

HR Analytics

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Now we will see the another function and it is about the performance and we will try to understand the meaning of performance appraisal, difference between the performance management and the performance appraisal. The performance appraisal process, what are the different processes are there? how different organizations they are going for this type of these processes. Then the best practices of the employee appraisal in India and the benefits of the performance appraisal that is why the organization should go for this particular the one of the maybe the control techniques. Then the methods of the performance appraisal different methods are there we will compare we will try to understand their merits and demerits. then the potential appraisal it is not that what has been done and that we are evaluating many organizations now has started doing this type of appraisal that what can be done with that particular strength identifying the strength and the potential of the employee and how we can make the best use of that particular strength or of that particular employee in a in a future jobs. Then steps of this potential appraisal and the benefits of these potential appraisals that we will be talking about that.

So, first we will start with the meaning of performance appraisal is there right. So, here you see that is the the performance that is a purposeful. P is for the purposeful and therefore in that case it is a step where the management finds out how effective it has been hiring and the placing employees. Whenever we are talking about that is the how effective is there, so how will we measure? We measure with the purpose.

That is whether the purpose have been served or not. Every time you see that we have been talking like this that is the okay whatever your action is there it is having certain meaning or purpose or not. If it is having certain meaning or purpose then definitely in that case we will talk about that is the yes the meaning has been becomes the purposeful is there. Then the empowerment is there. Now, when we are asking a particular employee to do a particular job naturally that he should have a certain rights and when we are providing the rights with that particular job profile to that employee.

So, then in that case it is empowerment is there. I would like to give very simple example. So, for any particular accountant if you allow him to sign a cheque up to rupees 30 lakhs then in that case that is your empowering, empowering that particular person to sign the cheque up to the 30 lakhs. Why? And the purpose is this that is he can do the job which that will be helping us to achieve the overall the organization's performance. Then naturally at the workplace nowadays you will see in modern techniques further and performance appraisal and that is the nowadays it is not the that the boss is making the appraisal only.

It is the peers, it is the subordinates, it is the colleagues, it is the superior, it is the stakeholders, other stakeholders, maybe the suppliers, maybe the outside customers, even they will make your appraisal and that appraisal will be taken into consideration. And therefore, it is the relationships that is how the person is having the relationship with the other including not only with the boss, but all the stakeholders who are coming across with his job. Then the flexibility F is for the flexibility is there and therefore, in that case nowadays the mantra. mantra for sustainability is the flexibility right and adaptability. When there is a flexibility and adaptability and then therefore in that case it is becoming the more and more sustainability is there.

Then the optimal performance is there ultimately So, all these enabling conditions, all this support what for? It is getting the performance is there. And therefore, that optimal performance when we get then we recognition and the rewards are provided to the employee and which is raising the moral of the employee. Again employee starts working with the double energy with the more enthusiasm and then his performance goes to the next level. So, therefore, ultimately by right from the purposeful to the moral is concerned and that is why you can see it is a systematic in objective way of evaluating both work related behavior and the potential of employees are there. unless and until you are not able to understand the potential of employee, then interpersonal relationship and the culture or you can say the managerialship or the leadership or will be failed.

So, therefore, we have to understand that that is the how performance appraisal which is increasing the relationship behavior and the potential of the employee itself. Now, theoretically different employees have defined the performance appraisal differently. Some of these important definitions we will understand and that is the performance appraisal includes all formal procedures used to evaluate the personalities and contribution and potentials of the group members. Please note it, that is it is not that is all formal procedures to evaluate. So, therefore, in that case, it is not the only the to evaluate but it is also for the identifying the potential.

when we are talking about the identifying the potential and the in a working organization then definitely it is a combination of performance and potential appraisal both according to the Dale Yoder. So, it is a continuous process to secure the information necessary for making the correct and objective decisions on the employees are concerned. So, here performance appraisal is not negative according to this definition. It is enhancing and supporting the data objective decisions of the employees are concerned. Now, when we are talking about the new storm, it is a process of evaluating the performance of employees, sharing that information with them and searching for ways to improve their performance is there.

