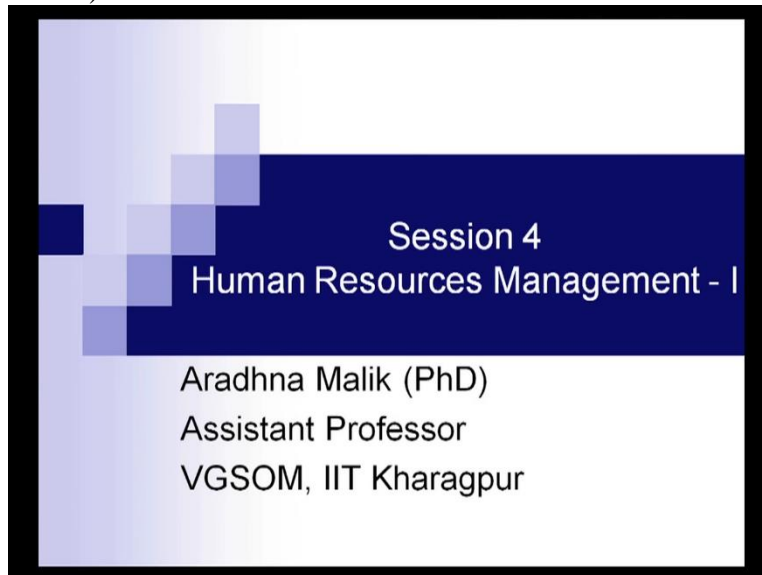


Principles of Human Resource Management
Prof. Aradhna Malik
Vinod Gupta School of Management
Indian Institute of Technology - Kharagpur

Module No. #01
Lecture No. #04
Performance Appraisal

Welcome back, to the Fourth session, on Human Resources Management, part one. We talked about, what human resources is. We talked about jobs, job analysis. We talked about, the importance of job analysis and we talked about, recruitments and staffing.

(Refer Slide Time: 00:49)



Today, we will talk about, performance evaluation. And before that, we will have a little bit of discussion on, organizational socialization. What happens, when employees join an organization. So again, as always, I will share the sources, I have used with you.

(Refer Slide Time: 01:05)

Sources

- Briscoe, D.R., Schuler, R. S. & Claus, L. (2009). *International human resource management: Policies and practices for multinational enterprises*. NY: Routledge.
- Cascio, W. F. (2003). *Managing human resources: Productivity, quality of work life, profits*. New Delhi: Tata McGraw Hill.
- Cleveland, J. N., Murphy, K. R. & Williams, R. E. (1989). Multiple uses of performance appraisal: Prevalence & correlates. *Journal of Applied Psychology*, 74(1), 130-135.
- Gilmore, S. & Williams, S. (Eds.) (2009). *Human Resources Management (Indian Edition)*. New Delhi: Oxford.
- Gomez-Mejia, L. R., Balkin, D. B. & Cardy, R. L. (2012). *Managing human resources (7th Ed.)*. New Delhi: PHI Ltd.
- Gray, G. (2002). Performance appraisals don't work. *Industrial Management*, 44(2), 15-17.
- Modaff, D.P. & DeWine, S. (2002). *Organizational Communication: Foundations, Challenges and Misunderstandings*. Los Angeles, CA: Roxbury.
- O'Boyle, I. (2013). *Training & Management Development Methods*, 27(1), 201-208.

There is this book by, Briscoe Schuler and Claus. There is a book by, Cascio. There is a paper by, Cleveland, Murphy and Williams. I suggest that, if you really want to know more about performance appraisal, you should go through this paper. It is a brilliantly written paper. It appeared in the journal of applied psychology, in 1989, still very relevant. Then, there is a book by, Gilmore and Williams, who are the editors of this book. And, different chapters have been written in the book, by different authors.

There is this book by, Gomez-Mejia, Balkin, and Cardy. There is a paper by Gray, that talks about performance appraisals. There is a book by, Modaff and DeWine, on organizational communication. And, there is a paper by, O'Boyle. So these are the sources that, I will be referring to.

(Refer Slide Time: 02:16)

Employee orientation/ Onboarding

(Dessler & Varkkey, 2011)

- Onboarding is a process that "...provides new employees with the information they need to function" effectively in an organization.
- Purposes:
 - "Make the new employee feel welcome and part of the team
 - Make sure the new employee has the basic information to function effectively
 - Help the new employee understand the organization in a broad sense (Its past, present, culture, and strategies and vision of the future)
 - Start the person on the process of becoming socialized into the firm's culture, values, and ways of doing things"

There is a book by, Dessler and Varkkey. That, I forgot to mention in the sources.

The first thing, that employees go through, when they join an organization is, employee orientation and on-boarding. Now, on-boarding is a process, that provides new employees with the information, they need to function effectively in an organization. On-boarding means, you bring the employees on board. We bring the employees. We bring them in. We select them. We tell them, what to do. And, we help them, become familiar with the environment, they find themselves in.

Purposes of on-boarding or orientation are, we make the new employee feel welcome, and part of the team. We make sure, the new employee has the basic information to function effectively. So, when the employee joins, we introduce the employee to other members of the organization. This should be done.

In some organizations, especially those, that recruit people, that hire people on, hire consultants, and do not hire them in bulk, or that hire people one at a time, this process is not really happening there. So, this is important. Then, every new employee needs to know, where they can go to, find out more about their salary, about their benefits, about their emoluments, about accommodation, about health, about this and that. So, it is nice to have an orientation program.

Then, another purpose of orienting employees is, to help the new employee, understand the organization in a broad sense. It is always nice to inform employees, about the history of an organization, about the vision and mission of the organization, and about where the organization might be headed.

So, it is always important, because these things help the employee, develop an understanding of the organization. And also, figure out or gauge, where they might be fitting in. And, how they might be able to contribute to the best of their ability. And, how the organization, in turn will help them, achieve their personal goals.

So, knowing where the organization has been situated, historically, socially, in the sector that, the organization functions in, who the competitors are, what we are moving towards, what are the kinds of challenges the organization faces. It really helps people, develop a bond with the newcomers, develop a bond with the organization. Then, starting the person on the process of becoming socialized, into the firm's culture, values, and ways of doing things.

Now, when we say, we manage something, we are essentially referring to, how we take things from when we plan them, from when we want them to happen, to how we plan them, to how we take steps, to make sure that our goals are achieved to evaluating those steps. So, this cycle is very important. And, everybody has a different way of doing, the same thing.

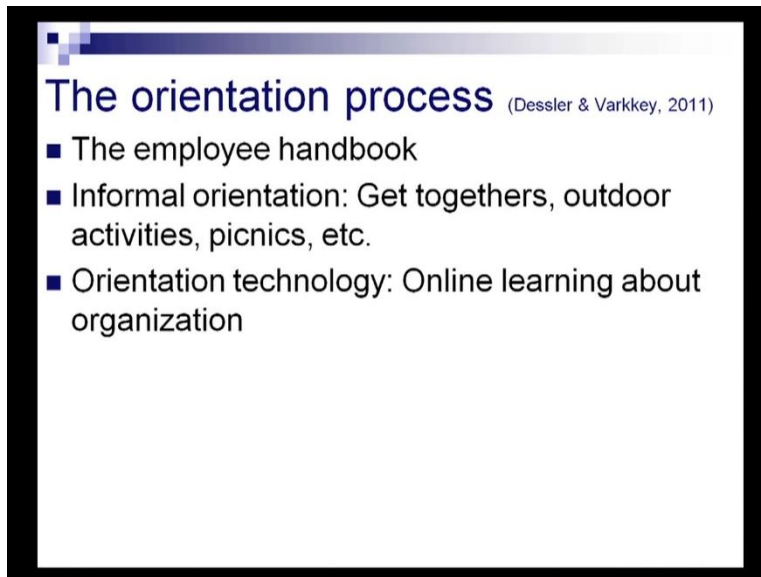
Everybody has a different way of something, as simple as, entering an office and settling down. Some people will come, and switch on the lights, switch on the computer, switch on their electronic devices. Immediately, check their emails first thing, and then move on to more orders of business.

There are others, who will come in, and immediately open their calendars, to see what they need to do first. If they have a meeting, if they have a calendar, they will first look at the calendar. They may put away their things, they may have. They may bring in food, that they may put away, put into the, wherever they need to put their food. May need a cup of tea, before they start the day. Something, as simple as that.

Now, moving on to more complicated, or more work related stuff, handling day-to-day business. Getting updates from their subordinates, is something, that people will do very differently.

Some people will probably, want their subordinates to submit, something in writing to them. Others will probably, let the subordinates, know that, they have arrived in the office. And, call subordinates to their office, for a quick update on, how things have happened, or what has happened in the past several hours'. Doctors do this, who have patients in-house. The first order of business for them, is to go to the ward, and find out, how their patients have done, or how their patients have been, the previous night.

So, it is very important. And, everybody has a different way. Every doctor has a different way of doing these things. So, it is very important, to bring people in, and let them know, what might be important in an organization. And then, get them started. And, help them align, their ways of doing things, with the way, the organization wants them to do things, or needs them to do things.



