

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- Talent management
- Selection, recruitment, placement and promotion
- Learning and development
- Succession planning
- Career guidance
- Organizational performance

So, from here finally close our discussion on performance management looking at the use of performance management in the talent management strategies, selection, recruitment, placement and promotion, learning and development, succession planning, career guidance and organizational performance. So, with this we come to the end of the discussion, 3 of 3 lectures on performance management because this is one of the most important factors making an impact on the managerial role.

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