So, here we will find that is the that information sharing with the all connected stakeholders and finding out that is the how we can improve the performance is there. Now you can compare the both the definitions. So, the first definition when we are talking about and that is talking about the evaluator of the personalities are there while in the second definition the more focus is on sharing that information right. So, it is not that is the like traditionally. What was happening traditionally? The boss was making these appraisal and then keeping into the confidential as a confidential report CR.

And then it was not told, it is not to be known, it is not to be known even the employee whose performance has been evaluated that where the expectations are high whether he has match or he has not match. So, that constant feedback system was not there, but according to Newstrom it is a system which is made for the sharing that information with them and searching for ways. So, naturally when you are sharing information with your subordinate that you are lacking here. So, what he will is expected? He will try to develop himself in that particular area and when he will try to develop himself and the boss will help him to develop that particular area. So, here the performance appraisal is for the more more effective performance is there and not for the performance appraisal of the employee to show him that is the he is not a good performer.

So, this difference between performance management and performance appraisal, this is a very beautiful and interesting point. So, we have to understand what is a performance management. So, it is a processes used to identify these are the steps, identify ,encourage, measure, evaluate, improve and reward employee performance is there right. So, therefore, in that case when we are talking about the evaluate. So, evaluation or appraisal is the one of the steps of the performance management.

Because the performance management is to identify, encourage, measure and evaluate then improve and the reward employee performance is there. So, performance appraisal process is how well employees perform their jobs and then communicating that information to the employees are concerned. So, here that feedback is to be given. and which you see on the lower side of the slide this diagram has been given and therefore it is the performance rewards and development on the basis of the feedback is given. Again there will be the improvement in this particular performance again appraisal will be done and this managing all these steps that will be called the performance management.

Now how the performance appraisal helps in the other functions of the HR manager? The first and foremost is What we do in the appraisal? We identify his knowledge level, his skill level, his attitude level KSA and when we identifying this KSA then we decide the this is called the job evaluation also. But job evaluation is for the job and performance evaluation is for the employee that is a difference. So, here we are not evaluating the job, but when we are talking about the deciding the compensation we identify that what job he is doing. And therefore, in that case if you classify junior level employees, middle level employees, senior level employees or when you are talking about the scale, semi-scale, unscaled, you are talking about the technical, you are talking about the non-technical and whatever the classification of the E1, E2, E3 pay grades means then accordingly the compensation will be decided on the basis of this appraisal of the employee. So,

many times the person gets only single increment.

So, for the bad performers, many times increment is even not given, it is chopped, but that has to be informed legally, right? But increment is given or the single increment is given. Single increment means it is written, okay, okay, job. That is okay, fine, you are doing your job. So, you are getting these particular increments, but when you are doing the excellent job, So, you get the 1 plus 1, there is a two increments are there or much better than job, then you are getting the promotion, right. So, therefore, the performance appraisal is giving you that particular compensations.

On basis of this the promotion decisions are made that is the how you are making this particular decision and when you are making this particular decision that is the he has to be promoted because he has done the excellent job. Now, many times performance appraisal are giving you the identifying the strength and weaknesses of the employee. So, wherever the weaknesses or scope of improvement I will say not weaknesses maybe the scope of improvement is there and the appraisal you find that these are the areas where the employee is required to develop then the training and development programs that can be planned on basis of this particular appraisal. Then the feedback to the employee has to be given. is sometimes what happens that is employees working very hard, but boss is not happy.

So, what is the gap? And the gap is that is the employees hardworking is not in the direction or towards the expectation of the boss and that if it is not clear, if there is no clarity because of the perception. The follower that particular subordinate he is not clear with that particular perception that is what my boss wants. So, then feedback is to be given. So, a performance appraisal gives you the feedback. So, this is all about the objectives of these performance appraisal whenever we are talking about this particular performance appraisal method is there.