The orientation process (Dessler & Varkkey, 2011)

- The employee handbook
- Informal orientation: Get together, outdoor activities, picnics, etc.
- Orientation technology: Online learning about organization

(Refer Slide Time: 08:06)

The orientation process can consist of, in some organizations, an employee handbook. It is a very essential, very helpful tool, to have. If you do not have one, I suggest that, when you join an organization, you should help them, develop a handbook. There could be informal orientation,

which could be through get-togethers, outdoor activities, picnics, etcetera. And, there could be orientation technology. There could be online learning, about the organization, you come in. And, when you install a new program on your computer, the program itself takes you through, the first few steps. Sometimes, when you join an organization, especially in virtual organizations, or virtual teams, you are put through a process. You download the software. You download the program. And, the program guides you through the different steps, that you will need to follow, in order to become, a part of that organization. And do, what is required to be done. So, various ways in which orientation takes place.



Organizational Socialization

(Refer Slide Time: 09:12)

Let us talk a little bit about, organizational socialization. Various ways in which, new employees are integrated, into the organization, and made a part of the organizational milieu.

(Refer Slide Time: 09:26)

Organizational Socialization: Definitions

(Modaff & DeWine, 2002)

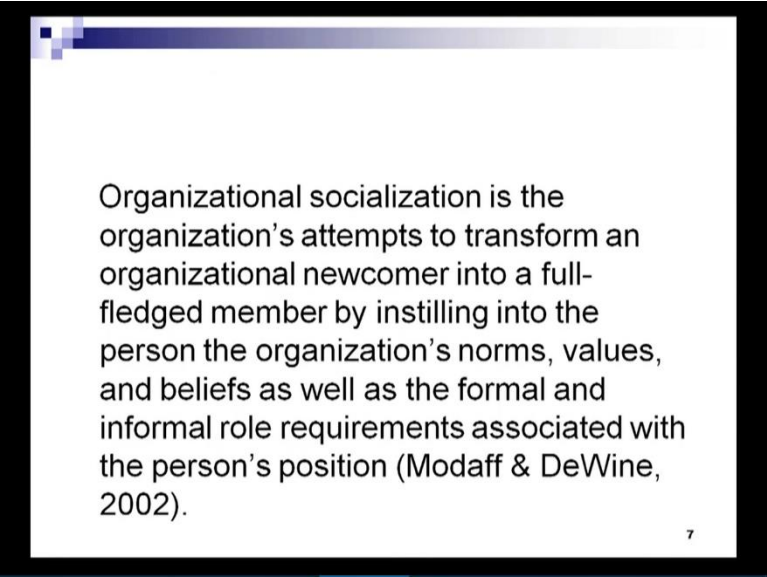
- Van Maanen and Schein (1979): The process by which an individual acquires the social knowledge and skills necessary to assume an organizational role
- Bullis (1993): Process through which newcomers become organizational members. Includes newcomer acculturation, employee attitudes and behaviors, and the shaping of newcomers' identities

6

Some definitions of organizational socialization. Again, you are not required to memorize these, for your test or whatever. Evaluation will be happening, later on, in the course. I would just like you to understand these definitions. So, according to Van Maanen and Schein, the organizational socialization is a process by which, an individual acquires the social knowledge and skills, necessary to assume an organizational role.

Bullis proposes that, it is a process through which, newcomers become organizational members includes newcomer acculturation, employee attitudes and behaviors, and the shaping of newcomers' identities. When, we talk about identities, we mean, how the employee, or how the newcomer, sees herself or himself, as a part of the organization. What do we want, our organization to know us as? What do we, where do we think, we will fit into the organization's structure and shape.

(Refer Slide Time: 10:33)



Organizational socialization is the organization's attempts to transform an organizational newcomer into a full-fledged member by instilling into the person the organization's norms, values, and beliefs as well as the formal and informal role requirements associated with the person's position (Modaff & DeWine, 2002).

7

It is the organization. Modaff and DeWine feel that, organizational socialization is the attempts of the organization, to transform an organizational newcomer, into a full-fledged member, by instilling into the person, the organization's norms, values, and beliefs, as well as the, formal and informal role requirements, associated with the person's position. So, what is expected on a formal level or an informal level, etcetera.

(Refer Slide Time: 11:05)

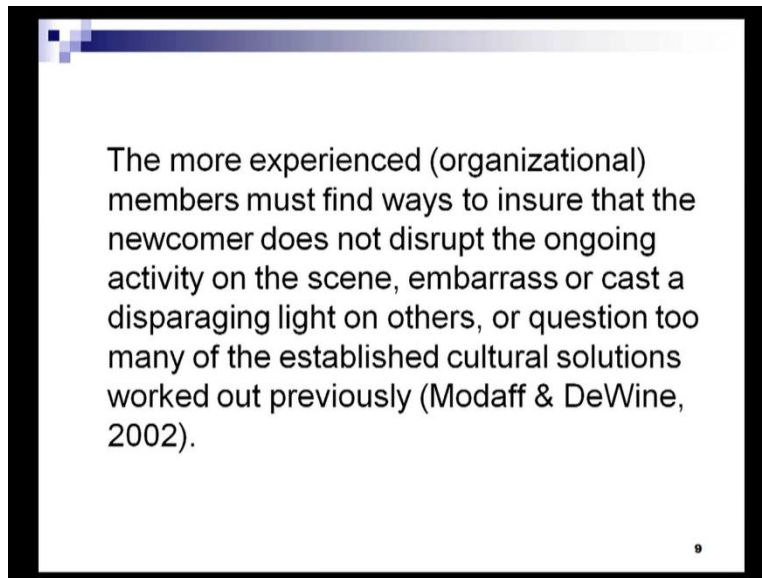


**When new members
join an organization**

8

So, when new members join an organization, the senior members are obligated, to help the newcomer, find ways of adjusting to the organization.

(Refer Slide Time: 11:08)



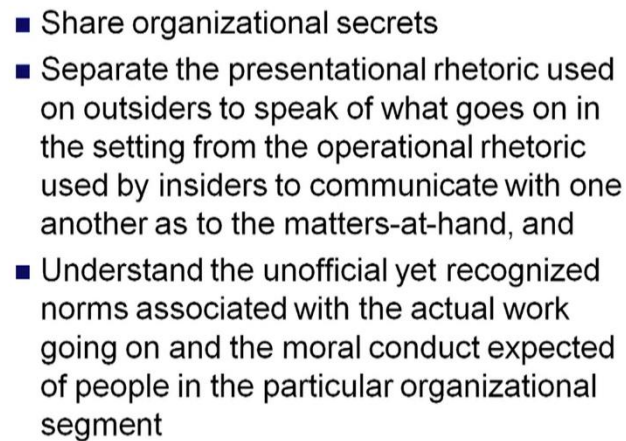
So, that the organization, so that the current ongoing practices in the organization, are disturbed to a minimum.

(Refer Slide Time: 11:30)



After the new members are accepted as part of the organization, they are able to share organizational secrets.

(Refer Slide Time: 11:35)

- 
- Share organizational secrets
 - Separate the presentational rhetoric used on outsiders to speak of what goes on in the setting from the operational rhetoric used by insiders to communicate with one another as to the matters-at-hand, and
 - Understand the unofficial yet recognized norms associated with the actual work going on and the moral conduct expected of people in the particular organizational segment

11

When you come into the organization, you are able to, know what is going on. Know things that others, outside the organization, do not know. Separate the presentational rhetoric used on outsiders to speak of, what goes on in the setting from the organizational rhetoric, from the operational rhetoric, used by insiders to communicate with one another, as to the matters at hand. Which means, how do you represent the organization.

You may have, one sort of feeling, about the organization. But, what is the company line, as we say, when you represent the organization in, and in public domain. And, understand the unofficial, yet recognized norms, associated with the actual work, going on. So, how are people coming. Are they coming on time? Are they coming late. What is acceptable, what is not acceptable, etcetera, etcetera. So, once you become a part of the organization, this is what, you have access to.

(Refer Slide Time: 12:35)

Socialization Process (Modaff & DeWine, 2002)

■ Collective vs. individual socialization process

- *Collective socialization* involves putting a group of recruits through a common set of experiences together.
- *Individual socialization* occurs when recruits are brought into the organization in relative isolation from one another and put through a unique set of experiences

12

Socialization process includes, or consists of, one of the ways in which, socialization can occur is, collective socialization or individual socialization. Individually, you join an organization. One by one, and you go, and meet your seniors. You go, hang out with your peers. You know, you may have again, I discourage smoking. I do not like people, burning their lungs. You know, it is a complete no-no. So, but then, there are offices, that have separate zones for smokers. And, some people see it as a way to socialize. Though I think, that is a very, very bad idea.

Again, or having a common canteen, common area, where people can go and have their meals, which I think is brilliant. Many times, in IIT, we are only able to meet our colleagues, in the common eating areas. Who and these are colleagues, who we otherwise, would not have known about. So, we go at meal times. And then, we bump into, you know, some colleagues or in other, and we do start talking to them, and we end up becoming friends with them. So, that is one more way. So, that is an individual socialization.