Now, what are the benefits for the individual? So, recognition of the past efforts, understanding the strengths, understanding the weakness, understanding the opportunities, understanding the threats and to know the developmental requirements and wherever the weaknesses he identifies, these are the areas maybe the gray areas you can say where he is required to get the more clarity or more training in development programs are required. So, therefore upliftment of the individual for it is necessary that it is a compulsory. So, still there is no doubt about it that is the employees they want to develop themselves and they want the feedback also. The team is concerned alignment of the efforts with the objectives are there and whatever the alignments are there. with this particular objectives that will create the team.

In my last class of MBA, I have done this particular exercise where we have identified the personalities and then we find out with the help of the FIRO B . whether the it is having the interpersonal relationship orientation, it is whether the express or wants is their total score has been taken and on the basis of that the team has been created. And this creation of the team that will be motivate to the team members because they are understanding each other and when you are making the team on the scientifically based, on the basis of your psychological skills, on the basis of your psychometric test, then definitely in that case, that team will be expected to be perform better. Now, the organizations are concerned. So, development of the human capital is there.

So, organizations they are having this particular development that is the whatever the human capital is there those who are able to perform or those who are having the high level of knowledge and skills. So, then definitely in that case you will be having the development of the human capital. And the best utilization of resources will be there where they will men, machine, material, money, method, minutes, all utilization that will be the best utilization will be there. Now, what are the different types of the performance information? So, trade based, behavior based and the result based are there. So, trade based is the attitude, initiative and the creativity is there.

Whether the employees they take the things positively or not, so therefore, when they you can say instruction, guidance or the orders which are supposed to be done then their perception that will play a very important role. If they are having the positive perceptions, positive attitude naturally that will become more useful will be there. Initiatives, so many times they say no I cannot, I will not, why not the other person does. And therefore, we will understand that he is a person who is not very highly motivated and he will not take the initiatives. Then there is a creativity and that creativity is about the positivity is there.

Now, this behavior based verbal persuasion is there and the timelines of the response is there. Now, this particular behavior based is that is the how you are verbally doing that and how are your responses and accordingly you take the decisions are there. Now, these result based are sales made, customer satisfaction and the cost reduction is there and that will be becoming the more useful is there. So, therefore, type of performance information will be from the less useful to the more useful will be there because that is becoming the result based is there. Now, when we are talking about the appraisal processes, taking corrective actions, establish the performance standards.

Now, it is a beautiful point and that is about the benchmarking practices. Unless and until you do not know how others are doing, how why the best are best. When you know the best are best then only you will be able to perform. So, therefore, you have to establish those performance standards and when those standards at your position, at your designation, at your level somebody else in the another company or in the same company is doing the much better, his output is much higher then that is to be communicate and then those standards are required to be placed. So, whenever you are comparing the actual performance with the standards and discuss the appraisal then definitely in that case you will measure the actual performance will be there and on basis of this actual performance you will be able to perform.

Now I would like to take a certain the case studies. One is the LARSEN and TOUBRO case study. So, engineering major LARSEN and TOUBRO has developed a competency matrix which is the 73 competencies. And the organizations can identify the major competencies which are required for their particular job of the organization. And that vary across the manager levels to measure performance and guess developmental needs of the employees are there.

So, each listed competency has associated knowledge, skills and attributes. The company appraises individual employees on the listed competencies and zeroes is on the functional, managerial and behavioral skill gaps. Subsequently, customized reinforcement is provided. Further, as the matrix

is linked to the business strategy on the one hand and the training needs on the other, strategy needs drive the company's development policies making the process of relearning and reskilling easier and more focused are there. Now, the best practices in employee performance appraisal use escorts is there and the subsidiary of these US headquarter telecom company uses as a competency based performance enhancement model.

And the each position in the organization is defined in terms of the 23 competencies. Like you have seen in these L&T(LARSEN and TOUBRO), they were the 73 competencies they have identified a particular job. Here you will find 23 key competencies have been identified, but parameters are same. There is a attitude based, knowledge driven and skill centered. However, one more dimension has been added here and it is a value based, organizational value based are there.