You just sort of, get a feel for the organization. The other is collective socialization, which means, when a group of people joined the organization, they are put through a group of activities, social activities, where barriers are broken, ice is broken. They become familiar with each other.

(Refer Slide Time: 14:15)

Socialization Process (Contd.) (Modaff & DeWine, 2002)

■ Formal vs. informal socialization process

- *Formal socialization* occurs when newcomers are segregated, in one form or another, from regular organizational members
- *Informal socialization* processes do not segregate the newcomer in any special way or distinguish the newcomer's role specifically but instead use the informal, laissez-faire socialization for recruits

13

Formal versus informal socialization process. Again, depending on the formality, depending on the procedures, associated with the socialization, they do not really consider a newcomer, as a newcomer. You are not labelled as a newcomer, and identified as a newcomer. You become part of the organization, as soon as you join the organization. So, they become regular organizational members. Informal socialization, that is informal.

Formal socialization is, when new newcomers are segregated. You are labelled as a newcomer. And then, after a while, after you got probation period is over, or you finished your training, you become part of the flock. And, new people come in.

(Refer Slide Time: 15:02)

Socialization Process (Contd.) (Modaff & DeWine, 2002)

■ Sequential vs. random socialization processes

- *Sequential socialization* is the degree to which the organization specifies a certain set of steps to be completed in order to advance to the target role
- *Random socialization* occurs when the sequence of steps leading to the target role is unknown, ambiguous, or continually changing

14

Sequential versus random socialization processes. Sequential socialization is the degree to which, the organization specifies a certain set of steps, to be completed, in order to advance to the target role. So, you come, you do a, b, c, go, you get accommodation, get everything, in order. You perform your duties. One set of duties, and then, you move on to the next level in that hierarchy, or become a permanent member. And then, you are accepted as part of the main group.

Otherwise or maybe, you have a separate eating place. And, so you come and sort of, become part of the regular group, or the group of, regular full-time employees.

So, and random socialization is when, the sequence of steps is not known. You do not know, when you will be advanced to the next level. When you will become a part of the, in group of the boss. And, when you will still be out of the bosses in group, or when you will move to the next level in the hierarchy of the organization. So, that is random.

(Refer Slide Time: 16:10)

Socialization Process (Contd.) (Modaff & DeWine, 2002)

■ Fixed vs. variable socialization processes:

- When an organization uses *fixed socialization*, it provides the newcomer with a precise timetable for when to expect progression to the target role.
- *Variable socialization processes* provide no real cues to the newcomer as to when to expect movement to the target role

15

Fixed versus variable socialization. Fixed socialization is similar to sequential, but with a timeline. Variable is similar to random socialization, but, the time again, here the focus is on time, not on the steps. You do not know, even if you complete the necessary steps, you do not know, when your turn will come, to become a part of fully recognized, integral part of the organization.

(Refer Slide Time: 16:39)

Socialization Process (Contd.) (Modaff & DeWine, 2002)

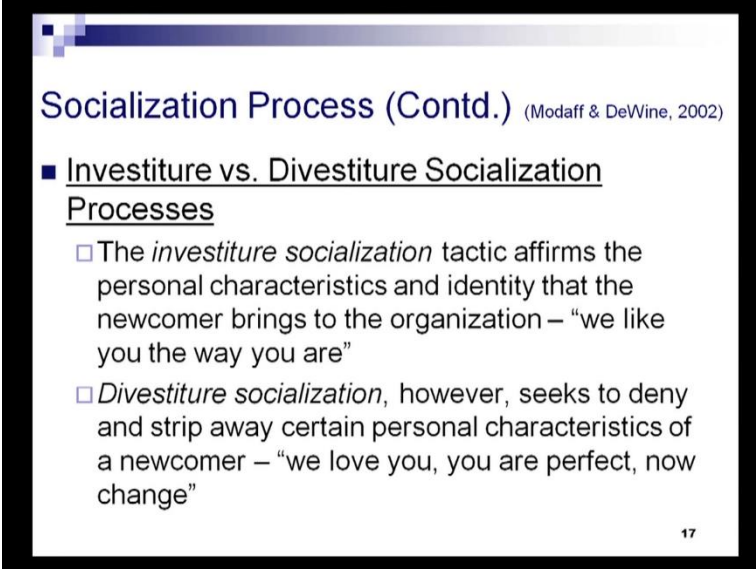
■ Serial vs. disjunctive socialization processes

- If an organization uses *serial socialization*, it uses an experienced organizational member, who occupies a similar role to the one the newcomer will occupy, to help “groom” the newcomer
- When the organization uses *disjunctive socialization processes*, no role models are available or are provided for the newcomer and the newcomer is left alone to discover the ins and outs of the position

16

Serial versus disjunctive socialization. So, in serial socialization, we have mentors. You come, you join the organization, you are assigned a formal mentor, who guides you through the processes. Disjunctive socialization processes means that, there are no role models. You just come, you join. You sort of, flap your wings. You wave your arms. And then, you suddenly learn to swim in the water. Metaphorically speaking. So, you are left alone, to discover the ins and outs of the position.

(Refer Slide Time: 17:09)



Socialization Process (Contd.) (Modaff & DeWine, 2002)

- Investiture vs. Divestiture Socialization Processes
 - The *investiture socialization* tactic affirms the personal characteristics and identity that the newcomer brings to the organization – “we like you the way you are”
 - *Divestiture socialization*, however, seeks to deny and strip away certain personal characteristics of a newcomer – “we love you, you are perfect, now change”

17

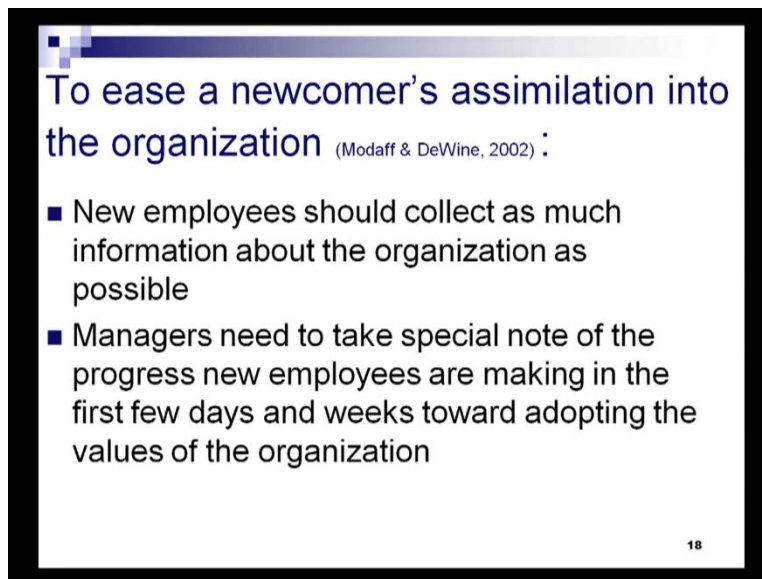
Investiture versus divestiture socialization. There is a very popular play, in the US, known as, I love you, you are perfect, now change. And, I have taken these words, from the title of the play. And again, investiture socialization tactic affirms, the personal characteristics and identity, that the newcomer brings to the organization. so, we say, we love you, the way you are. You have come with a specific set of skills, please remain distinct. Your uniqueness, your unique selling point is your distinctness here, the special characteristics, you have brought to this role.

Divestiture socialization says, or divestiture socialization practices are more like a melting pot, where you come in with your own characteristics, and literally have to change everything about those special characteristics. So again, this is a modification of the name of the actual play. And so, the message, that is given to the newcomer is, that yes, we hired you, because of your special characteristics. But now, you need to change. We love you, you are perfect. Now change,

because you become a part of this organization. And, I am telling you all this, because these things, have an implication for a human resources manager's.

Human resources manager's need to know, how people have been socialized. And, how the socialization may have impacted the way, they feel about the organization, and maybe even organizational effectiveness.

(Refer Slide Time: 18:54)



To ease a newcomer's assimilation into the organization (Modaff & DeWine, 2002) :

- New employees should collect as much information about the organization as possible
- Managers need to take special note of the progress new employees are making in the first few days and weeks toward adopting the values of the organization

18

How do you ease a newcomer's assimilation, into the organization, from the perspective of the new employees? If you are a new employee, collect as much information, about the organization as possible. Again, the role of the HR manager is very important here. That, the HR manager can help the new employee, collect the information that, she or he requires, in order to become familiar, with the organization.

And, managers need to take special note of the progress, new employees are making, in the first few days and weeks, towards adopting the values of the organization. So, maybe as a manager, an HR manager can advise, these immediate supervisor of the new employee, to help them become comfortable.

(Refer Slide Time: 19:41)

To ease a newcomer's assimilation into the organization (Contd.) (Modaff & DeWine, 2002) :

- As a new employee, you must assess how much of your own culture you are being asked to set aside in order to adopt the culture of the organization
- Managers need to consider each new employee and determine what approach will work best, remembering that the organization must make some adaptations to its new members as well as expecting adjustments from them

19

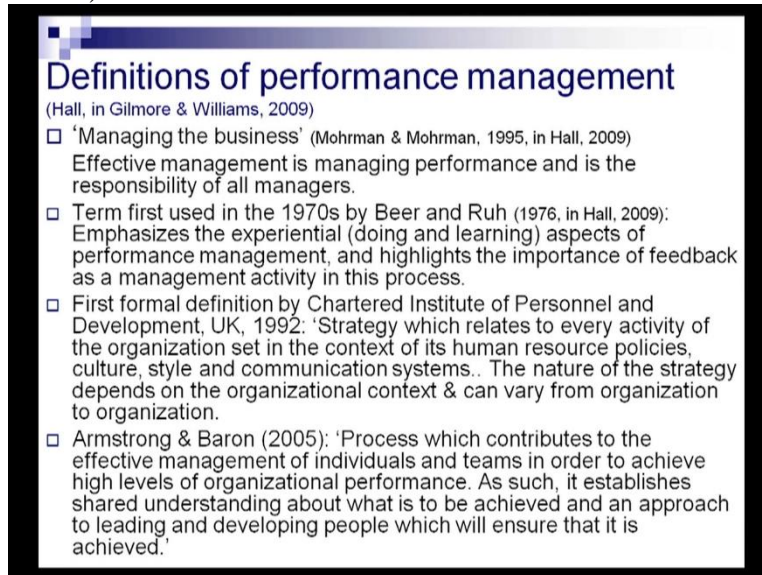
As a new employee, you can assess, how much of your own culture, you are being asked to set aside. And, that can have implications for your satisfaction. We talked about, the job characteristics theory, in the previous, in the second lecture. And, this really relates to that. How much of your own comfort level, are you being asked to set aside, in order to become a part of the organization. You find yourself in. So, that is something, one needs to assess. Managers also need to consider, where to draw the line. How much, we need to expect, somebody to change.

(Refer Slide Time: 20:22)

Managing Performance

How do you manage performance? Now, that you have become a part of the organization, you are in. Or, you have taken in employees, and they have sort of learned the ropes, and they have started working. Now, what next. The next thing, that comes is performance. How do we manage performance?

(Refer Slide Time: 20:42)



Definitions of performance management
(Hall, in Gilmore & Williams, 2009)

- 'Managing the business' (Mohrman & Mohrman, 1995, in Hall, 2009)
Effective management is managing performance and is the responsibility of all managers.
- Term first used in the 1970s by Beer and Ruh (1976, in Hall, 2009):
Emphasizes the experiential (doing and learning) aspects of performance management, and highlights the importance of feedback as a management activity in this process.
- First formal definition by Chartered Institute of Personnel and Development, UK, 1992: 'Strategy which relates to every activity of the organization set in the context of its human resource policies, culture, style and communication systems.. The nature of the strategy depends on the organizational context & can vary from organization to organization.
- Armstrong & Baron (2005): 'Process which contributes to the effective management of individuals and teams in order to achieve high levels of organizational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved.'

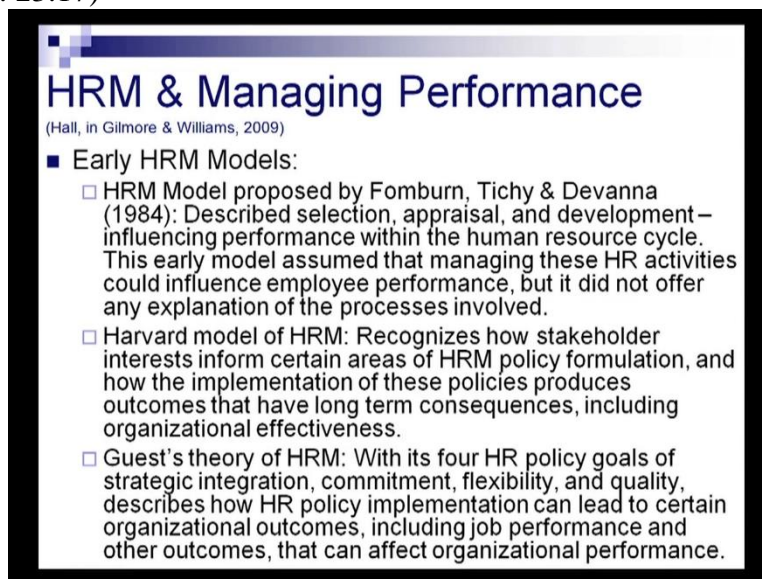
Definitions of performance management. Performance management has a lot going on. So, managing the business, there is a paper by Hall, in the book by Gilmore and Williams. And, in this paper, various definitions of performance management have been proposed. The first is managing the business, which is effective management is managing performance, and is the responsibility of all managers.

So, the ultimate output. Every aspect of the business, managing every aspect of the business, input, operation, output, evaluation. Everything is, becomes a part of the performance management. This term was first used in the 1970's by Beer and Ruh. And they, who emphasized the experiential aspects of performance management, and highlighted the importance of feedback, as a management activity, in this process. So, how much did people learn, and how much did they do, were the two criteria, that were used for assessing performance management.

The second, the next part of this is, the first formal definition by, Chartered Institute of Personnel and Development, UK, 1992. They defined performance management as a strategy, which relates to every activity of the organization, set in the context of its human resource policies, culture, style, and communication systems. So, they say that, the nature of strategy, depends on the organizational context, and can vary from organization to organization.

Armstrong and Baron propose that, performance management is a process, which contributes to the effective management of individuals and teams, in order to achieve, high levels of organizational performance. So, as such, it establishes shared learning about, what is to be achieved, and an approach to leading and developing people, which will ensure that, it is achieved. So, various definitions. One focuses on the performance, the other focuses on outcomes, the other focuses on strategy. Yet, another focuses on, the process involved in getting from, the stage of planning the goal, to achieving it.

(Refer Slide Time: 23:17)



HRM & Managing Performance
(Hall, in Gilmore & Williams, 2009)

- Early HRM Models:
 - HRM Model proposed by Fomburn, Tichy & Devanna (1984): Described selection, appraisal, and development – influencing performance within the human resource cycle. This early model assumed that managing these HR activities could influence employee performance, but it did not offer any explanation of the processes involved.
 - Harvard model of HRM: Recognizes how stakeholder interests inform certain areas of HRM policy formulation, and how the implementation of these policies produces outcomes that have long term consequences, including organizational effectiveness.
 - Guest's theory of HRM: With its four HR policy goals of strategic integration, commitment, flexibility, and quality, describes how HR policy implementation can lead to certain organizational outcomes, including job performance and other outcomes, that can affect organizational performance.

Some, the connection between, human resources management and performance. Some models that were proposed, the first model here, that is referred, is the model proposed by, Fomburn, Tichy & Devanna, in 1984. That describes, selection appraisal and development. That talked about, influencing performance within the HR cycle. So, this model assumed that, managing these HR activities could influence, employee performance. And, they said that, it is you know,

performance management is a function of, selection of the employees, of giving feedback, of monitoring their performance, which is appraisal and development of their skills.

So, they said that, once we take care of these three the employee performance, overall can be improved. But, it did not offer any explanation of the processes involved. So, I did not talk about the processes involved, in each of these three aspects. Harvard model of HRM recognized, how stakeholder interests could inform, certain areas of HRM policy formulation. And, how the implementation of these policies produced outcomes, that have long-term consequences, including organizational effectiveness.

So, Harvard model said that, emphasized on the interests of the stakeholders. Emphasized on the, what the people doing the work, and the people being affected by the work, that was done. Who were being, their personal characteristics, and their interests were. And then, how these interests led to influence the policies, that were formed in the organization, regarding the management of the people, who were working in these organizations.

Then, we had Guest's theory of HRM. Which described, how HR policy implementation, could lead to certain organizational outcomes. So again, this talked about, the influence of policy on organizational outcomes. How the rules and the procedures and the policies, that are laid down, influence, what ultimately happened. And how that, the outcomes, the end result, and how looking at the end result, or an understanding of the end result, influenced the employee and the performance of the employees.

(Refer Slide Time: 26:08)

HRM & Managing Performance (Contd.)

(Hall, in Gilmore & Williams, 2009)

- Strategic HRM (Boxall & Purcell, 2003): Strategic HRM is about how HRM influences organizational performance. Strategic HRM 'positions' the strategic responsibility for managing performance within HRM, which has influenced the development of the role of HR managers and helped to define the nature of their interaction with other managers.
- The business partner model of HRM (Ulrich, 1997): Conceptual framework that describes how HRM operates as a business partner within organizations. Areas where HRM can 'partner' the business in contributing towards achieving the organizational aims: Strategic partner, human capital developers (strategic), functional expert, employee advocates (operational), and HR leader at the centre spanning all areas. Model describes how HR managers can work in partnership with other managers to develop and implement coherent and integrated performance strategies, based on HR policies and practices, to achieve common business goals.
- People & performance model (Boxall & Purcell, 2003): Performance is a function of ability (A), motivation (M), and opportunity (O)

Strategic HRM again. We will talk more about this later. But, it is essentially about managing human resources in such a way that, every aspect, of every stage, in an organization's life cycle is, seen in conjunction, in line with the interests of the people, who are working on that aspect. Then, we have a business partner model of HRM, which is a conceptual framework. That describes, how HRM operates as a business partner within organizations.