The company uses these competencies to measure the shortfalls and provide the relevant training inputs are there. It is done to both maximize the productivity and make employees aware of their professional standings are there. The third example and the third case study which is about the national Panasonic is there. And the Japanese white goods major has developed a performance assessment system driven by the key result areas KRAs and they describe the performance, goal, business, functional and behavioral ones with defined time frames and the one decided jointly by the employee and his manager at the beginning of the year. It is a structured exercise using a written format and this KRAs which is a key result areas are then used to map the employees progress and based on the results the company decides to plug performance gaps with the help of relevant training inputs are there.

So, therefore, in that case whether the KRAs which has been described on the performance goal basis and that manager has to in the beginning of the year has achieved or not. So, National Panasonic puts a great deal of emphasis on this process for the reskilling its employees. It is believes in growing its own timber rather than opting for the expensive mid-career hires are there. So, best practices in employee performance appraisals in the AIH, the hospitality company AIH recently overhauled its performance appraisal system to make it more participatory and competency driven. And now employees are appraised on the achievement of the specific individual and functional targets as well as the generic competencies like technical, functional, managerial, decision making.

and that leadership skills are concerned. The performance ratings ranging from the outstanding to below average are given accordingly. The exercise is followed by an employee's feedback process and where the employees are required to answer. So, EIH has taken its managers through an extensive tour of its the new appraisal process to the raise comfort levels and hopes to use it as a vehicle for the people base growth is there. The another very interesting case study is that is about the PepsiCo India and the Beverage and Pepsi Company India employs an annual appraisal process that is numerical target driven. As a large part of the Pepsi's compensation package comprises performance pay in the form of the bonuses.

In the previous slides also sessions also I have discussed about the variable pay and therefore, it is a this is a very good example of that variable pay is there which is varying from 15 percent at junior level to the 60 percent at senior levels is there. And the manager's performance is determined on

the three key parameters volume growth, market share, net operating profit to complete compute the variable component to the compensation are concerned. Managers are also related to the key behavioral and functional competencies to assess their potential for advancement within the organizations are concerned. Now, what are the different benefits of the performance appraisal? So, it makes a difference to company performance and the documentation of the performance appraisal and feedback may be required for the legal defense. An appraisal offers a rational basis for constructing a bonus or merit system.

Appraisal dimensions and the standards can help to implement strategic goals and clarify the performance their expectations are there. Development purposes are the individual feedback to help people to rectify their mistakes and get ahead focusing more on their unique strengths. Assessment and reorganization of performance levels can motivate employees to improve their performance is concerned. So, what is to be appraised? Behavioral including the observable physical actions and movements, objectives which measures the job related results and the traits which are measured in the terms of the personal characteristics are concerned. So, who will appraise? Naturally the supervisors, but when we are talking about the latest methods in the peers, 360 degree, subordinates, customers, consultants and the self appraisal is there.

Now, there are the different methods of performance appraisals are there, maybe the confidential reports CR, what we say CR, then the essay evaluation is there, critical incidents checklist, graphic checklist is there, behaviorally encoded rating scale, forced choice methods and MBO is there. While multiple person evaluation methods are the ranking, pair comparison, face distribution and in general other methods are group appraisal, HRA, assessment center and a field review is there. Now, whenever we are talking about these graphical linear rating scales, then the it is from 0 to 20 and no interest in works to the enthusiastic opinion and advice sought by the others with the different levels of their involvement is there. When we are talking about the decisiveness. then it is slow to take decisions to the take decisions without consultation are there.

And then they in between they will be the steps when the decisions are taken carefully or they are promptly or with the consultation with the others are concerned. Now, when we are talking about the fourth choice methods, regularity on the job always regular, inform in advance, never regular, remain absent, neither regular nor irregular means most and least is concerned. And therefore, the choice which has to be given like from this figure it is very clear that is a 10 percent unsatisfactory to the 10 percent outstanding this will be very and this is the attrition microsystem managers appraise employees in groups of about 30. Now, critical incident method is workers in a given situation how they have performed and therefore, workers A, B, C, D, E inform the supervisor immediately and therefore, in that case it is the scale will be given and whether the how the actions was taken. Similarly, the field review methods are there and therefore, there will be certain dimensions.