So, HRM is an essential integral part of any business. But, business partner model of HRM, sees this department as, not really as an assistive department or activity. It sees human resources management as an equal shareholder, an equal stakeholder, in the process the organization is involved in. People and performance model says that, performance is a function, is a function of abilities, motivation, and opportunities. So, various people have said various things, have proposed various ideas regarding, managing performance.

(Refer Slide Time: 27:36)

Whose responsibility is the management of performance? (Hall, in Gilmore & Williams, 2009)

■ Performance related work practices

(Purcell, 2003, in Hall, 2009)

- Careful/ sophisticated recruitment and selection
- Job security
- Emphasis on providing career opportunities
- Appraising each individual's performance and development
- Training and learning/ development
- Pay satisfaction
- Work life balance
- Job challenge/ job autonomy
- Teamworking
- Involvement in decision-making
- Information sharing and extensive two-way communication

Now, whose responsibility is the management of performance. Who decides who is going to be affected? Performance-related work practices include, careful selection, recruitment, job security, emphasis on providing career opportunities. Assessing, how people are working, if they are doing well, they should be rewarded. If they are not doing so well, reasons should be found out, for why they are not doing well. And, helping people achieve their, maximum potential, training, and learning, and development.

People need to be satisfied with the salaries, that they have been paid. They also need to be, able to achieve a balance, between their work and personal lives. They also need some challenge in their jobs. They also need some autonomy in their jobs. Teamwork is another one. So, helping people work in teams, and finding out, why if at all they are uncomfortable with working in teams, involvement in decision-making, is another one. Information sharing, and extensive two-way communication, is yet another one.

So anyway, all of these things are again, these are the responsibilities of the human resources personnel. And, because all of these, work practices are going to be affected, by the kind of work that human resources personnel do.

(Refer Slide Time: 29:06)

Performance management in practice
(Hall, in Gilmore and Williams, 2009)

- Performance management system: Organizational framework or model that supports the integration and implementation of processes to facilitate the strategic management of performance
- Armstrong & Baron (2005): Characteristics of an organization that indicate the existence of a performance management system:
 - It (the organization) communicates a vision of its objectives to all employees
 - It sets departmental and individual performance targets that are related to wider organizational objectives
 - It conducts a formal review of progress towards these targets
 - It uses the review process to identify training, development, and reward outcomes
 - It evaluates the whole process in order to improve effectiveness
 - It uses formal appraisal procedures as a way of communicating performance requirements that are set on a regular basis

Performance management in practice. Performance management systems are developed. We will talk more about this in detail in the next class.

(Refer Slide Time: 29:19)

Performance Appraisal

Now, we come to performance appraisal. What is performance appraisal?

(Refer Slide Time: 29:28)

What? (Hall, in Gilmore & Williams, 2009)

- **Background**
 - Came into prominence in 1960s with the introduction of MBO
 - Gained substantial popularity in 1990s
- **An exercise undertaken by organizations typically annually to map actual performance with goals decided previously** (Cascio, 2003)
- **Psychological principles of Performance Appraisal** (Kersley et al, 2006, in Hall, 2009):
 - Adequate feedback as to how they are performing (knowledge of their output)
 - Clear attainable objectives
 - Involvement in the setting of tasks and objectives

Performance appraisal is, it came into prominence in the 1960's, with the introduction of, management by objectives, a program by, in which management was done by objectives. It came substantial popularity in the 1990's. So, it is an exercise undertaken by organizations, typically annually, to map actual performance, with goals decided previously. Now, many organizations, you will find that, the goals of every single employee are mapped.

Every employee is asked, or informed as to, what is expected of her or him, in the next year. And then, at the end of that, either financial year or calendar year, employees are brought, face to face with their supervisors. Employees come and meet their supervisors. And, maybe a meeting takes place, or an interview takes place, or feedback is taken in writing, from employees. And, they are asked as to, how much they have been able to do.

And, if they have not been able to perform to their fullest potential, why they have not been able to do so. And, if they done, better done, what was expected of them, then they are rewarded. So, that is called as performance appraisal.

Now, psychological principles of performance appraisal are, it should involve adequate feedback, as to how they are performing. Knowledge of their output, should be an integral part of performance appraisals. It should have clear attainable objectives. Performance appraisals should

have some targets. it should be taken on, with the idea of either helping, improve employee's performance, or rewarding them for excellent performance.

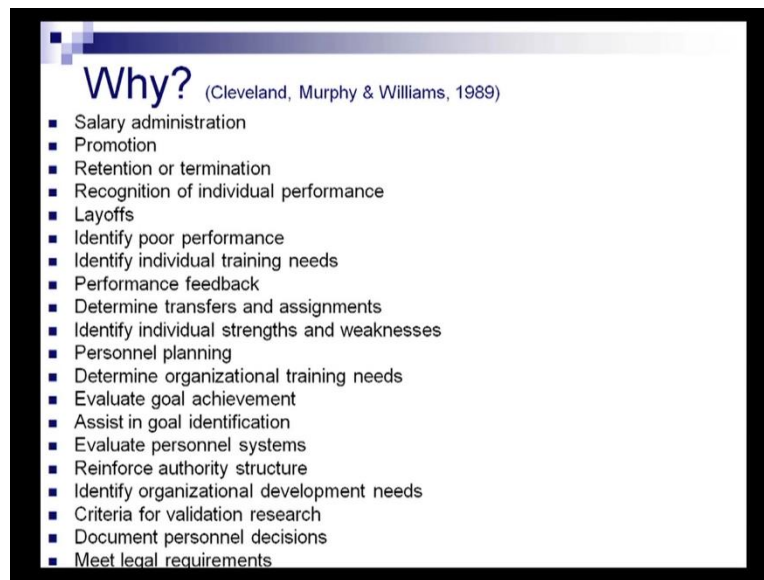
And, it should be involved, in the setting of tasks and objectives. Everybody cannot have the same kind of background, same kind of achievement, same kind of potential, the same kind of output. So, performance appraisals needs to be, made a part of the setting of tasks and objectives, in line with, how the employee has been able to perform within that organization.

All of us may be excellent performers. But, in certain settings, our performance tends to get better. And, in certain other setting, our performance tends to go down. It is not a function of, who we are. It is also a function of, how the environment that we function in, responds to us, responds to our efforts, towards it. So, all that should be taken into account, while setting targets and objectives. And, it should be taken into account, when our supervisors ask us to do certain things. They should also take our ability, and inclination, willingness, to do what we are being asked to do.

So again, as human resources, as students studying human resources, I think it is very important for you to understand these implications. So, you are more sensitive to the needs of the people, you end up working for. If you become a human resources manager, you should know, what is going to affect the employees in the organization, that you are working. So, that you can get the maximum, get the employees to access to work to their maximum potential.

And, not really feel that, they are working that hard. And, so that, employees are able to achieve their maximum potential, without really realizing that, they are doing it. And, they are rewarded, when the out-perform, the expectations of their superiors, which is unfortunately, not really done a lot, in many organizations.

(Refer Slide Time: 33:31)



Now why. Why should we, or the uses of performance appraisal again, you will say that, this is all a repetition. But, there are subtle differences. One is salary administration.

When I talked about involvement in the setting of tasks and objectives, I essentially meant that, how these tasks and objectives, can eventually lead to various other things. So, salary administration.

We need a performance appraisals. In many places, have been used to declare bonuses. So, everybody, has a base pay. And, the bonuses are decided, on the basis of, what the employee has been able to achieve. Promotions, Retention or Termination. If you take in an employee, and the employee does not perform. Shows no improvement, does not do anything, does not make any progress. Then, why should the employee be kept. The employee should be fired.

Recognition of individual performance. So, if somebody outperforms others, then that person should be recognized also. Layoffs, you will say, hiring and firing, termination and layoff, is the same thing. But, layoffs in mass. So, retention or termination of individual employees. Or, bulk layoffs, bulk termination of employees, performing below a certain level. Identification of poor performance, identification of individual training needs.

If some employees performing very well in one sector, one area, but not really doing so well in another area, then it would help to give them the training, they require to become better

performance, feedback telling people, how they are doing. Determining transfers and assignments, that would be another aspect of this.

Identifying individual strengths and weaknesses. Personnel planning, how many people, do we need for a particular task. How many jobs are required to finish a particular task, or achieve a particular objective. So, how many people, do we need. What kinds of skills, do they need to have. All of this information, can also be gathered, from the performance appraisals.

We know that, say most of the employees, for example, are able to work. You know, the official timing is about eight hours. But, considering the extreme weather conditions, maybe it is too hot, and there are power cuts, maybe it is too cold, and there is ice and snow on the road. And, people need to, you know, they can try as hard as they want. But, they are not able to get to the office, before 10:00 or 10:30 in the morning. And, they have to leave by 5:00 or 5:30 in the evening. And, they also need, about half an hour to 45 minutes to have their food.

So, you can keep thinking that, we will have an eight-hour day, and take Saturday and Sunday off. But, maybe the weather conditions, do not allow it. So, how many people do you need. May be sort of, instead of shrinking the work week, you expand it. And you say, you come at eleven, you leave at, six in the evening, or five in the evening. But then, in lieu of that, we will have a full day, working day on Saturday, to make up for the time, we may have lost.

So, you know, those things, those adjustments, can only be done through performance appraisals. When you come to know that, a lot of people are not able to perform, to their full potential. Or, you may, the other side of it, may be that, you hired a lot of people, who you think, you may have initially thought that, people may not be able to do a particular task. But, because you have been lucky with your hiring, you have been able to hire, to select employees with certain qualifications, certain energy levels. And, they are doing better than, you expected them to do.

And again, you know, the employees will not like that. What I am going to say now. But then, you could may be, increase the workload of, further of employees in future, and not hire so many people. Or, you could redistribute the work, among a fewer employees, and give the remaining

employees, some specialized training and give them, something else to do. So, all that counts as personnel planning. And then, determining organizational training needs, many of us have seen a life without computers, without cell phones. And, I have mentioned this earlier also.

Now, you know, with the advent of computers, with the advent of the internet, with the advent of cell phones, a lot of things are happening online. And employees, who have been used to this old-style, Remington typewriters, that go, cut, cut, cut and they use rice paper for printing. And, used to have the cyclostyle machines. Now, none of that, is in use anymore.

And, people are learning how to use the computer, which most of the times ends up, just being used, like an electronic typewriter. But, sending emails, responding to emails promptly. Keeping records of the information, received through emails of people, may need training on an organizational level. And, that should be facilitated.

Evaluate goal achievement. Again, assist in goal identification. Whether they have been able to achieve, what they started out to achieve. Assisting people in goal identification. Finding out, what they should plan to do, within the next year. Reinforcing authorities evaluate personnel systems. Reinforce authority structure, who is boss, who is number two, who is the caretaker of different aspects of different departments, etcetera. And, reminding people, who they are answerable to.

Identify organizational development needs. So, by speaking to individual people, one can find out, what the organization may be looking for as, a whole criteria for validation research, documenting personnel decisions. And, if you need to fire somebody, you need to be, able to write down. So, appraisal serve as an excellent tool. Document decisions, whether to fire them, whether to promote them, whether to reward them, whether to punish them, and meeting legal requirements, of course.

(Refer Slide Time: 40:10)

Aims of appraisal (Hall, in Gilmore & Williams, 2009)

- Communication
 - To provide an opportunity for open two – way dialogue (feedback) about all aspects of individual performance
 - To discuss & clarify expectations, roles, aspirations, & any issues affecting performance
 - To focus on how the individual with the support of the organization contributes to the aims of the business
- Development
 - To identify opportunities for professional development linked to the employee's role and career aspirations
 - To provide training, learning, and development opportunities to enable employees to contribute to the performance of their organization and to enhance their career opportunities
 - To develop individuals in line with organizational succession planning
- Motivation
 - To influence motivation positively by providing feedback, recognition & praise
 - To identify and provide opportunities for development, including appropriate learning & training
 - To empower people by encouraging them to commit & take responsibility for tasks and objectives, and to feel that they have the personal and organizational resources to achieve their objectives

Some aims again. Communication, feedback, getting feedback from the employees, regarding the work, that they are doing, regarding their comfort levels, and giving them feedback. On how the, what the organization expect from them, getting feedback from them, regarding the support, they might need development. To identify, opportunities for professional development and motivation.

If you provide positive feedback, praise an employee, it always helps. It always pushes the employee, in a direction in which, that can be taken up. It always provides that energy, that any employee needs to move forward. So, appraisals are, if done, if carried out properly, they are very-very, positive. And of course, for empowering people, by encouraging them to commit. So, you can reinforce things that, people may have missed.

(Refer Slide Time: 41:20)

Identifying performance dimensions

(Gomez-Mejia, Balkin & Cardy, 2012)

■ Employer perspective:

- Despite imperfect measurement techniques, individual differences in performance can make a difference to company performance
- Documentation of performance appraisal and feedback may be needed for legal defense
- Appraisal provides a rational basis for constructing a bonus or merit system
- Appraisal dimensions & standards can help to implement strategic goals & clarify performance expectations
- Providing individual feedback is part of the performance management process
- Despite the traditional focus on the individual, appraisal criteria can include teamwork & the teams can be the focus of the appraisal

Identifying performance dimensions. How do you identify the performance dimensions, from the employer's perspective? Individual differences in performance, can make a difference to the company of, to the company perspective. So, employers want their employees to understand, how much they need to do. And, every little bit, from the perspective of individual, employees contributes, adds up and contributes significantly, to the development of the organization.

So, a manager's need to, they understand this, and they just need to convey this, to their employees, that every little bit. Employees may say, okay, well, if I do my work properly, but so-and-so does not, it is not going to make a difference. And, it is up to the managers, to convince their employees, through the appraisals. That, every little bit, every little contribution, is going to add value to the organization.

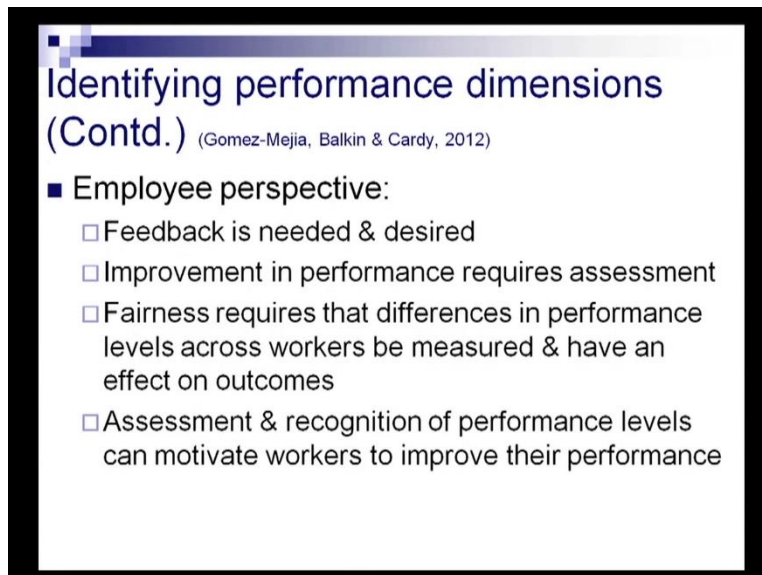
And, documentation of performance appraisal and feedback, may be needed for legal defense, especially in the case of negative reinforcement or termination. Because of this, performance dimensions are very important. Clear-cut guidelines, clear-cut written down statements regarding, what is expected are important. The appraisal system provides, a rational basis for constructing, a bonus or merit system.

If you want to reward employees, it is always nice to quantify things. It is always nice to tell them ahead of time, what is expected of them. And, to remind them that, they have been given

something, because they were able to achieve XYZ. Appraisal dimensions and standards can help to implement, strategic goals and clarify performance expectations.

So, you set a goal, and people will try, and achieve that goal. And, once the boundaries are defined, and you tell your employees that, this is what they can do, and this is what they are not supposed to, what they do not need to do. It becomes easier for them, to work towards, reaching those goals. And understanding, what the organization expects from them. Providing individual feedback is part of the performance management process.

It is very-very essential to give individual feedback to the employees. Despite the traditional focus on the individual, appraisal criteria can include teamwork, and the teams can be the focus of the appraisal. But, individual feedback is also, just as essential to give the team, a feedback, as a whole. But, individual feedback should also be given. From the employee's perspective, every employee wants feedback.



Identifying performance dimensions
(Contd.) (Gomez-Mejia, Balkin & Cardy, 2012)

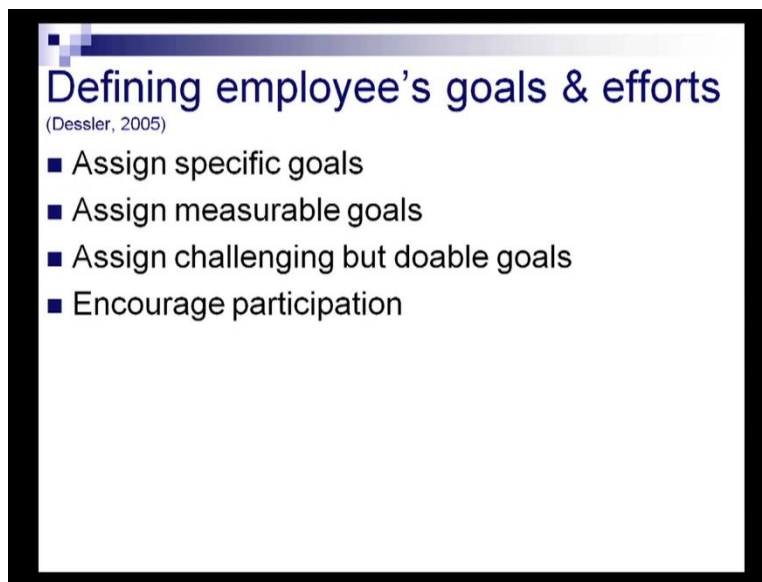
- **Employee perspective:**
 - Feedback is needed & desired
 - Improvement in performance requires assessment
 - Fairness requires that differences in performance levels across workers be measured & have an effect on outcomes
 - Assessment & recognition of performance levels can motivate workers to improve their performance

(Refer Slide Time: 44:10)

Appraisals can lead to improvement in performance. Why because, we all want to know, where we stand, from the perspective of the people, who are paying us, our salaries. Fairness requires that, differences in performance levels, across workers be measured, and have an effect on outcomes. How will I know that, the work that I am doing, is not useful for the organization.