So, it will depend on from the organization to organization, leadership, communication, interpersonal skills, decision making, technical skills, motivation and therefore, your subordinate, your peers, your superior, your customers, they will be asked about you that is how was Mr. X leadership style his communication interpersonal relationship and all. And then the subordinate will

give certain points here like we see that is the leadership communication interpersonal skills subordinate given is higher. Peers have given these all communication interpersonal skill, decision making in technical skills and motivation is also higher. Superior has given decision making higher, technical skills higher and motivation higher.

Customers they have given the leadership's quality higher, decision making they say it is good. the technical skills and the motivations are there. Then another method was introduced that is called the MBO process that is a feedback set organizational goals defining the performance targets and performance review is there and therefore on basis of this organizational goal it will be decided. Now, many times they are compared with others in the especially in the many manufacturing organization this type of the paired comparison method that has become very popular. And therefore, A(Art), B(Maria), the C, then D(Diane) and the E(Jose) are there and therefore, they are given for the trade quality of work.

So, therefore, A is given to B that is the minus and these chuck is also given A to the minus then the Diane is plus and the Jose is plus. And here these the A the B is giving A to plus A is given the plus C has also given the plus then the D is also given the plus and the E has also given the plus. For the C that is the quality of work is concerned so A is given to C plus but the B has given minus, D has given minus and E has given plus about his quality of work. And as far as D is concerned then that is Maria is minus, C is plus and Jose is the minus and E is concerned And therefore, B has given minus, C has given minus and D has given plus.

And similarly, the further trade creativity is there. So, you we can see that higher the plus better is the performer are rated by the peers are concerned. the behavioral incurred rating scales are there and therefore that is from the 1 to 7 how the behavior was there can manage with difficulty or can expect to inform only a part of the customers are extremely poor is there. And nowadays as compared to the 5 when we say about the likart scale 1 to 7 the measure has been done. So, behaviorally encode rating skill for the customer service skills are there outstanding satisfactory and the unsatisfactory is there about the suitability of the request products are there.

Now, as earlier I mentioned about this, this 360 degree. So, Bell core international is there, Bell Atlantic, Johnson and Johnson Limited, Wipro Technologies, Xerox and IBM. So, they are the companies which have started in the long break this is the using the 360 performance appraisal system receiving the confidential anonymous feedback from the people they are working with is there. So, there here there may be the behavior competencies are measured, skills are measured, what is the team characteristic structure and the leadership effectiveness are measured. Now finally we come to the potential appraisal that is what is the potential is. So, that is that exist and can be developed because the performance appraisal was about the past how he has performed.

But when we talk about the potential it is the ability and that ability that is how we can identify. So, here is a very good case study has been given about the Cadbury's is there that is a system is one by one we are taking up other elements of the appraisal systems and the review process evaluates the potential for the growth. So, therefore, you can identify where the employees can be best used and where he can be developed so that is his potential can be trapped. Now, the review

appraisal is a job knowledge, then the thinking clarity is there, the goal setting and planning. relationships with others, the leadership qualities and the innovation, some creativity, some new thing are there and then on basis of this the role which is supposed to do qualities is needed to perform rating mechanism and organization system and the feedback is there.

So, this potential appraisal is meant for planning, job rotation and enlargement, training and development, feedback and counseling and career planning and the development is there. This is the research paper as we always talk about the research paper. This is the A* category paper in which the survey of 137 employees provided data on performance appraisal review conducted by 38 managers. Participation in the review was influenced more by which these managers conducted the review that is circumstances specific review. The effect of participation was greater for variable measuring future relationship in the firm and the seeking feedback from managers.

then immediate decision, self evaluation and intention to stay. This reaction to the review was moderated by subordinate experience and prior feedback and the results indicate the importance of understanding the context in which the review occurs and the limited degree to which managers alert their own behavior in the review or concern is there. So, I am sure by understanding these different methods, performance appraisal and potential appraisal, you will be able to make these analysis of your the employees that is on this particular functions how we can find out the best employees performance and also to identify which is the very positive side of this appraisal is that is a potential of the employees. Thank you.