Only, when my superior calls me, and tells me that, this is something, you should not be doing. Only then will, I realize this. So, it is very essential. Assessment and recognition of performance levels can motivate workers to improve their performance. I have mentioned this earlier, and I will mention it again. Repeat this, for any human resources manager. It is absolutely essential, to assess the performance level, and recognize levels that are higher than expected.

(Refer Slide Time: 45:18)

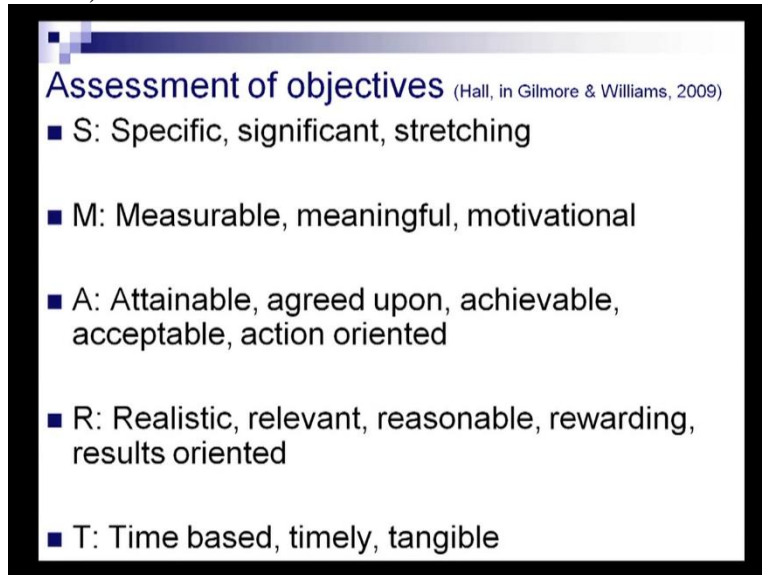


How do you define employee's goals and efforts? You assign specific goals. You assign measurable goals. The goals that you assign, should be measurable, should be tangible, should be clearly defined. They should also be challenging, but doable. They should not be undoable. You cannot, ask an employee to work for, say 50 hours, 60 hours a week, for a full year. If the other employees are expected, only to put in, say, on an average, about 40 hours a week. That, I think would be unreasonable.

But, asking the employee to work, say, maybe up to 50 hours a week, say, may be once a month. May be possible, may be. And you know, telling them that, and of course, adding more remuneration, or telling them to, depending on the kind of employees, that are hired. You know, the work should be, you cannot obviously expect, all the employees to file patents, every month,

that may be little unreasonable. But then, such goals can be decided. And, of course, in consultation with, what the employees can do. They should be challenging, but they should not be undoable. And, one should also encourage participation, from the employees in deciding their goals.

(Refer Slide Time: 47:02)



How do you assess objectives? An acronym. I am not a big fan of acronyms. But, this seems to be the one, very popular in the industry. So, I will use this here. We assess objectives by the smart method. S stands for, specific objectives, should be specific, significant and stretching. They should have room for flexibility, for increasing, other things to be covered in their ambit. They should be measurable, meaningful, and motivational. There should be some tangible, some quantifiable aspect to the objectives. They should have some meaning for the employee. And, objectives should be such that, the employee is motivated to work towards them.

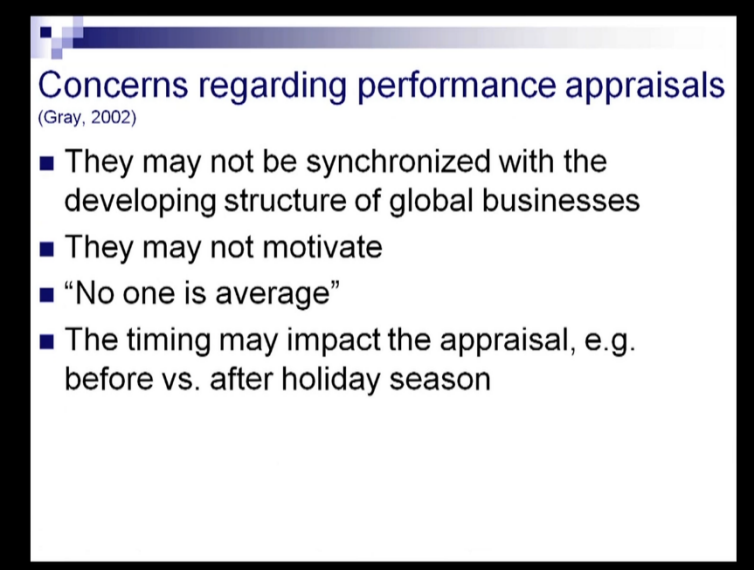
And then, objectives should be attainable. They should be agreed upon mutually, by the employee and the employer. They should be achievable. They should be acceptable to the employee. And, they should be action oriented. you cannot say, you should better your performance, next year. Yes, how so? Performance in which field? How will you measure this better performance? So, or you know, stretch yourself to the limit. I mean that, such a vague random statement. But, you tell people that, this is expected of them. And then, it will be more measurable, and more action oriented.

So, you tell them that, you will need to go from point A to point B. And, they will be, they will know, what to do. They should be realistic, relevant, reasonable, rewarding, and results oriented. And, achievability, directly related to, the realistic aspect. They should be relevant to, what the employee knows, and what the employees working towards. They should be reasonable again, achievable. They should be rewarding. There should be some positive aspect to them. Something that keeps motivating the employee, to keep going. And, they should be results oriented.

There, they should be time-based, there should be a timeline. So, please finish X in so many months, please finish Y in so many months. They should be timely. The objectives that are set, should be set in conjunction with, what is currently happening in the organization. And, they should be tangible.

By tangible, I do not really mean, touch. I mean, it is not about physically touching, an objective. But, one should be able to see the effects, from beginning to end. Employees like to see, how their efforts, what their efforts, have produced. So, the beginning and the end of the work, that employees put in, should be visible to the employees.

(Refer Slide Time: 50:23)



Concerns regarding performance appraisals
(Gray, 2002)

- They may not be synchronized with the developing structure of global businesses
- They may not motivate
- “No one is average”
- The timing may impact the appraisal, e.g. before vs. after holiday season

Some concerns, regarding performance appraisals are that, some employees feel that, performance appraisals are not synchronized, with the developing structure of global businesses. People feel that, the performance appraisals are not really, in line, or they are not in sync, as we say. Because, appraisals measure, what you could have done. But, appraisals in many times, do not take into account, the current challenges, that people may have faced, while trying to achieve, certain objectives. And, things are changing, so fast.

The current global business environment is so dynamic. That has, so many influences on, what people can do, what the organization expects them to do. So, finding a match between these things, becomes difficult. They may not motivate. Especially, performance appraisals only end up in negative reinforcement, negative feedback to the employees. Then, they may not motivate. How many of us want to be told, time and again, that you are not doing this so well, or if the information, that is discussed. If, whatever is discussed in performance appraisals, has been obvious, to the employee throughout.

For example, let us take the case of professors, we are told. Your feedback from the students, in this semester say, X in autumn semester, Y in spring semester, you published five papers. Out of which, three were in international journals, two were in national journals. You went on a conference. Yes, I know that, about myself. So, what is the new thing that, you are telling me. And, how is all this, that is going to, affect my position in the organization? is what, I would like to know, as an active member of the organization. What more would you like me to do.

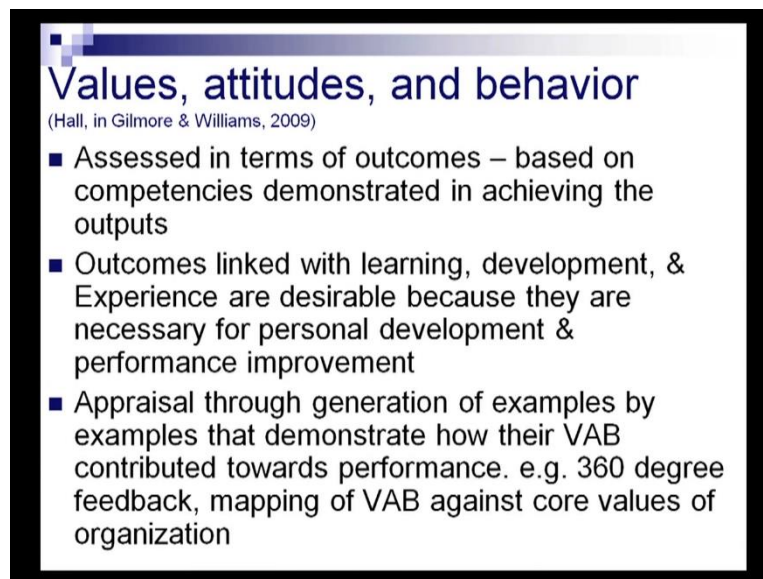
And so, if that is all, that an appraisal, a physical face-to-face appraisal tells me, or a written statement containing my appraisal tells me, then that is not really going to motivate me very much. Because, I have already know, all that.

No one is average, is another concern, that has been shared with, regarding performance appraisals. Which means, how do we define this Utopian average. How do we define, the benchmark for, who is average? And, that is something, that has been under fire, for a long-long time. People do not know, you know, where they stand, in terms of the performance. You know, who are they been compared to. And, how is this average being defined.

The timing may impact the appraisals. For example, just before the holiday season, people make it, very quick appraisals. So, people may get very fast, people may be appraised or people may get very good appraisals, just before the holiday season because the superiors are getting ready to go for a break, or just after the holiday season because people have had a very nice time.

But, very close to a deadline, appraisals may be very bad. So, the timing of the appraisal, may not really be a true reflection, of the actual performance. The timing of the appraisal is critical. Because the, an appraisal done at the wrong time, may not be an accurate reflection, of how a person has performed.

(Refer Slide Time: 54:27)



Values, attitudes, and behavior
(Hall, in Gilmore & Williams, 2009)

- Assessed in terms of outcomes – based on competencies demonstrated in achieving the outputs
- Outcomes linked with learning, development, & Experience are desirable because they are necessary for personal development & performance improvement
- Appraisal through generation of examples by examples that demonstrate how their VAB contributed towards performance. e.g. 360 degree feedback, mapping of VAB against core values of organization

Values, attitudes, and behaviors are something else, that have been under fire, as far as appraisals are concerned. And, they are assessed, in terms of outcomes, based on competencies, demonstrated in achieving the outputs. And, these outcomes are linked with learning, development, and experience. And, they are the ones, that are desirable because they are necessary for personal development and performance improvement. Appraisal through generation of examples by examples that demonstrate, how their values, attitudes, and behaviors, contributed towards performance. So, these become more important. For example, 360°

feedback, results, and mapping of values, attitudes and behaviors, against core values of the organization.

(Refer Slide Time: 55:24)

Traditional performance appraisals vs. 360 deg feedback (O'Boyle, 2013)		
Criteria	Traditional Performance Appraisals	360 Deg Feedback
Why?	To provide an evaluation on past performances from a single source	To provide an evaluation & feedback on behavior & development needs from multiple sources
Raters	Line manager	Peers, subordinates, self, line manager, external people & groups
Feedback	Line manager cannot have anonymity	Multiple sources of feedback are able to remain anonymous
Assessment	Quantitative & qualitative	Generally only quantitative
Outcomes	Salary, promotion, transfer, demotion, training & development	Strong focus on training & development in order to improve future performance. May also be linked to compensation
Frequency	Annual	Continuous
Applicability	All employees	All employees

360° feedback is the feedback, that is given by, superior, subordinates and peers, to an individual. I will come back to the table, another time. (Refer Slide Time: 55:39)

- ### Typical employee reactions to performance appraisals (Cascio, 2003)
- Employees are often less certain about where they stand after the appraisal interview than before it
 - Employees tend to evaluate their supervisors less favorably after the interview than before it.
 - Employees often report that few constructive actions or significant improvements resulted from appraisal interviews
 - Employees feel that the authoritarian “tell & sell” approach, so common in appraisal interviews, is completely out of step with today’s emphases on empowerment and workplace democracy

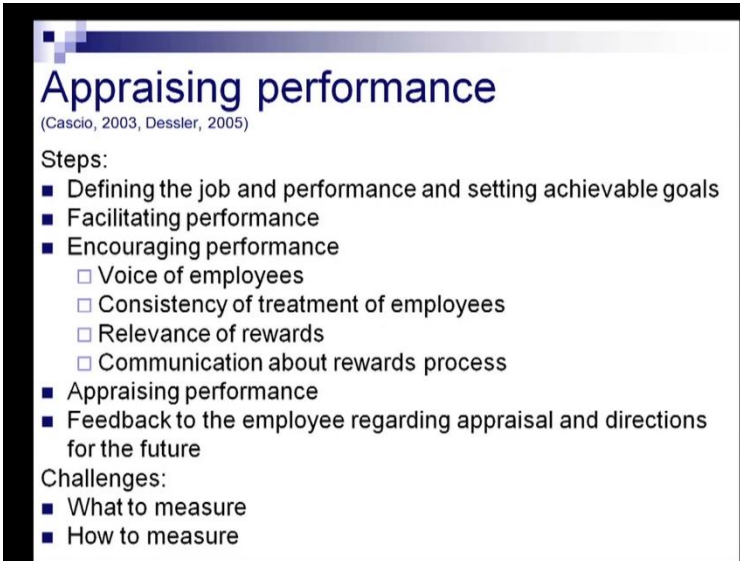
But, traditional performance appraisals are, usual question and answer, sessions, with the immediate supervisor. 360° feedback is, when feedback is given by superior, subordinates and peers. So, I will come back to it, in the next session, when we discuss, different types of appraisals. Today, we will end the session, with maybe, I will tell you about, how typical employees respond to performance appraisal.

Employees are often, less certain about, where they stand, after the appraisal interview, than before it. It because they are given, very random, vague statements. Employees tend to evaluate their supervisors, less favorably, after the interview, than before it. Especially, the appraisal contains, a lot of negative feedback. Employees often reports that, few constructive actions, or significant improvements, resulted from appraisal interviews.

Again, in most cases, supervisors or superiors see, appraisals as a way, to pull down the employees, to point out their mistakes, and not really appraised their positive points. Because, they feel that, if an employee has performed well, that is what is expected of them. But, only when an employee does not perform well, or they expected, should they be told. And, that is, I think in, not very right. We are all human beings, and we all need a pat on the back. But, that is one reason.

Employees feel that, the authoritarian tell and sell approach, so common in appraisal interviews, is completely out of step, with today's emphasis, emphases on empowerment and workplace democracy. Somebody says, this is what I needed you to do, and now you go and do it. And, that really does not work.

(Refer Slide Time: 57:28)



Appraising performance
(Cascio, 2003, Dessler, 2005)

Steps:

- Defining the job and performance and setting achievable goals
- Facilitating performance
- Encouraging performance
 - Voice of employees
 - Consistency of treatment of employees
 - Relevance of rewards
 - Communication about rewards process
- Appraising performance
- Feedback to the employee regarding appraisal and directions for the future

Challenges:

- What to measure
- How to measure

How do you appraise performance? So, I will end the presentation with this slide today. What do you do, when appraising performance? Define the job in performance, and set achievable goals, facilitate performance. Tell employees, what you expect of them, what they should expect from the organization, that there are, a part of. How they can, you know, achieve the goals so, and give them all the support, they need.

Encourage performance by giving them a voice. Listen to, what they say. Except, what they say, incorporate, what they say, in your decisions, treat all employees consistently. Do not have, in groups and out groups, and blue white boys. And, that does not work. The rewards, that are given to employees, should be relevant, to what they currently need. And, what they can do, with those rewards. Communicate in advance and communicate clearly, about the process of rewards. Appraise the performance. For heaven sake, please do not point fingers, at the personality of the employee.

Do not make personal comments, under somebody's personality. So, disturbing that, it disturbs the environment. It may, even then, it would be helpful, to just tell them that, you know, what you are doing, may be disturbing for others. Give feedback to the employee, regarding appraisal, and directions for the future. This is what, I am going to assess. This is what, I would like you to do in future. Some challenges here are, what to measure and how to measure. And, we will talk more about, these challenges in the next session.

(Refer Slide Time: 59:09)

Purposes of performance appraisal systems (Cascio, 2003)

- Appraisals provide legal and formal organizational justification for employment decisions
- Appraisals are used as criteria in test validation
- Appraisals provide feedback to employees
- Appraisals can help establish objectives for training programs
- Appraisals can help diagnose organizational problems

(Refer Slide Time: 59:09)

Requirements of effective appraisal systems (Cascio, 2009)

- Relevance:
 - Clear links between the performance standards for a particular job and an organization's goals
 - Clear links between the critical job elements identified through a job analysis and the dimensions to be rated on an appraisal form
- Performance standards: Translation of job requirements into levels of acceptable or unacceptable
- Sensitivity: Capability of a performance appraisal system to distinguish effective from ineffective performers
- Reliability: Consistency of judgment
- Acceptability by employees
- Practicality: Ease of understandability and use of appraisal instruments

But, this is really, what I would like you to go through, and mull over, and think about today, at the end of this session. We will take it from here, in the next session. So, do think about the appraisal process, and if possible, a big online, and find out, what kinds of appraisals are there. And, if you have personal examples, please bring them to class and discuss them with your colleagues. And, we will take it from here, in the next class. Thank you very much for listening. Wish you all the best.